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PETERBOROUGH CITY COUNCIL

CABINET

MONDAY 21 JUNE 2021
10.00 AM

Sandmartin House, Engine Shed
Contact – philippa.turvey@peterborough.gov.uk, 01733 452460

AGENDA

Circulation
Cabinet Members
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PETERBOROUGH CITY COUNCIL

MINUTES OF THE SHAREHOLDER CABINET COMMITTEE MEETING HELD AT 10:00AM, ON MONDAY, 9 NOVEMBER 2020 VIA ZOOM

Members Present: Councillor Fitzgerald (Chair), Councillor Allen, Councillor Cereste, Councillor Seaton, Councillor Walsh

8. APOLOGIES FOR ABSENCE

No apologies for absence were received.

9. DECLARATIONS OF INTEREST

There were no declarations of interest received. It was noted that Councillor Farooq was in attendance in his capacity as Chairman of Aragon Direct Services Ltd.

10. MINUTES OF THE MEETING HELD ON 14 SEPTEMBER 2020

The minutes of the Shareholder Cabinet Committee meeting held on 14 September 2020 were referred to Cabinet for approval.

11. PETERBOROUGH MUSEUM AND ART GALLERY UPDATE

The Shareholder Cabinet Committee received a report in relation to the Peterborough Museum and Art Gallery.

The purpose of this report was to give an update on the transfer of services to City Culture Peterborough, on the re-opening plans, and on the role of the service during and post the Covid-19 pandemic.

The Service Director of Communities and Partnerships addressed the Shareholder Cabinet Committee and advised that this was the first report to the committee since the service transferred to City College, thanking Vivacity for its legacy for the city. Members were advised that the aim was to use the opportunity to create a sense of place within the city.

Members were further advised that reopening plans had been revised in light of the second national COVID-19 lockdown, with a number of staff being furloughed once more. It was noted that a new identity was established, City Culture Peterborough, so that the public would not be confused. Engagement was ongoing with local and national partners, including Historic England.

Additional information was provided in relation to Flag Fen following a recent fire on site. It was confirmed that no artefacts were damaged but security was being reviewed. Working was being done to enable the site to be open all year round.

Councillor Cereste joined the meeting at this point.

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

- It was felt that Flag Fen could learn a number of lessons from the JORVIK Viking Centre in York and could take on a key role in the future of the leisure offer in the city.
- It was noted that the Towns Fund included an element for the extension of Peterborough Museum for a bronze heritage centre.
- Members congratulated officers on the transition of services and were pleased to hear about plans for the future.
- Next steps included refining the plans for a grant from the Arts Council and how this was to tie in with the cultural strategy for the city. It was hoped that such a strategy would be ready for adoption by March 2021.
- The current intention was to open up leisure services the day after the end of the current COVID-19 national lockdown, and to subsequently open Flag Fen on 21 December in order to maintain an open space over the Winter months.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the progress of the transfer of the Museum and Art Gallery to City Culture Peterborough (part of the City College Peterborough Foundation).

REASONS FOR THE DECISION

To give an update on the transfer of services and in helping to improve service provision.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered in relation to this report.

12. NPS PETERBOROUGH PLAN

The Shareholder Cabinet Committee received a report in relation to NPS Peterborough.

The purpose of this report was to provide the Committee with the NPS Peterborough Business Plan and strategic overview of how the business supported Peterborough City Council.

The Operations Director of NPS Property addressed the Shareholder Cabinet Committee and provided an update on the NPS Business Plan.

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

- There were a number of opportunities identified within the Council's rural estate in relation to indoor and outdoor education venues, which were currently being investigated.
- Members considered that that the Council's rural estates may be a benefit to the establishment of the university, and officers advised that every opportunity would be taken to link in with the university project.
- Officers noted that staffing difficulties were being faced, however this was considered to be a national problem. The company were focusing on graduate recruitment.

- Members commented that, following discussion at a previous committee meeting, work had commenced with Aragon Direct Services to ensure that the two bodies were aligned.
- Officers were reviewing NPS' service level agreements to establish NPS' responsibilities, which were subsequently being measure through KPIs.
- It was noted that the company had seen a reduction in overall complaints. Challenges did still occur in relation to response times, work on which was ongoing.
- It was felt that further explanation in relation the company's projected financial position within reports presented to the Committee would be useful. Officers noted that information was contained within the asset management policy but could be extracted.
- Officers would circulate information to the Committee in relation to type, number and value of assets.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the contents of the report.

REASONS FOR THE DECISION

The Committee were asked to note the report and associated documents and raise any queries or comments.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered in relation to this report.

13. SHAREHOLDER CABINET COMMITTEE WORK PROGRAMME

The Shareholder Cabinet Committee received the Shareholder Cabinet Committee work programme for the 2020/2021 municipal year.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the latest version of the work programme.

14. PETERBOROUGH LIMITED BUSINESS PLAN 2020 TO 2023

The Shareholder Cabinet Committee received a report in relation to the Peterborough Limited Business Plan 2020-2023.

The purpose of this report was to update the Shareholder Cabinet Sub Committee on the Peterborough Limited Business Plan 2020-2023, as well as the financial position of the company, and key achievements and milestones over the last nine months.

In accordance with the Standing Orders, the Shareholder Cabinet Committee was asked to determine whether appendix 1 of agenda item 6, 'Peterborough Limited Business Plan 2020 to 2023', which contained commercially sensitive information as defined by paragraphs 3 of Schedule 12A of Part 1 of the Local Government Act 1972, should be exempt and the press and public excluded from the meeting when it was discussed, or whether the public interest in disclosing this information outweighed the public interest in maintaining the exemption.

The Shareholder Cabinet Committee unanimously agreed to the exclusion of the press and public for the exempt appendix.

The Managing Director of Peterborough Limited addressed the Shareholder Cabinet Committee and advised that with the outbreak of COVID-19 the Business Plan had not progressed as anticipated. Work with schools around the capital programme had not happened and while work with commercial waste was moving forward, this had been delayed by the pandemic. The focus for the year had been on delivering the service as usual, with most of the company's staff categorised as key workers. Outside of the national lockdown periods, waste collection had increased by 30%, which was a considerable amount, and collection vehicles were close to maximum capacity. Garden waste collection was paused in order to ensure sufficient vehicles.

It was noted that fly tipping levels had increased and maintained at a high level even following the reopening of the household waste centre. A change in littering habits had been observed.

In August 2020 Peterborough Limited took over the leisure services, including the swimming pools, which represented a massive expansion with over 700 staff now employed. Plans to commence the swim academy had been halted following the announcement of the second lockdown, with a large number of staff being placed back onto furlough.

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

- Members commended Peterborough Limited employees for their work during the COVID-19 pandemic.
- It was advised that recycling levels had increased, however, with no real increase in food waste tonnage. Work would be carried out to improve education in this area.
- A review of all all-weather pitches was undertaken in October and it was established that throughout lockdown there had been some significant damage to the sites. These were in the process of being fixed, though supply-chain issues were being encountered, with many sub-contractors currently furloughed.

Councillor Cereste left the meeting at this point.

As agreed, the meeting moved into exempt session at this point.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the information within the report and the impact which COVID-19 has had on Peterborough Limited.

REASONS FOR THE DECISION

It was recommended that the Shareholder Cabinet Sub-Committee noted the information within the report and the impact which COVID-19 had had on Peterborough Limited.

ALTERNATIVE OPTIONS CONSIDERED

Due to the current COVID-19 situation, options were limited at this time.

Chairman

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PETERBOROUGH CITY COUNCIL

MINUTES OF THE BUDGET CABINET MEETING HELD AT 3:00PM, ON TUESDAY 23 FEBRUARY 2021 VIRTUAL MEETING VIA ZOOM

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

Cabinet Advisor Present: Councillor Bashir

51. APOLOGIES FOR ABSENCE

No apologies for absence were received.

52. DECLARATIONS OF INTEREST

There were no declarations of interests received.

53. MINUTES OF CABINET MEETINGS HELD ON 18 JANUARY 2021

The minutes of the Cabinet meeting held on 18 January 2021 were agreed as a true and accurate record.

54. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

The Chair announced that agenda item 6, 'Peterborough City Council Response to the Climate Emergency 2021' would be considered first.

55. PETERBOROUGH CITY COUNCIL'S RESPONSE TO THE CLIMATE EMERGENCY 2021

The Cabinet received a report in relation to the Council's response to the Climate Emergency.

The purpose of this report was to seek Cabinet endorsement of the Peterborough City Carbon Management Action Plan (Council-CMAP) to recommend to Council, to seek endorsement to commence publication engagement in relation to a City-wide CMAP, and to support the work of the working group to identify mechanisms to increase the city's tree canopy cover.

The Cabinet Member for Waste, Street Scene and Environment introduced the report and advised that the Council had already managed to reduce its carbon emissions from previous years. The plan set out within the report contained 21 commitments the Council would make. It was considered of vital importance to start engaging with the public in order to gain support and provide feedback on the proposals. It was further noted that the Climate Change Cross Party Working Group would work to establish whether more ambitious tree planting targets were feasible.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members were advised of the pilot training course on carbon literacy that the Council was taking part in. The first session with Councillors would be taking place later that evening.
- Emissions had been reduced by 17% this year, which would be continued through the use of electronic vehicles for Aragon services and through the already high number of residential solar panels in use.
- It was noted that the most crucial part of reducing emission in the past year had come from reducing the carbon from the national grid, through street lighting. Lights had been dimmed to 40% during COVID-19 lockdown due to the low levels of traffic.
- A business case was to be drafted to try new type of fuel in SKANSKA vehicles that would replace the use of diesel and therefore reduce the Council's emissions further.
- It was also noted that staff were making more sustainable decisions in their day to day work with the help of the Carbon Impact Assessment process.
- Further work was to be undertaken to consider how the Council could engage with schools to work towards these targets, as well as using Section 106 funding to increase work with schools.
- Members requested further information about the benefits of the Energy-from-Waste facility.
- It was noted that the Council had an earmarked reserve within its budget dedicated to climate change, which would be used to move forward any business cases designed to help the Council meet its environmental targets.
- Members were pleased to hear about Climate Action Day and noted the work being undertaken by officers to engage and promote the even within parish councils.
- Following the introduction of Carbon Impact Assessments, which were undertaken as part of any decision the Council took, officers were looking to develop this to take into account not just the impact of a decision on the Council, but on the wider community.

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

1. Endorse the Council's Carbon Management Action Plan (CMAP) and recommend to Council that it adopts the Council-CMAP at its meeting on 3 March 2021.

2. Note the Council's intention to commence a period of public engagement to ascertain actions that should be included within a City-wide Carbon Management Action Plan which will be presented to Council by December 2021.

3. Support the work of the Climate Change Cross Party Working Group to identify mechanisms to enable the Council to significantly increase tree canopy cover across the city over the next ten years and to present detailed proposals within a maximum 12 months detailing how this can be achieved.

4. Recommend to Council that delegation be given to the Executive Director for Place and Economy to undertake any presentational, factual or other minor amendments

to the documents associated with this report prior to publication, provided such amendments do not materially amend the content of the documents.

5. Approve the use of earmarked reserves set up in the 2021 Budget to fund £100,000 of project support for climate change initiatives.

REASONS FOR THE DECISION

The Council had previously committed to the actions of preparing an updated Council-CMAP and preparing a City-CMAP. Council requested that officers and the cross-party Climate Change working group present an updated tree planting target.

The document considered had been developed by officers, working with the Member Working Group, and had taken account of reasonable and viable options for the Council to cut its carbon emissions.

ALTERNATIVE OPTIONS CONSIDERED

The option of not preparing a Council Carbon Management Action Plan was dismissed, because Council had already committed in principle to its preparation. Alternative content within the Action Plan could have been prepared and recommended, which could have committed more, less or different projects to reduce the council's carbon emissions. However, in order to start to reduce our emissions to net-zero by 2030, yet take account of the resources available, the content of the action plan was deemed a reasonable and practical set of actions, especially for the next 12 months.

The option of not preparing a City-wide Carbon Management Action Plan was dismissed, because Council had already committed to its preparation. An alternative option would be to present a draft plan to Council for consideration but this had been ruled out in favour of prioritising public engagement to ensure that the emerging plan captured the views of local people.

Whilst it was feasibly possible to present a revised target for tree canopy cover, there had not been sufficient time to comprehensively undertake this work and therefore it was recommended that this was undertaken before a target was presented.

56. MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2023/24 – PHASE TWO

The Cabinet received a report in relation to the Medium Term Financial Strategy 2021/22 to 2023/24 – Phase Two.

The purpose of this report was to report to Cabinet as part of the Council's formal Budget and Policy Framework. This required Cabinet to initiate and make proposals and update assumptions to set a balanced budget for the financial years 2021/22 - 2023/24.

The Cabinet Member for Finance introduced the report and summarised that the approval of the Capitalisation Direction from Government would ensure a balanced budget, with £4.8 million this year and £20 million next year. There had been no alternative options, as the Council had a legal requirement to set a balanced budget for 2021/22. Ongoing funding would still be required for future sustainability and Members and Officers would work with the Ministry for Housing, Community and Local Government on this, with a fairer funding review expected in 2022/23.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that the external assurance review would focus on the Council's ability to deliver budget plans and achieve sustainability.
- The Robustness statement highlighted a number of areas, including growth and deprivation. It was also acknowledge that capital resources had been used as a source of funding in the past few years, with the use of the grant equalisation reserves.
- The delivery of the capital programme had been hampered by the COVID-19 pandemic, though Members were advised that work was starting to get back on track.
- A number of risks were highlighted, including the rolling over of programmes of work and the condition of the Aragon fleet vehicles.
- The Council had limited resource to increase Council Tax levels and officers had information the Ministry of Housing, Communities and Local Government that further cuts would not be possibly without making services unstable for users.
- It was likely that further detail on the capitalisation funding from Government would be available around March or April, with the final figure in June.
- Members noted the recommendation from the Joint Meeting of Scrutiny Committees to include in the risk register a point on climate change and flooding.
- It was suggested that the hydrotherapy pool should be removed from the Council's disposals list, as the Cabinet were supportive of continuing this asset, and this was confusing to the public.

Cabinet considered the report and **RESOLVED** to recommend to Council for approval:

1. The Phase Two service proposals as outlined in Appendix B.
2. The updated budget assumptions, to be incorporated within the Medium-Term Financial Strategy 2020/21 – 2022/23. These are outlined in sections 5.
3. The revised capital programme outlined in section 5 and referencing Appendix G.
4. The Medium-Term Financial Strategy 2021/22 to 2023/24 - Phase Two, as set out in the body of the report and the following appendices, subject to the removal of the Hydrotherapy Pool from the Disposals Schedule:

    - Appendix A – 2021/22-2023/24 MTFS Detailed Budget Position Phase Two
    - Appendix B – Budget Proposal Detail
    - Appendix C – Phase One and Phase Two Budget Proposal Summary
    - Appendix D – Grant Register
    - Appendix E – Council Tax Information
    - Appendix F – Fees and Charges
    - Appendix G – Capital Programme Schemes 2021/22-2023/24
    - Appendix H – Financial Risk Register
    - Appendix I – Carbon Impact Assessments
    - Appendix J – Treasury Management Strategy
    - Appendix K – Capital Strategy
    - Appendix L – Asset Management Plan

Cabinet **RESOLVED** to note:

5. All the grant figures following the Local Government Final Finance Settlement, published on 10 February 2021 outlined in sections 5 and 9.
6. The strategic financial approach taken by Council outlined in section 4 of the report.
7. The statutory advice of the Chief Finance Officer outlined in section 6 - The Robustness Statement (Section 25). This is required to highlight the robustness of budget estimates and the adequacy of reserve balances.
8. The recommendation from the Joint Scrutiny of the Budget meeting that the Financial Risk Register be updated to include reference to the risks posed by climate change to the City, with particular reference to flood risk.

REASONS FOR THE DECISION

The Council must set a lawful and balanced budget. The approach outlined in this rep ort work towards this requirement.

ALTERNATIVE OPTIONS CONSIDERED

No alternative option has been considered as the Cabinet is responsible under the co nstitution for initiating budget proposals and the Council is statutorily obliged to set a l awful and balanced budget by 11 March annually.

MONITORING ITEMS

57. BUDGET CONTROL REPORT DECEMBER 2020

The Cabinet received a report in relation to the Peterborough City Council Budget Control Report for December 2020.

The purpose of this report was to provide Cabinet with the forecast for 2020/21 as at December 2020 budgetary control position.

The Cabinet Member for Finance introduced the report and advised that COVID-19 related pressures had increased to £42.3 million. After factoring in government funding, the Council's net pressure was reduced to £5.4 million. Members were advised that the capitalisation funding could be used this year to close the budget gap, but it was hoped that additional funding would become available. The Council's overall budget position was £1.8 million better than its COVID-19 position.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members expressed concern in relation to business rate collection. The Cabinet Member advised that collections were being chased and some depended on decisions on whether business were eligible for rate holidays.
- It was noted that some grants may roll over to the next financial year, which would make the year-end figures more complicated.
- Members were advised that an application for £500,000 of leisure service funding had been successful.

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

REASONS FOR THE DECISION

To provide Cabinet with the forecast for 2020/21 as at December 2020 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

None provided.

Chairman
3.00pm to 4.18pm
23 February 2021

PETERBOROUGH CITY COUNCIL

MINUTES OF THE CABINET MEETING
HELD AT 2:00PM, ON
MONDAY 15 MARCH 2021
VIRTUAL MEETING VIA ZOOM

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

Cabinet Advisor Present: Councillor Bashir

58. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Allen.

59. DECLARATIONS OF INTEREST

There were no declarations of interests received.

60. CORPORATE STRATEGY 2021-25

The Cabinet received a report in relation to the Corporate Strategy 2021 to 2025.

The purpose of this report was to provide Cabinet with an overview of the proposed strategy and to endorse the Corporate Strategy for public consultation.

The Director of Business Improvement and Development introduced the report and advised that the proposed strategy had been developed over a six month period, based on the past two years' experience. It was intended to assist the Council in reaching better outcomes, a strong financial grip, and the best possible recovery from the COVID-19 pandemic. Cabinet had previously been clear that a strong, forward-looking vision was needed, which was honest in its approach to the challenges faced by the Council. The proposal built on the progress made so far and offered a strong committee to Peterborough's community and outcomes.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that the proposed strategy related to 2021 to 2025, and not to 2019 to 2021 as the report title suggested.
- The key changes from the previous strategy included the learnings gleaned from the pandemic work with communities and partners. The priorities included had been carefully chosen with a view to what could be achieved working together.
- It was acknowledged that the new strategy would be operating in a different financial landscape than that which had come before it.
- Proper action plans were recognised as a key component of success in implement strategies like the one discussed.

- A large amount of work had been undertaken in relation to needs assessments, and understanding the impact of COVID-19 on groups of people who may not have engaged with the Council before.
- Focus was also placed on the importance of opportunities around the environment with the strategy and who this could be taken forward.
- Members discussed a desire to provide a safe corridor from the car parks around the city into the city centre, in order for people to feel confident visiting the city.
- Comment was made that the Think Communities approach had been clearly referenced within the document, and Members were advised that the progress made towards the aims set out in the strategy would be monitored, with performance overviews being provided to the Cabinet.
- It was further considered important to capture the 'lived experience' of service users alongside the analysis of data received.
- Members were advised that the consultation process would take place through social media and other previously used routes.

Cabinet considered the report and **RESOLVED** to endorse the Corporate Strategy 2021-2025, which would then move forward for public consultation before being recommended to Full Council.

REASONS FOR THE DECISION

As well as articulating a framework to guide Council action, the Corporate Strategy communicated the Council's objectives and priorities to the community and to partners. It provided clarity about how the Council would be focusing its resource and effort and allowed the Council to measure performance and progress.

In developing the new Corporate Strategy Members at the Cabinet Policy Forum workshop agreed that it was important to have a strategy which:

- clearly articulated our ambition;
- honestly acknowledged the challenges we faced;
- helped us to make choices;
- allowed us both the freedom to innovate and the rigour to evaluate;
- flowed through the business.

ALTERNATIVE OPTIONS CONSIDERED

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

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

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

61. BUDGET CONTROL REPORT JANUARY 2021

The Cabinet received a report in relation to the Peterborough City Council Budget Control Report for January 2021.

The purpose of this report was to provide Cabinet with the forecast for 2020/21 as at January 2021 budgetary control position.

The Cabinet Member for Finance introduced the report and advised that COVID-19 budget pressures remained constant, while the net pressure on the budget had decreased to £4.7 million. Funding from Government had increased to cover 89% of COVID-19 spending. The updated year-end projection was a net overspend of £1.4 million, an improvement of £2.2 million. The key change leading to this had been reprofiling and efficiencies in ICT.

The Council's overall position was £3 million better than the COVID-19 position. Members were advised that COVID-associated costs had started to slip into the 2021/22 financial year, though similarly, funding for this was likely to also slip into the next year.

Finally, the Cabinet Member advised that Council Tax collection figures had remained consistent and Business Rate collection had improved. Grants to business and individuals were ongoing.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was considered beneficial that the Government was providing further support to local business. Members encouraged local business who were experiencing issuing in paying their rates to contact the Council to enable discussion.
- Concern was raised that funding was not reaching all eligible businesses and officers were reviewing the distribution approach to ensure that this was provided in an accountable way in a shorter timescale.
- It was hoped that the £4.8 capitalisation funding from the Government would not have to be used for the current financial year.
- The performance of the capital programme should, it was felt, be considered in a realistic manner. Members suggested that the next financial year would be different, with work on the towns fund and schools.
- It was noted that the Council maintained the value of its assets.
- It was anticipated that the fund from the capitalisation directive would be delivered in tranches, with the arrangements for this delivery to be finalised prior to the July Parliament recess.

The Leader of the Council noted that this would be the last Cabinet meeting for Councillor Seaton, Cabinet Member for Finance, and thanked the Councillor for his work.

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

REASONS FOR THE DECISION

To provide Cabinet with the forecast for 2020/21 as at January 2021 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

None provided.

Chairman
2.00pm to 2:36am
15 March 2021

CABINET	AGENDA ITEM No. 5
21 JUNE 2021	PUBLIC REPORT

Report of:	**Steve Cox, Executive Director Place and Economy**	
Cabinet Member(s) responsible:	**Cllr Steve Allen, Cabinet Member for Housing, Culture and Recreation**	
Contact Officer(s):	Michael Kelleher, Assistant Director - Housing	Tel. 01733 864064

PETERBOROUGH HOUSING REVENUE ACCOUNT

RECOMMENDATIONS	
FROM: Michael Kelleher, Assistant Director - Housing	**Deadline date: 4 JUNE 2021**

It is recommended that Cabinet:

1. Agrees to set up a Housing Revenue Account (HRA) subject to approval of the HRA Business Plan to be presented to Cabinet in October 2021
2. Agrees a minimum stock portfolio target of 1,200 properties by 31 March 2032 (10 Years) with an ambition to supply 2,000 properties by the same date.
3. Approves and adopts the HRA Business Model attached at Appendix A
4. Approves and adopts the following key documents, which are attached as Appendix B to D:
   a. Secure Tenancy Agreement (Appendix B)
   b. Rent Setting Policy (Appendix C)
   c. Asset Management Plan (Appendix D)
5. Delegates authority to approve operational policy documents related to the HRA to the Assistant Director of Housing in consultation with the lead Cabinet Member for Housing.
6. Approves the allocation of funding from reserves to cover the setup costs to a total of £556k in 2021/22 subject to internal governance and approval by Council's s151 officer.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following the decision taken by Cabinet in September 2019 to approve the Council applying to Government to set up a Housing Revenue Account. The report gives a progress update and seeks approval for the next steps in progressing towards setting up an operational HRA.

2. PURPOSE AND REASON FOR REPORT

2.1 This report sets out the rationale for re-establishing a Housing Revenue Account (HRA).

2.2 It includes a brief account of why the Council transferred its housing stock to Cross Keys Homes in 2004, what has changed since then to make re-establishing an HRA a reality and an assessment of the potential viability of an HRA, including a review and consideration of the risks involved and other options available.

2.3 The report sets out the financial business case for an HRA, includes the key policy documents and secure tenancy agreement needed to own and manage council housing and sets out the next steps needed for the formal establishment of the HRA from 1 April 2022.

2.4 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, *"To promote the Council's corporate and key strategies and Peterborough's Community Strategy and approve strategies and cross-cutting programmes not included within the Council's major policy and budget framework."*

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 Background

4.1.1 At a meeting on 17 March 2003, Cabinet agreed to recommend to Council the Large-Scale Voluntary Transfer (LSVT) of its housing stock to Cross Keys Homes. Full Council approved the LSVT on 16 April 2003 and the transfer took place on 4 October 2004.

4.1.2 At that time, all stock owning councils had to meet the then Government's Decent Homes Standard from within existing resources. Failure to do so would have resulted in government intervention and adversely affected the Council's Comprehensive Performance Assessment. Under the Housing Subsidy system at the time, the council was not able to keep the full rental stream from its housing stock nor could it borrow against the value of its housing stock for investment purposes because of the nationally imposed 'debt cap.' The only way it could have generated the capital investment needed to meet the decent homes standard was to transfer its stock to a housing association, as these organisations were not constrained by the same subsidy system. The Government also provided limited incentives to Council's that chose to transfer their stock by covering some of the cost associated with the process.

4.1.3 Since that time, the environment in which council housing operates has changed significantly. In 2012 the subsidy system was replaced by self-financing, with stock owning councils able to keep 100% of their rental income to invest in their homes and services, and in 2018 the debt cap was abolished. This enabled councils to freely borrow against the value of their stock for investment purposes with borrowing levels determined by the section 151 officer in accordance with the Prudential Code. This puts councils on a more equal footing with housing associations.

4.1.4 In addition, since 2018, national government has recognised the vital role that council housing has to play in meeting the housing needs of local people and tackling rising levels of homelessness. Over this time several councils have signalled their intention to open an HRA to tackle homelessness and provide choice, including Bromley, Reigate & Banstead and North Northamptonshire.

4.1.5 In September 2019 Cabinet approved applying to Government to set up a Housing Revenue Account (HRA). This was in response to a report from the Corporate Director of Resources citing the pressures around homelessness, and the associated financial impact for the council. The report recommended a review of the council's strategic approach to meeting housing need, which should consider different and innovative models of housing delivery including the reformation of an HRA which would enable the council to become a direct provider of affordable housing.

4.1.6 Any local authority which intends to supply council housing must be a registered provider with the Regulator of Social Housing (RSH). The Council achieved Registered Provider status on 4 November 2020. The Council has also been granted Investment Partner status with Homes England. This will allow the council to apply for grant to help fund the delivery of new council housing for Peterborough.

4.1.7 The key policy framework documents required to set up an operational HRA have now been prepared. These documents include a Secure Tenancy Agreement, a Rent Setting Policy and an Asset Management Plan (see Appendices B, C & D).

4.1.8 In addition to the Key policy documents there will be a number of operational policies needed for the effective management of the service. Legislation, national protocols and recognised best practice will form the basis for these operational policies, which often require prompt amending to reflect changes to legislation and guidance. Such policies include Income collection, neighbourhood management, Anti-Social Behaviour and will define how the Council will operate the HRA whilst setting out the core ethical values and priorities.

4.1.9 It is proposed that the approval of these operational policy documents is delegated to the Assistant Director of Housing in consultation with the Lead Cabinet Member for Housing. This will allow effective implementation of the service and flexibility to adapt to legislative change as the need arises.

4.2 The Business Case for setting up a Housing Revenue Account

4.2.1 There are three key questions to be answered when making the business case for setting up an HRA for Peterborough:

1. Why open an HRA?
2. Is this option financially viable?
3. What are the risks?

4.2.2 <u>Why open an HRA?</u>

4.2.3 The Council faces increased financial and social pressures from the number of households presenting as homeless and the high levels of demand from households on the Housing Register. Despite all efforts from our housing association partners to increase the delivery of affordable homes, and the Council's efforts to maximise the availability of private sector options, supply has failed to meet housing need and is expected to continue to fall below the levels needed to meet housing need in future.

4.2.4 There are concerns that homelessness, both at a local and national level, is likely to rise as restrictions are lifted and the economic impact of the pandemic continues to be felt.

4.2.5 We have already seen a slight increase in the number of households in temporary accommodation since the stay-at-home order was lifted and family and friends are no longer willing to allow people to stay with them. Extrapolated over the next 12 months, this could result in around 60 more households in temporary accommodation by the end of 2020/21.

4.2.6 We estimate that the eviction ban prevented around 300 households facing eviction in 2020/21. These families are at risk of becoming homeless when the ban is lifted and, although not all will end up in temporary accommodation, many will.

4.2.7 The level of unemployment could increase when the Furlough Scheme ends (September 2021) as employers are unable to meet their wage bill. This could result in household finances struggling which could result in a spike in people losing their homes. If this happens, we estimate that the impact on the rented sector will be felt in the last quarter of 2021 and on the mortgage sector in the first quarter of 2022.

4.2.8 If each of these happen, the number of people presenting to the council as homeless could increase significantly, with the number of households in temporary accommodation also increasing. This will put substantial additional pressure on the General Fund.

4.2.9 Many housing associations now have their own developed lettings policies with restrictive eligibility criteria. These do not mirror the Council's allocations policy and, in some cases, are not supportive of the Council's duties towards homeless households. Being unable to discharge our homelessness duties by making an offer of accommodation with a housing association often means extended stays in temporary accommodation, which in turn means greater cost to the Council. Having our own stock can help overcome these problems.

4.2.11 Establishing an HRA will unlock new funding and investment to supply more homes that would otherwise not be available. As a ring-fenced account, supported exclusively by the rental income generated from the housing stock, the Council can borrow to invest in a way not available to it through the General Fund.

4.2.12 The HRA can support the General Fund by making contributions to the Council's central overheads and 'purchasing' services from other service areas of the Council.

4.2.13 For example, the HRA will access the Council's Allocations service and will, therefore, contribute towards the cost of running it. All such contributions are governed by strict rules applied by CIPFA.

4.2.14 The main outcome for the Council of setting up an HRA is to reduce homelessness and the use of Temporary Accommodation. As well as supplying more permanent housing for people in housing need, section 9 of the Housing Act 1985 allows the HRA to supply hostel and other forms of temporary accommodation. Consequently, it is expected that the HRA will help reduce the cost to the General Fund significantly in these areas.

4.2.15 In addition to the direct financial benefits of setting up an HRA and contributing towards meeting the housing needs of local people, being a provider of housing can help the Council fulfil other corporate responsibilities. For example, having our own stock will help in our corporate parenting role, providing extra flexibility to house families who look to foster and adopt and can ease the transition for children leaving care moving into long term sustainable tenancies. It will also give us more options to help people stay independent in their homes through an integrated approach with Adult Social Care.

Is this option financially viable?

4.2.16 The viability of the HRA depends on a sound financial base. To this end the Council has appointed a specialist HRA Accountant to develop its modelling. We have undertaken extensive research, including liaison with specialist professionals, HRA accountants from other authorities and commissioned global property experts Savills (recognised UK experts in council housing finance and advisors to government on housing revenue accounts) to inform and test our assumptions. We have also worked closely with Homes England and MHCLG to gain an understanding of grant levels and regulatory requirements.

4.2.17 The HRA Model is shown at Appendix A. Income, expenditure and cash flow have been projected over a 30-year period. The model has undergone internal scrutiny and external verification and advice has been acted upon.

4.2.18 The model assumes that the HRA will start in 2022/23 (Year 1) and that the Council will build and/or buy around 1,200 properties in the first 10 years. A portfolio of this size is prudent yet sufficient to complement the work of our housing association partners in tackling homelessness. However, recognising the Council's ambitious growth agenda it has an ambition to go beyond this and deliver 2,000 new council homes in the first 10 years.

4.2.19 Concentrating our new build and acquisitions in the first 10 years means we have greater certainty over interest rates (one of the variables that has most impact on viability) in the early years of the HRA when the Council is borrowing most of the money it needs to deliver the new homes. Rents will be set at Local Housing Allowance levels.

4.2.20 All known costs have been researched, including probable staff costs, reactive maintenance, cyclical repairs as well as the capital requirement for development and house building. This data is combined with key assumptions on how costs and income might change in future to produce projections of what the Council can expect to happen. In all cases the assumptions applied are prudent. This is to ensure that the model presents an assessment that leans heavily towards a more cautious range of likely outcomes.

4.2.21 Sensitivity analysis and stress testing has also been applied to the model to assess how a small change, or series of changes, in an assumption can affect the overall viability of the HRA. Changes to rates of inflation, interest, percentage of voids and right to buy take up have been evaluated and measured. We will review the business model every year to ensure that the assumptions remain valid and take corrective action where necessary.

4.2.22 Along with assurance that the model provides a viable basis on which to progress, Savills gave advice on all areas of HRA finances. It is a legal requirement for the HRA to stay in surplus and to have a minimum reserve. Savills recommend limiting recharges from the HRA to the General Fund in the early years (Years 1 to 4) to provide the HRA with the best platform to grow. This will allow greater contributions when recharges start from around Year 5.

4.2.23 However, the HRA will make a major contribution to reducing temporary accommodation costs from the outset as well as taking a material share of central corporate costs as it matures.

4.2.24 Based on the target of supplying 1,200 homes, the model shows a surplus of £65.79m over 30 years. If the Council achieved its ambitions of 2,000 homes the surplus would be £133.97m. The surplus can be used in several ways, including investing in new stock to strengthen the asset base and improve the long-term sustainability of the HRA. It can also fund improved services for council tenants. A summary of the income and expenditure is shown below in Table 1.

Table 1: Summary of HRA income & expenditure

Summary of Income and Expenditure	**1,200 Properties** **2022/23 to 2051/52**	**2,000 Properties** **2022/23 to 2051/52**
INCOME	**£K**	
Dwelling Rents		
General Needs	294,458	488,738
Voids	(7,361)	(12,218)
Net Rental Income	287,097	476,519
Non-Dwelling Rents	0	0
Charges for Services and Facilities	0	0
Contributions Towards Expenditure	0	0
Total Income	**287,097**	**476,519**
EXPENDITURE	**£K**	**£K**
Supervision & Management	21,043	24,375
Supervision & Management (Recharged)	5,941	5,941
Repairs & Maintenance	42,740	71,253

Cyclical Repairs	53,072	88,262
HRA Share of Central Departments	11,081	12,816
Audit Costs	1,280	1,280
Rents, Rates, Taxes and Other Charges	0	0
Debt Management Costs (Interest Payments)	84,720	136,241
Increase in Bad Debt Provision	1,435	2,383
Revenue Expenditure Funded from Capital Under Statute	0	0
Total Expenditure	**221,312**	**342,549**
Net HRA Surplus/Deficit	**65,785**	**133,970**

4.2.25 The profile of these surpluses is illustrated at Chart 1 below. This shows modest growth in surpluses from 2025/26 (Year 4) before increasing more rapidly from 2028/29 (Year 7). This underlines the need to be prudent in the early years to secure the long-term sustainability of the HRA to make sustained contributions to the General Fund in future.

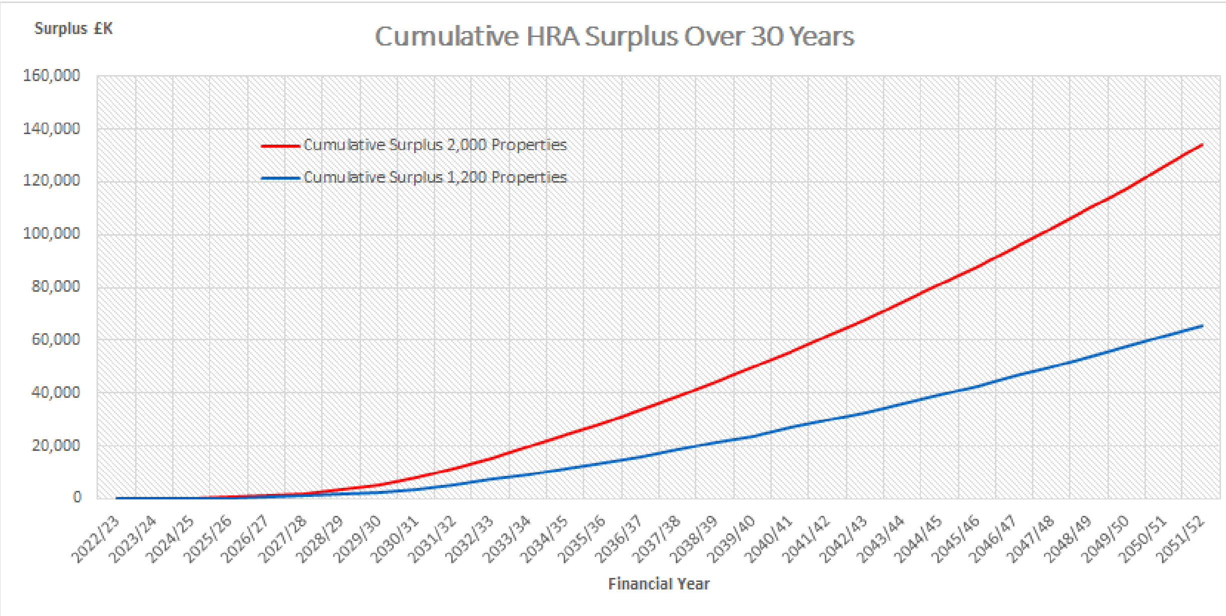

Chart 1: Profile of HRA Surplus

4.2.26 The variables that would have the greatest effect on the viability of the HRA are: -

- The rate of interest for borrowing. This has been set at 2.23% in the model, which reflects current rates. Most of the borrowing will be in the first 10 years at a fixed rate. The HRA can bear an interest rate on borrowing of up to 3.45% every year for 30 years and still maintain a surplus.
- Maintenance and repairs inflation. This traditionally runs at a higher rate than general inflation and is set at 2.75% in the model. This figure can rise to 5.00% every year for 30 years and still maintain a surplus.

4.2.27 As stated above, all assumptions in the model have been assessed for sensitivities. These are shown at Appendix A. In each case the movement required to cause the HRA to go into deficit is considerable. This is summarised in Tables 2a and 2b below, which shows the impact of a change of 0.5% in each of the variables.

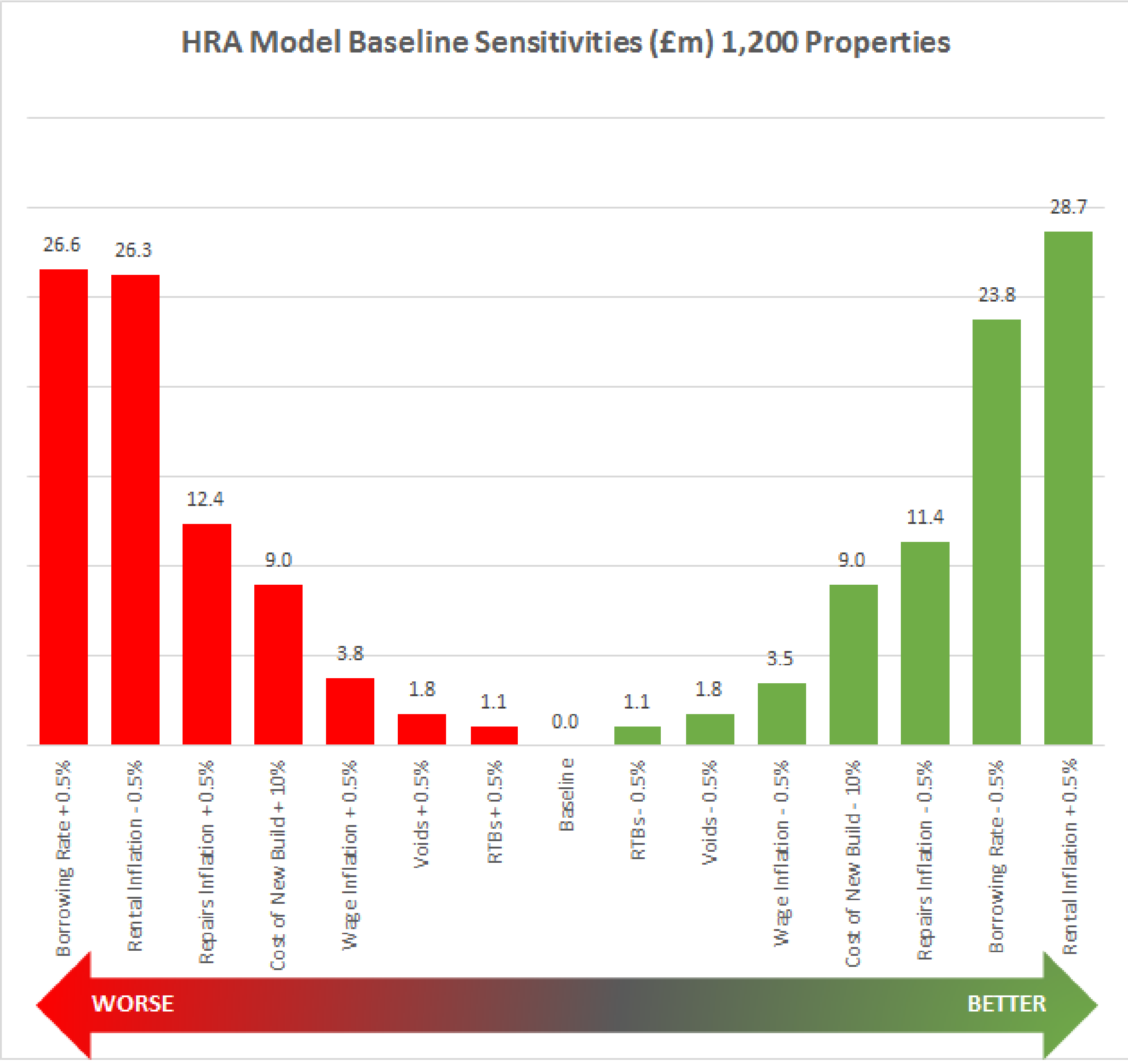

Table 2a: Sensitivity Analysis 1,200 Homes

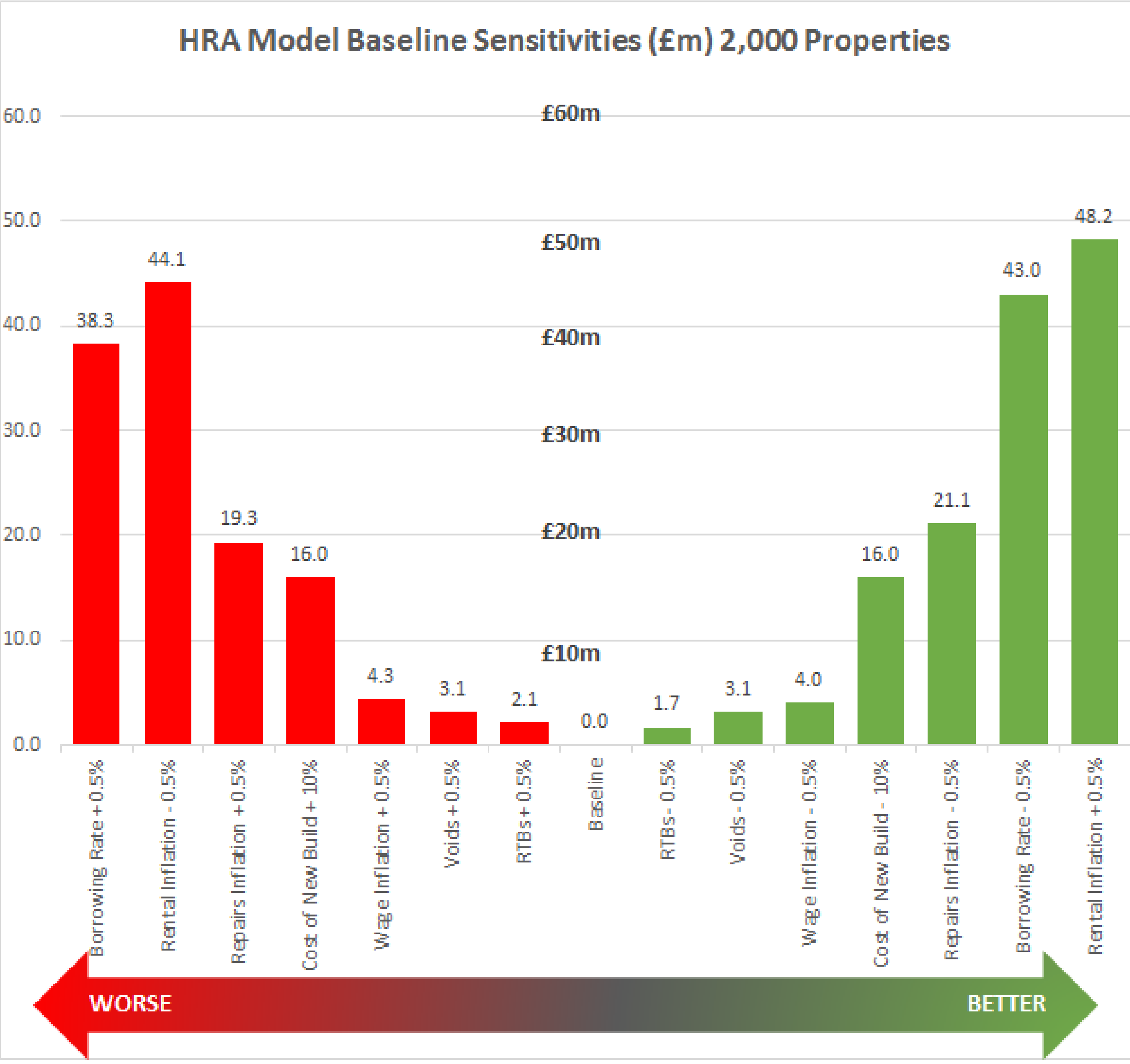

Table 2b: Sensitivity Analysis 2,000 Homes

4.2.28 These tables show the scale of the impact for every 0.5% increase or decrease in the baseline assumptions apart from new builds which is 10%. It is assumed that these happen in isolation and last for the life of the business plan (30 years). The likelihood of this happening and with no compensating effect in other variables is extremely low and the reality is that the variables will fluctuate up and down over time.

4.2.29 Many of the variables within the model are interconnected and movements in one variable will, to some extent, be offset by movements in others. For example, inflation affects both key income and expenditure variables, and whilst an increase in inflation will lead to higher costs it will also result in higher rents and rental income. In this instance, if inflation increased by 0.5% in the 1,200 properties model, we could assume the cost of repairs, new build and wages will increase by a total of £25.2m, however, rental income could be expected to rise by £28.7m.

What are the risks?

4.2.30 Knowing the potential risks and having a strategy to manage them are important parts of the business case for the HRA. The table below shows the headline risks and their mitigations that have been identified and considered at this stage.

Risks	Mitigations
The baseline assumptions in the HRA business model are not an accurate reflection	Detailed review of best practice elsewhere in the sector.

of what is likely to occur over the next 30 years.	Employment of dedicated Financial Accountant. Employment of specialist consultant (Savills) to advise on the approach to be taken. Adopted a prudent approach to the assumptions, which have been validated by Director of Finance. Regular review of assumptions Carry out sensitivity analysis & stress testing on the model.
Failure to deliver the forecast number of homes agreed as a target for delivery for the HRA.	Set realistic growth targets for development based on the known availability of land and the required borrowing. Ensure the Council has the required resources and delivery vehicle in place achieve the commitments and timescales made to funding partners.
Inability to secure sufficient land opportunities to deliver a supply of new build social homes the agreed growth profile.	Work with a range of development and property agents to highlight opportunities as they become available. Consider the scope for land banking as part of the agreed funding provision. Work with development consortiums to bring forward schemes on a risk sharing basis. Monitor the local housing market with a view to buying new build dwellings from developers that were intended for market housing if a drop in demand makes this a viable option.
If access to grant for street property acquisitions for the HRA is limited due to the focus on funding for new build affordable homes in the Homes England funding Programme 2021-26	Consider utilising S.106 affordable housing commuted sums paid to the council by developers in lieu of on-site affordable housing provision to fill any potential gap in funding this type of provision. Build strong relationship with HE (Homes England)
The new council homes will put additional pressure on the Council's education budget.	The purpose of setting up an HRA and provide council housing is to supply homes that local people can afford. As the families the HRA is trying to help already live in Peterborough it will not increase the pressure on the Council's education budget. The number of new council homes will help meet housing need in the city, but the overall number of affordable homes is anticipated to be within the objectively assessed target in the Strategic Housing Market Assessment (SHMA) and the total number of new homes delivered (affordable & market) will be in line with the Local Plan target and so no additional

	pressure is anticipated over what is already projected and planned for.
Changes in Government policy or legislation have an unforeseen impact on costs.	Continuously check the introduction of new government legislation and regulatory changes and adapt development assessment criteria accordingly. Ensure scheme viability assumptions include flexibility for policy changes without having a fundamental impact on surpluses and Net Present Value (NPV).
Relaxation of Right to Buy rules leads to loss of properties.	Current policy does not raise this risk for approximately 15 years, but the long term HRA model should cater for RTB's and how the receipts will be accounted for.

Next Steps

4.2.31 Subject to approval of the business case, the next key steps in setting up the HRA are:

1. Develop an HRA Business Plan for approval by Cabinet in September 2021. This will have more detail about delivery and funding proposals, repairs & maintenance, including planned maintenance cycles and service levels and standards. It will also set out the annual budget required for 2022/23 (Year 1) and the estimated budgets for 2023/24 to 2027/28 (Years 2 to 5)
2. Develop a Housing Delivery Strategy that will set key delivery targets, the standard requirements for all new council homes and scheme proposals – this will be approved as part of the HRA Business Plan.
3. Consider formal mechanism for Medesham Homes, the Council's JV with Cross Keys Homes, to deliver the Council's new build council homes – the approach to housing delivery will be included in the HRA Business Plan.
4. Agree the Management Plan for the stock, which will consider whether the council should appoint its own internal staff, set up an ALMO (Arm's Length Management Organisation), enter into an agreement with a neighbouring council to supply the management functions or outsource the management to a housing association – the Management Plan will be considered by Cabinet in September 2021.
5. Develop a Building Safety Strategy for approval by Cabinet in January 2022. This will set out how the council will comply with the Building Safety Act 2021.
6. Appoint a Head of Landlord Services – this post will formally lead the establishment of the landlord service, ensuring that all aspects of owning and managing council homes are implemented effectively and safely. This post will be required regardless of the council's preferred approach set out in its Management Plan. If the plan is to outsource the management or work with another council this post will be the Council's lead client officer. Approval for this will be sought via Cabinet Member Delegated Decision over the summer of 2021.

5. CONSULTATION

5.1 Discussions have taken place with the Lead Member for Housing and Cabinet colleagues. They expressed the need for the business case to be clear about what scale of housing can realistically be achieved when setting up an HRA, the financial implications for the Council, particularly in the early years, and the impact on school places and education budgets of providing more family affordable housing.

5.2 A presentation on the proposal to set up an HRA for Peterborough was made to our Housing Association Partners at the Affordable Housing Providers' Forum meeting held on 14 April. The general response was positive, and partners were reassured by the clearly stated aim to avoid competition between the Council and housing associations for land and to maximise opportunities alongside the affordable housing that housing associations deliver for

Peterborough. It was agreed that discussions would take place with all our housing association partners to explore opportunities for joint working that would be beneficial to both parties as part of developing an operational HRA. This work will begin in detail subject to Cabinet approval to move ahead with the HRA.
Meetings have taken place with CKH (Cross Keys Homes) to discuss the potential role for Medesham Homes in supporting the delivery of new council housing.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Approval to establish an HRA with effect from 1 April 2022 and move on to the next steps of developing a detailed HRA Business Plan for consideration at Cabinet in October.

7. REASON FOR THE RECOMMENDATION

7.1 Establishing a HRA for Peterborough is recommended because:

- It will support the strategic aims of the Council and enable its ambition to return to directly delivering social housing.
- It will help to manage the cost pressures imposed on the Council by reducing the demand and length of time spent in temporary accommodation.
- It will help meet the housing needs of local people and reduce homelessness.
- It is financially viable, and the business model is fit for purpose.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Option 1 – the Council should not become involved in the direct provision of social housing for Peterborough (Do Nothing).

This option is not recommended because of the financial and social impact that the high levels of housing need and homelessness is having on local authority services and the residents of Peterborough, and the fact that the delivery of social and affordable rented housing in the City is not keeping pace with demand. By not setting up an HRA, the Council will be unable to generate new investment potential to help reduce homelessness and cost pressures.

8.2 Option 2 – the Council should set up a Local Housing Company (LHC) either 100% owned by the Council, or as part of a Joint Venture (JV).

This option is not recommended because any council funding for such a venture would come from borrowing within the General Fund rather than a ring-fenced HRA, which would place additional financial burden and risk on the Council's General Fund budget. There is the additional risk that the Government could issue a direction requiring the affordable and social rented properties owned by the LHC be placed into a Housing Revenue Account.

8.3 Option 3 – the council could provide its own social housing grant to housing associations to enable them to build more homes.

This option is not recommended because the funding would have to come from the General Fund and there is no guarantee that the additional new homes could be used to house homeless households as this would be determined by the associations own lettings policy.

9. IMPLICATIONS

9.1 Financial Implications

9.1.2 The set-up costs for the HRA from the start of April 2021 to the end of March 2022 have been estimated at around £556k. £102k was budgeted for the first quarter during which it is estimated that £84.4k of expenditure has or will have taken place. The resulting estimation of resource requirement for the following 3 quarters of HRA set-up activity is therefore £471.6k.

9.1.3 The report sets out that there will be reductions in general fund expenditure, on Temporary Accommodation costs, and through taking a share of central corporate costs. There is not expected to be any significant general fund budget savings derived from taking a share of corporate costs until 2027/2028.

9.2 **Legal Implications**

9.2.1 Section 9 of the Housing Act 1985 is the key power for local authorities to supply housing accommodation.

9.2.2 The government issued a Direction on 14 March 2019 with regards to HRA. This says that any local authority that owns fewer than 200 social dwellings does not need to account for them in an HRA, however conditions do apply. Any local housing authority that owns 200 or more social dwellings must account for them within their HRA.

9.2.3 Under section 74 of the Local Government and Housing Act 1989 (the 1989 Act) a local housing authority must keep a housing review account in accordance with proper practices. The keeping of the HRA is governed by Schedule 4 of the 1989 Act. If an HRA is opened then the Council must follow "proper practices", as defined in Section 21 of the Local Government Act 2003, including Regulations and Guidance.

9.3 **Equalities Implications**

9.3.1 An HRA will enable the council to supply council housing to supplement the supply of affordable homes delivered through Housing Associations. This will supply suitable, safe accommodation to meet housing need enabling the Council to meet its statutory housing obligations and to safeguard vulnerable adults and children. Setting up an HRA will have a positive or neutral impact on individuals or groups with protected characteristics living in Peterborough.

9.4 **Carbon Impact Assessment**

9.4.1 Implementing a Housing Revenue Account and setting up a team to administer this will have minor impact on the carbon emissions of the Council. An increase in energy usage and staff travel is expected, however this is likely to be low due to the small size of the team. Further carbon impact assessments will be developed to consider the purchase or development of new properties. It is the intension to ensure that all properties are as carbon efficient as possible.

10. APPENDICES

10.1
1. HRA Business Model (Appendix A)
2. Secure Tenancy Agreement (Appendix B)
3. Rent Setting Policy (Appendix C)
4. Asset Management Plan (Appendix D)

Appendix A # HRA Business Model

1 Introduction

1.1 The HRA Business Model shows a surplus of £65.79m over 30 years for the 1,200 model and £133.97m for 2,000 properties. This is set out at Table 1 below. The profile of these surpluses over the 30 years is illustrated in chart form at Table 2. The Baseline section that follows discusses the assumptions on which the model has been built.

Table 1 30 Year Income and Expenditure Account

Summary of Income and Expenditure	1,200 Properties	2,000 Properties
	2022/23 to 2051/52	2022/23 to 2051/52
INCOME	**£K**	
Dwelling Rents		
General Needs	294,458	488,738
Voids	(7,361)	(12,218)
Net Rental Income	287,097	476,519
Non Dwelling Rents	0	0
Charges for Services and Facilities	0	0
Contributions Towards Expenditure	0	0
Total Income	**287,097**	**476,519**
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Supervision & Management (Recharged)	5,941	5,941
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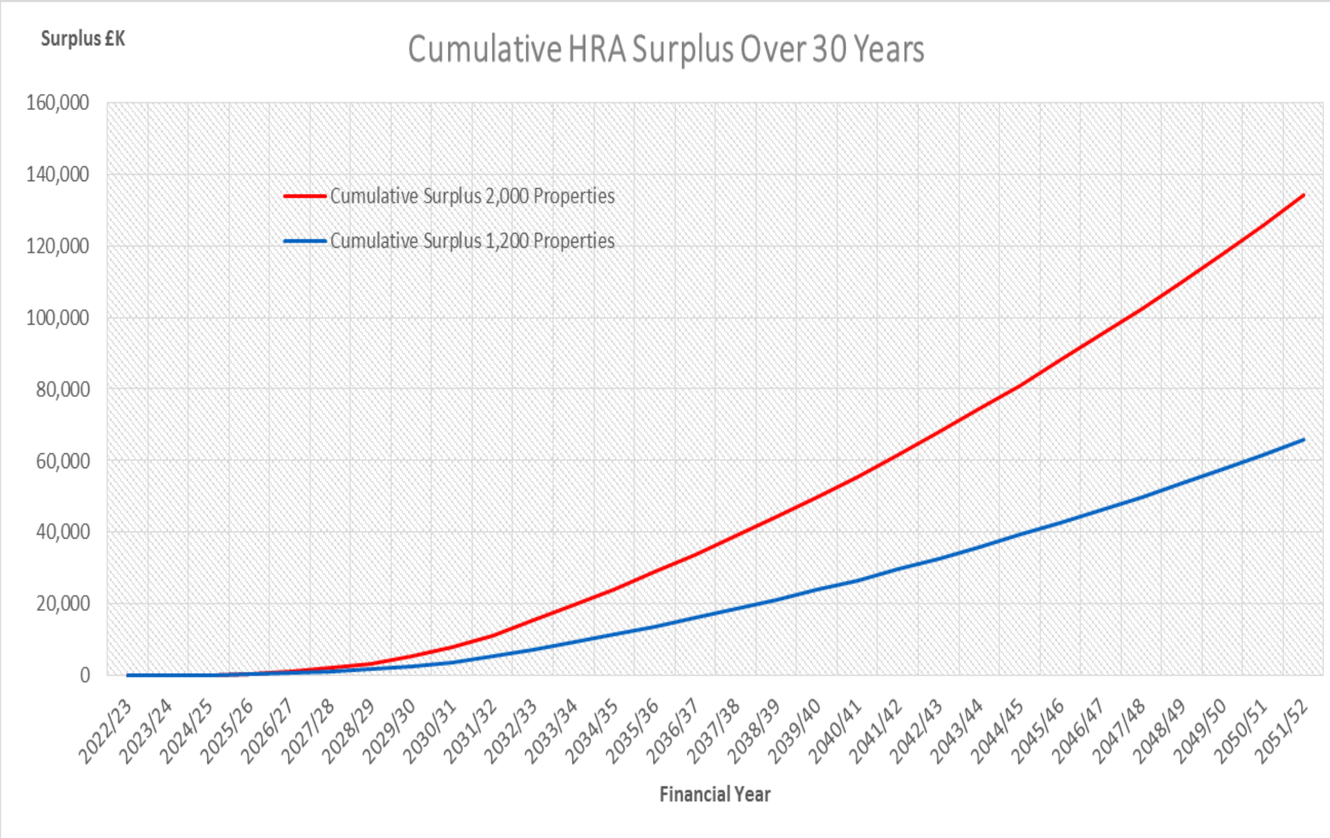
Audit Costs	1,280	1,280
Rents, Rates, Taxes and Other Charges	0	0
Debt Management Costs (Interest Payments)	84,720	136,241
Increase in Bad Debt Provision	1,435	2,383
Revenue Expenditure Funded from Capital Under S	0	0
Total Expenditure	**221,312**	**342,549**
Net HRA Surplus/Deficit	**65,785**	**133,970**

Table 2 **Profile of Cumulative HRA Surplus**



2 The Baseline

2.1 The two models are based on building the HRA to totals of around 1,200 and 2,000 properties at an even pace over the first 10 years. It is planned that the first two years will see a concentration on the purchase of ready built properties that will generate a cash flow and allow for the development of new build housing thereafter. This size of HRA will allow the Council to make a telling contribution to reducing the shortfall in affordable housing supply while reaching a critical mass that allows specialist staff to be employed and safeguard the continuation of the HRA.

2.2 In addition to a responsive repairs service, the plan takes account of the need for the cyclical replacement of major components within properties. This is timetabled over a 15 to 20 year period and deals with the renewal of doors, windows, bathrooms, kitchens and roofs. This is financed through a depreciation charge that is recycled through the Major Repairs Reserve (MRR).

2.3 Provision is made within the model for the ongoing revenue costs of specialist housing staff and management and the cost of repairing and maintaining properties to a high standard. These costs are inflated over the timespan of the model using the most appropriate estimated rates.

2.4 Income is derived from dwelling rents. The rent is set at Local Housing Authority rates (LHA), subject to the MHCLG guidance on affordable rents. Annual increases are calculated in line with government policy and the Rent Standard published by the Registrar of Social Housing.

2.5 The largest item of revenue expenditure is interest on loans. As each opportunity to purchase or develop property is identified, a rigorous costing exercise will be undertaken to ensure that each project delivers a surplus to the HRA in line with the business model. This will ensure that future revenue streams can service interest payments as well as all other revenue costs.

2.6 Forecast Right to Buy (RTB) sales are included in the model after the initial 15 years as until then the Council cannot make a loss from them.

2.7 The capital expenditure within the model consists of three elements. In the first two years there is an emphasis on acquiring street properties. A concentration on new build takes place thereafter and the model assumes that Homes England will be providing grant funding to assist. The third capital element is the cyclical replacement of housing components funded through rental streams.

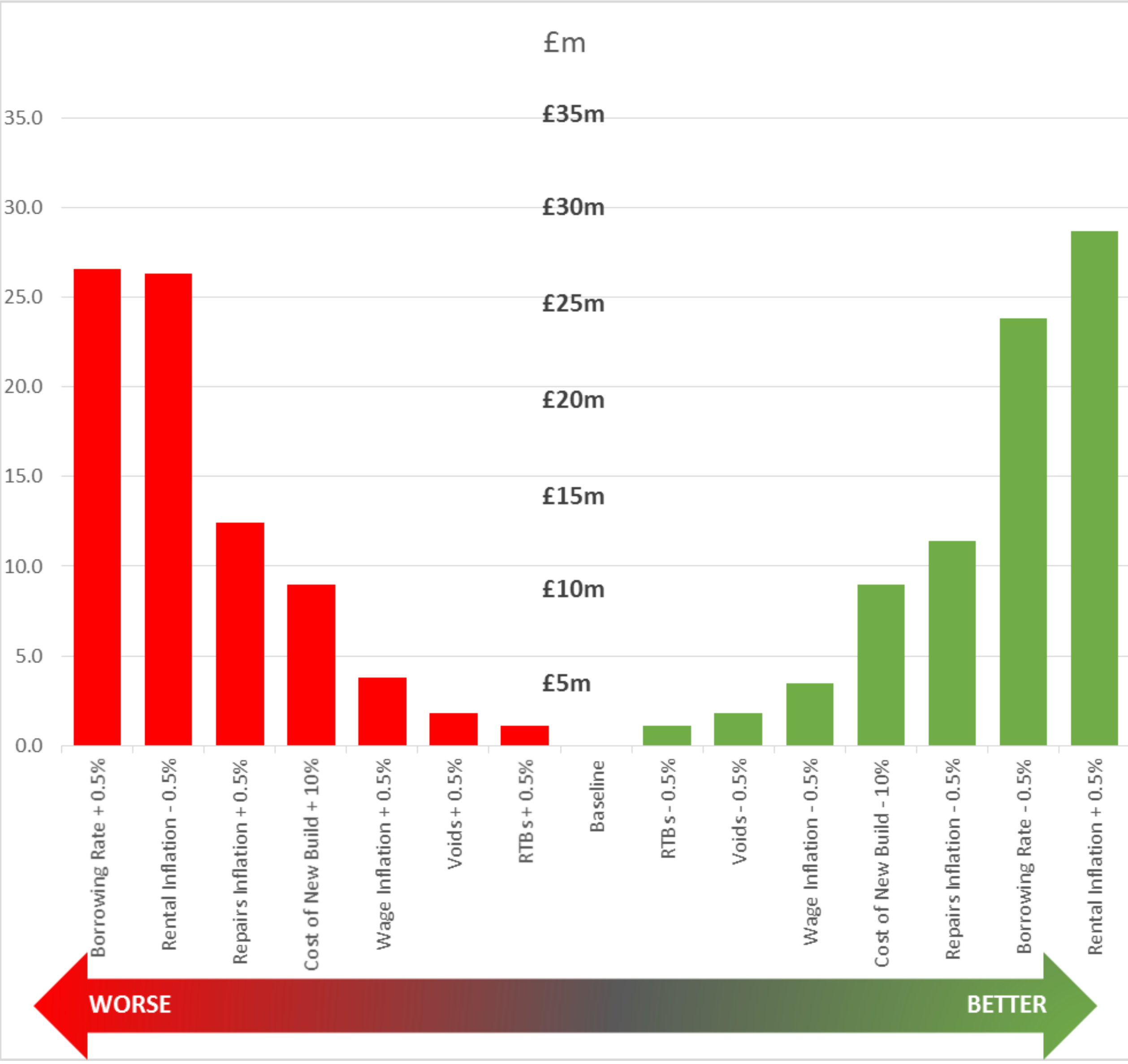
3 Analysis of the Reported Model Outcomes

3.1 The main metrics and assumptions upon which the model is built are set out at Table 3 below. The effect that a movement in the assumptions behind the model has on its viability is then illustrated at tables 4a and 4b.

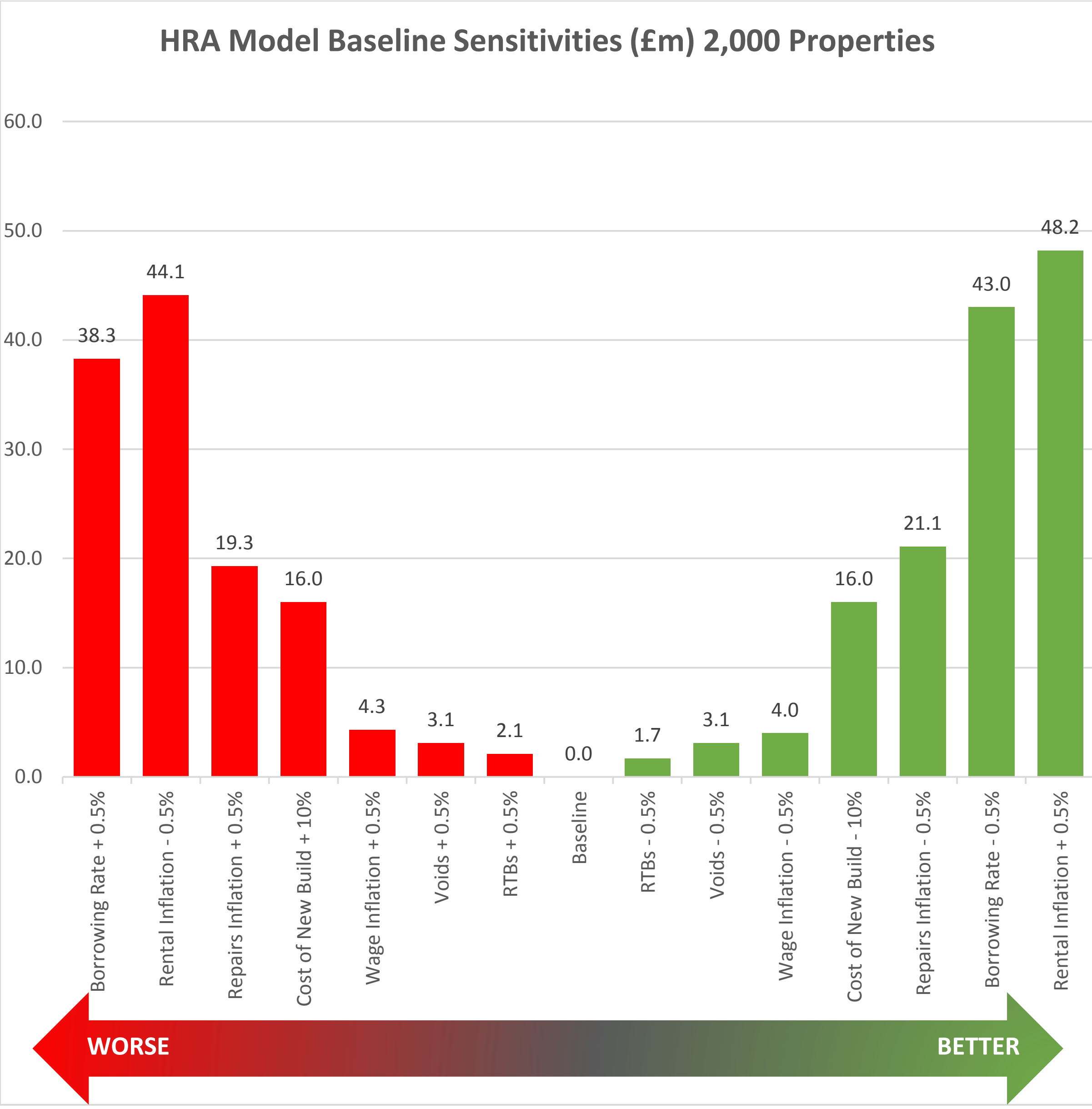
Table 3 Metrics and Assumptions

Metric		Assumption	Comment
Wage Inflation		**1.00%**	Reflects current trends.
Building Inflation (BCIS)		**2.75%**	Differential over wage inflation reflects historical trends.
Rental Inflation		**1.50%**	Based on governmental guidance.
Borrowing Rate		**2.23%**	Mirrors recent available borrowing rates.
Collection Rate		**98.50%**	Reflects a prudent view of likely events.
Void Rate		**1.50%**	As above. This is a prudent figure compared to likely actuals.
Right To Buy Take Up		**0.50%**	After 15 years.
Cost of New Build	**Land**	**£40,000**	Based on expert advice and recent trends.
	Buildings	**£130,000**	This is an average across unit sizes.
Prudent Minimum Balance		**Variable**	Based on a calculation of one years rent throughout the model.

Below Table 4a HRA Model Baseline Sensitivities – 1,200 Units



Below Table 4b HRA Model Baseline Sensitivities – 2,000 Units



3.2 The diagrams above demonstrate the strength of the model and the viability of the plans for an HRA. There are no adverse movements illustrated that would remove the HRA surplus. It is also likely that any movement in inflation rates would be at least partly offset. For example, if costs were to rise, it is likely that rents would also increase as they are linked to CPI.

3.3 The business model is a snapshot in time of the 30 year financial forecast for the HRA. As capital schemes come forward they will be assessed in terms of their individual Value for Money (VFM) and incorporated into the plan. The investment pipeline will be built up over the coming months. As the schemes move through assessment and internal governance processes, they will be incorporated into both the HRA business plan and the annual budget setting process.

4 The plan shows that the majority of capital expenditure on acquiring stock takes place over the first 10 years as the HRA builds up its portfolio and moves into a steady state. This is illustrated at Table 5. Table 6 shows the profile of debt over 30 years. The repayment process can be accelerated without reducing the viability of the model. This would be dependent on corporate debt management policy and what view was taken regarding the level of HRA reserve required.

4.1 Table 7 illustrates the net balances of the HRA over time and Table 8 shows this information in the form of annual surpluses. Both tables underline the longer term viability of a new HRA and emphasise the need to support its growth over the first 5 years and avoiding overloading too many corporate recharges at the beginning. This will ensure the long term health of the HRA and its ability to contribute significantly to the well-being of the Council as a whole.

Table 5 Profile of Capital Investment on Acquiring Stock

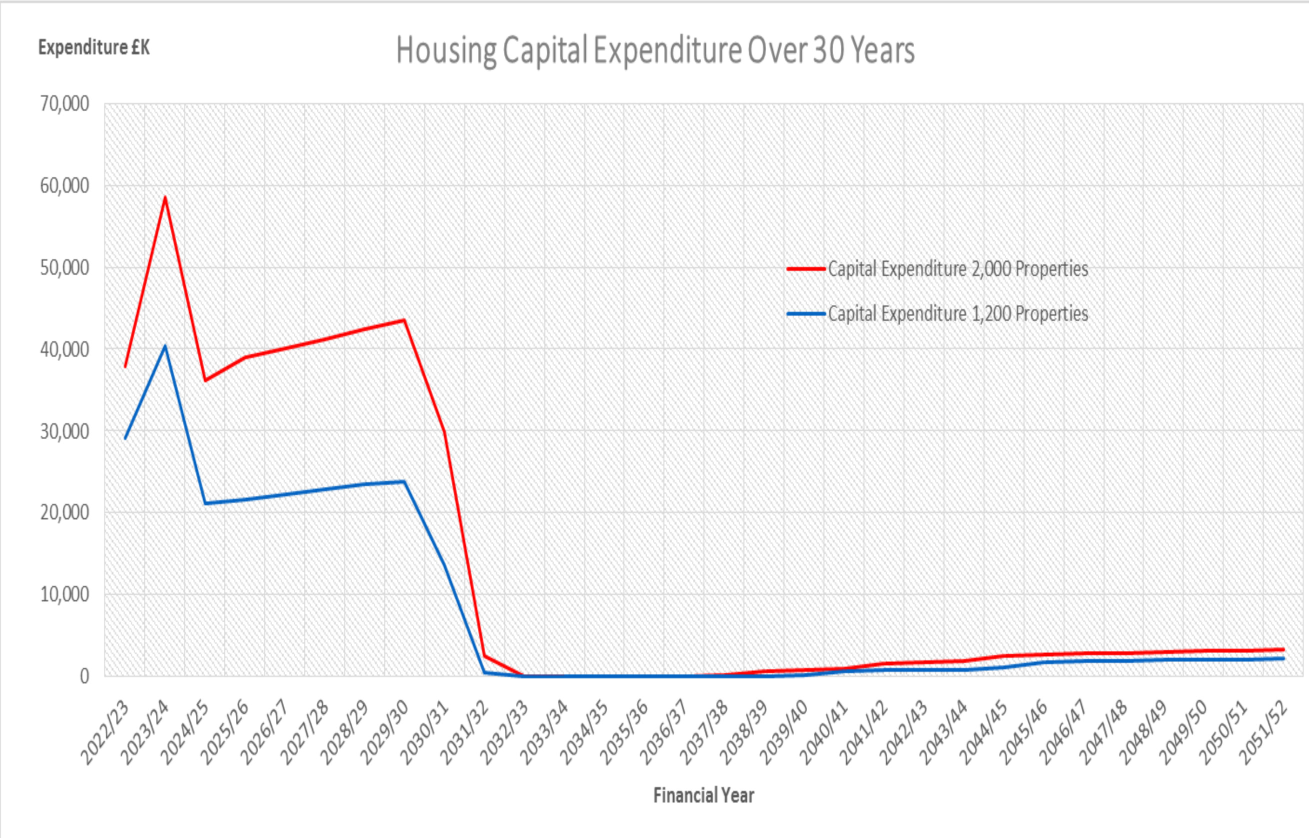


Table 6 HRA Cumulative Net Borrowing

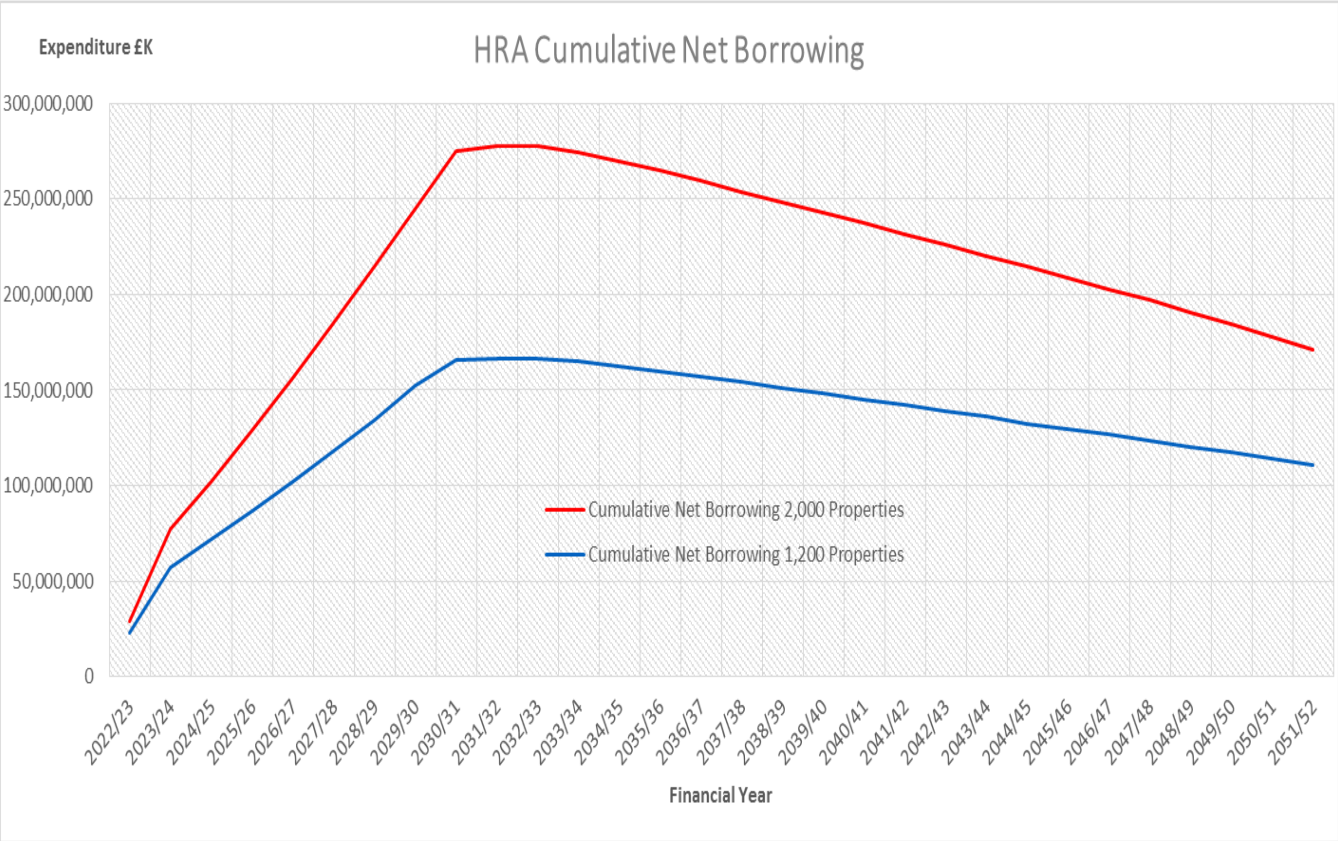


Table 7 HRA Cumulative Balances

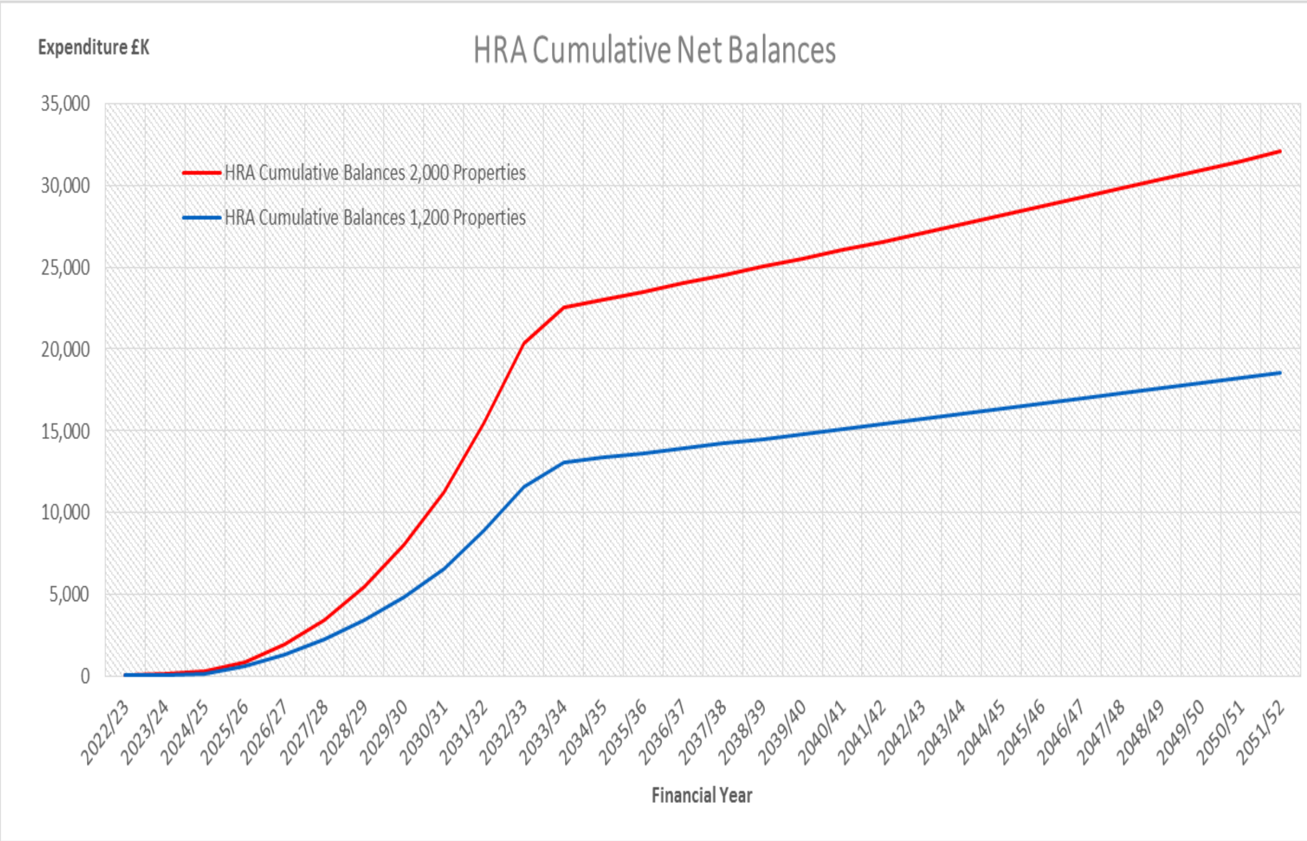
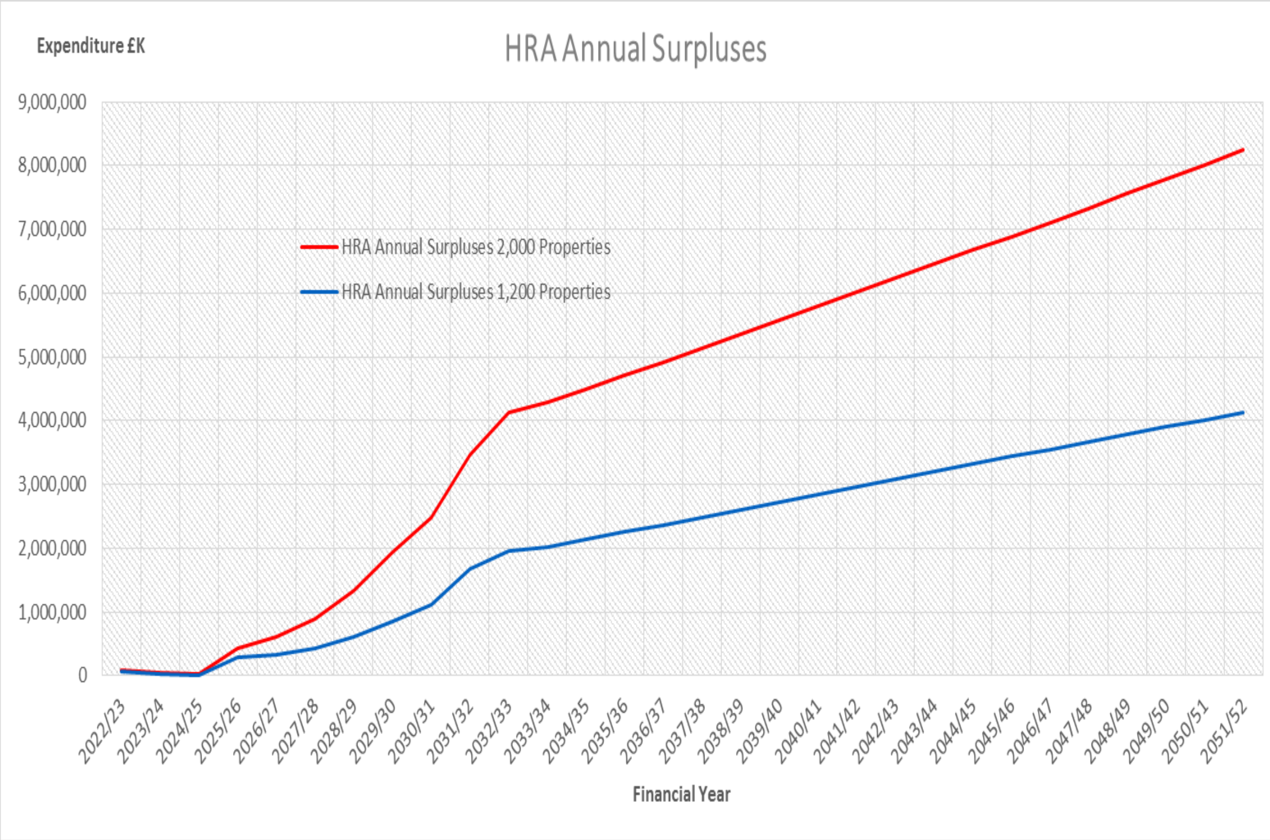


Table 8 HRA Annual Surpluses



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PETERBOROUGH CITY COUNCIL

PETERBOROUGH CITY COUNCIL

INTRODUCTORY / SECURE TENANCY AGREEMENT

(delete as appropriate)

Introductory Tenancy Start Date: ___/___/20___ (if applicable)

Secure Tenancy Start Date: ___/___/20___

IMPORTANT

This agreement is a legal contract that contains the terms and obligations of your tenancy.

You should read it carefully.

If you do not understand this agreement or anything in it, we strongly suggest that you ask for it to be explained to you before you sign it.

You can speak to your Housing Officer, a solicitor, or the Citizens Advice Bureau for advice.

This is your tenancy agreement, the legal contract that sets out the conditions of your tenancy. It also sets out the Council's responsibilities as your landlord and your responsibilities as a tenant. It is important that you understand that if you break any of the terms of this contract you could lose your home. If you would like help to understand this agreement please contact the Housing Team on [ ] or email: [ ]

This is a legal contract describing the conditions of a tenancy between:

(1) **Peterborough City Council**, Town Hall, Bridge Street, Peterborough PE1 1HF

(2) **the tenant(s) named below** and who have signed on page in relation to the property described below:

Full name of Tenant(s) ______________________

____

("you" / "the Tenant") (if there is more than one tenant, the word "you" or "Tenant" applies to all of you and the names of all tenants should be written above. Each tenant individually has all the rights and responsibilities of this Agreement)

Name of Landlord ______________________

Peterborough City Council ("the Council"/ "we"/ "us")

Address of the Property

____

______________________ Postcode

("your home"/ "the property") which includes any fixtures, fittings, garden, paths, hedges, trees, fences, garages, greenhouses and outbuildings owned by us and used exclusively with your Home**.**

Type and Size of Property

☐**House** ☐ **Flat on** ____________ **Floor** ☐ **Maisonette** ☐**Bungalow**
☐ **Other**

Number of bedrooms

☐ **1** ☐ **2** ☐ **3** ☐ **4** ☐ **5** **Other:**

Garden ☐No garden ☐Front garden ☐Rear garden

The maximum number of people allowed to live in your home is: ______________________

This tenancy is either (the Council will tick the appropriate box):

☐ An introductory weekly periodic tenancy under the Housing Act 1996 which will last for one year from

/ /20 , unless extended. This tenancy will automatically become a secure tenancy after 12 months unless we have started possession proceedings against you, or the probation period has been extended for a further period of up to 6 months.

☐ A secure tenancy which has been given to you under the Housing Act 1985 from

/ /20

i) Total weekly rent at the start of the tenancy including any service charges: £

ii) Rent (and other charges) arrears of £ **payable at £**

per week until paid in full (if applicable).

iii) Support charge of £ **(if applicable).**

Contents

1 Your Tenancy Agreement

1.1 This agreement makes you a tenant of Peterborough City Council (“the Council”).

1.2 This tenancy agreement applies to two types of Council tenant:

a. an introductory tenant; and
b. a secure tenant.

Your housing officer will have explained to you whether you are an introductory tenant or a secure tenant.

INFORMATION FOR INTRODUCTORY TENANTS

1.3 If you are an introductory tenant the date when you will become a secure tenant (if appropriate) is also shown on the cover. You will be given a booklet called 'Your Introductory Tenancy Explained' and this gives details of the differences between the two types of tenancy. Briefly, these differences are:

a. If you are an introductory tenant, for the first 12 months from the date your tenancy started you will be an introductory tenant not a secure tenant.
b. If you are an introductory tenant, the first 12 months are a trial period. During this period the Courts will allow us to evict you as long as we have followed the correct legal procedures. You can find more information about the legal procedures we have to follow in the leaflet called 'Your Introductory Tenancy Explained'.
c. The Council may decide to extend the introductory tenancy probationary period for a further period of up to 6 months. The Council will serve a Notice of Extension no less than 8 weeks before the end of your probationary period giving you reasons for its decision to extend. The notice will provide details of your right to request a review of its decision. If the Notice of Extension is not withdrawn, the introductory tenancy is extended for a further period of up to 6 months from the end of the initial 12-month period.
d. If you are an introductory tenant, you have fewer rights than as a secure tenant. You do not have some of the rights in this agreement while you are an introductory tenant. You will get these rights when you become a secure tenant. These rights are described later in the agreement, but in summary they are:
   - The right to carry out improvements (paragraph 3.8-3.9)
   - The right to claim compensation for improvements (paragraph 3.10)
   - The right to take in lodgers (paragraph 6.1)
   - The right to sublet part of your home (paragraph 6.2)
   - The right to exchange your home with another tenant (paragraph 6.5 and 7.6-7.10)
   - The right to buy your home
e. If you keep to the terms and conditions of this tenancy agreement and the Council has not started possession proceedings during the introductory period, then you will automatically become a secure tenant at the end of your introductory period.

INFORMATION FOR SECURE TENANTS

1.4 As a secure tenant:

a. The Council can only end your tenancy by obtaining and enforcing a court order for possession. In most cases, the court will only grant a possession order in relation to a secure tenant if it is satisfied that it is reasonable and proportionate to do so.
b. The tenancy will only be secure while you occupy the property as your only or principal home. If at any time your tenancy ceases to be a secure tenancy the Council may end it by giving you 4 weeks' notice to quit.
c. As long as your tenancy remains secure, you have the right to assign your tenancy to a person who is qualified to succeed to your tenancy. If you do this, this will count as a succession.
d. If you die, there are certain circumstances in which a family member may qualify to succeed to the tenancy and become the tenant. This is called statutory succession.
e. As long as you qualify under the legislation you may have the right to buy your home under the Housing Act 1985.
f. If you get our written permission in advance, you can exchange this tenancy with another tenant of a registered provider, a local authority or a housing trust. We will give you our reasons if we do not give our permission. Every tenant involved in the exchange must have the right to exchange under their tenancy agreement and if necessary, have the consent of their landlord.

PURPOSE OF THIS DOCUMENT

1.5 This document grants you a Council tenancy and contains your tenancy conditions.

a. This agreement does not remove any rights you have which are given to you by Acts of Parliament (statute law).
b. These conditions of tenancy state the rights and duties of you, the tenant, and the Council and these rules must be followed at all times.
c. When you take possession of the property you will be bound by these terms, even if you have not signed the tenancy agreement. We will give you a copy of the tenancy agreement for you to keep in a safe place.

INFORMATION

Your Tenancy

1.6 You have a secure/introductory tenancy so long as you occupy the premises as your only or principal home. If you do not occupy the premises as your only or principal home, you lose your rights some of which are listed in this agreement.

Joint Tenancies

1.7 If you are joint tenants, the term tenant refers to each of you individually and collectively. This means that you are each responsible for keeping to this agreement and paying the rent and any other charges due under this agreement. The Council can recover all arrears owed to it from any individual joint tenant. This means that even if one joint tenant leaves, all tenants continue to be responsible for rent, arrears and any breaches of this agreement. In law, this is known as joint and several liability.

Definitions

1.8 The terms 'premises' and 'home' mean the dwelling let to you, including any fixtures and fittings, garden, hedges, garage, paved areas, carport, hardstanding, shed, outbuilding, fence or wall let with the dwelling. The terms 'us' or 'we' means Peterborough City Council. 'They' means anyone living in or visiting your home (including children).

Notices

1.9 If we wish to serve a Notice of Intent to Seek Possession, a Notice to Quit or any other Notice in accordance with the Housing Act 1985, or the Housing Act 1996, we can do this by:

a. giving it to you or to any of the joint tenants (it is not necessary for us to give a copy to each of the joint tenants) or.
b. delivering it to the premises or sending it to your last known address, or the last known address of any of the joint tenants (it is not necessary for us to send a copy to each of the joint tenants).

1.10 If you wish to take legal action against us and you need to serve any notices on us, you should send these to:

The Assistant Director of Housing,
Peterborough City Council,
Town Hall
Bridge Street,
Peterborough.
PE1 1HJ.

You should send all other correspondence to Housing Needs.

Enforcement

1.11 **If you breach any of the conditions of this tenancy agreement we can, if we feel it is appropriate, ask the County Court to grant us a possession order. If granted, this would end your tenancy, and would allow us to ask the County Court to evict you.**

1.12 If we consider it appropriate, we will use injunction proceedings to enforce the terms of this agreement. **It is, therefore, very important that you keep to the rules contained in this agreement.**

2. Your Rent and Other Charges

PAYING FOR YOUR HOME

2.1 You must pay your rent and any other charges on time. These are due every Monday, in advance. If you prefer, you can pay fortnightly, or monthly, as long as you pay in advance.

2.2 If you do not pay your rent, we can ask the County Court to grant us a possession order. If granted, this would end your tenancy and would allow us to ask the County Court to evict you. The Council can also ask the Court that you pay the Council's legal costs if it makes an application to the Court. **If you find it hard to pay your rent, you should contact your housing officer for advice immediately**.

2.3 If you are joint tenants, you are each responsible for all the rent and for any rent arrears. We can recover all the rent arrears owed for your home from any individual joint tenant.

2.4 We may change the amount of rent we charge you. When we do this, we will give you four weeks' notice in writing. This does not apply to changes in housing benefit.

2.5 We may change other charges you pay, including (but not limited to) heating, furniture, and parking. We will give you at least four weeks' written notice. We may withdraw or add and charge for extra services. When we do this, we will consult tenants before making a decision. We will then give you four weeks' notice in writing of the new arrangements.

3. Repairs and Improvements

COUNCIL'S RESPONSIBILITIES

3.1 We will keep your home in good condition by repairing and maintaining the items below:

a. the structure and exterior of the dwelling. This includes chimneys, external decoration (when necessary), external doors, drains, fences, garages, gutters, outside pipes, roofs, sheds we have provided, steps, walls, interior doors, and floors.
b. kitchen and bathroom sinks, toilets, baths, and showers fitted by us.
c. electrical wiring, gas, water, and soil pipes.
d. space and water heating.

3.2 In flats and maisonettes we will repair and maintain in good condition the following items:

a. the common entrances, halls, and stairways (including decoration when necessary).
b. the lifts and passageways.
c. the communal lighting, fire safety equipment and other communal amenities.

3.3 We will do your repairs in a reasonable time. How long this will take will depend on how urgent your repair is. A leaflet gives details of this and you can get a copy from your housing office.

3.4 When you report a repair needed to your home, we will write to you to confirm that we have received your request. This will tell you when the work should be completed.

3.5 We will charge you for the costs of any work listed in sections 3.1 and 3.2 above that is not due to fair wear and tear. We will also charge you for repair or replacement if damage to your home (including its fixtures and fittings) is caused deliberately or by your own neglect or carelessness, or by any actions of anyone who lives with you or who visits your home, including children. Failure to pay will be a breach of this agreement.

TENANT'S RIGHTS

3.6 You can take the action listed below if we fail to do repairs you have told us about, as long as it is our responsibility to do the work.

a. In some cases, you can use Section 96 of the Housing Act 1985 to arrange to get the repair done yourself and claim compensation. Ask your housing officer for more details before you arrange for your repair to be done - not all repairs are included in this scheme. This is called the Right to Repair and there are strict rules you must follow if you wish to use this.
b. You can apply to the Magistrates Court for an order under Section 82 of the Environmental Protection Act 1990 if the defect in your home could cause ill health, or if it amounts to a statutory nuisance. Please give us at least 21 days formal written notice that you intend to do this.

c. You can ask the County Court for an order under Section 17 of the Landlord and Tenant Act 1985 to instruct us to carry out the repairs. You might also be able to claim compensation.

3.7 If you are thinking of taking legal action against us, we suggest that you get legal advice. You can get this from a Citizens Advice Bureau or a solicitor.

TENANT'S RESPONSIBILITIES

3.8 You must report any repairs, faults, damage or theft of our fixtures and fittings immediately to your housing office.

3.9 You must allow us, or people sent by us, into your home to do repairs, other work, or to inspect the state of repair of your home or adjoining premises. You should not let anyone in without seeing proof of identity. All Council staff, workmen or agents have identity cards. If you have any doubts about the identity of anyone who calls, contact your housing office for advice.

3.10 In some cases we, or people sent by us, may need to enter your home to inspect or carry out repairs that you have not told us about. We will normally give you at least three days' notice in writing. In urgent cases we will give you only 24 hours' notice in writing. **In the case of an emergency likely to cause personal injury or imminent damage to property, we may enter your home without notice.**

3.11 You must take good care of your home, its fixtures and fittings and keep it in a good state of repair. You must keep it in a clean, sanitary and habitable condition.

Decoration

3.12 You are responsible for decorating the inside of your home and ensuring you keep it in a clean and well-decorated condition. We may be able to help you do this if you are elderly or disabled. Ask your housing officer for more details.

3.13 You are responsible for maintaining any battery-operated smoke detectors and ensuring they are always in good working order.

Gardens

3.14 If your home includes a garden, you must keep your garden tidy by cutting the lawn and any hedges, keeping it free from rubbish (including furniture) and making sure that it does not get overgrown. We may be able to help you with grass cutting if you are elderly or disabled. If your garden becomes overgrown, and you are not elderly or disabled, we can clear it and charge you for the work.

Improvements and Alterations

3.15 If you are an introductory tenant, you may not make any alterations, additions or improvements to the property.

3.16 If you are a secure tenant, you have the right to carry out improvements to your home, including external painting. **You must obtain our written consent before you do the work**. We will refuse consent only if there is a good reason for doing so. We may give consent that includes reasonable conditions.

3.17 If you are a secure tenant and you have carried out improvements you must keep all such improvements and alterations in a good state of repair. It is your responsibility to carry out and pay for these repairs unless we have agreed, in writing, to do this.

3.18 If you are a secure tenant, we may pay you compensation for these improvements, provided you obtained our written consent before you did the work. Check with your housing officer to find out more about this. Not all improvements are covered by this scheme.

3.19 **You must not carry out alterations or improvements to your home, including its fixtures and fittings, without our written consent**. This includes (but is not limited to) taking down walls, blocking up doorways, taking out or moving kitchen units or cupboards, changing windows, doors or frames, or work to the exterior of the property.

3.20 If you make an improvement or alteration to your home without our written consent, we may tell you to restore it to how it was before. If you do not, we will do the work and charge you for it. Failure to pay will be a breach of this agreement.

Personal Possessions

3.21 You are responsible for your personal property and it is your responsibility to take out insurance to protect them. The Council is not responsible for the loss or damage of any personal property (whether they belong to you or someone else) no matter how they become damaged or lost unless the damage or loss is caused by the Council' negligence.

4. Community Responsibilities

COUNCIL'S RESPONSIBILITIES

4.1 We will give you help and advice if you report nuisance or harassment. We will look into your complaints and decide what action to take.

4.2 If you breach any of the conditions of this tenancy agreement, we will decide what action it is appropriate to take. We may, if we feel that it is appropriate in the circumstances, take enforcement action as stated in sections 1.11 and 1.12 of this agreement. You risk losing your home if you do not keep to the rules laid down in this agreement.

Domestic Violence

4.3 The Council has adopted a code of practice for dealing with domestic violence. We will support any person experiencing domestic violence by giving advice and in some cases, if we feel necessary, providing temporary accommodation. Further advice is available from your housing officer or from our Homelessness section.

TENANT'S RESPONSIBILITIES

4.4 You are responsible for the behaviour of every person (including children) living in or visiting your home. You are responsible for them:

a. in your home or on surrounding land.
b. in communal areas (stairs, lifts, landings, entrance halls, paved areas, shared gardens).
c. on the estate where your home is located, including the communal paths, parking, garage, shopping and play areas.

You must ensure that they keep to the rules laid down in this tenancy agreement.

Nuisance, Annoyance, Disturbance or Harassment

4.5 You and anyone living in your home, or visiting you, (including children) must not do, incite, allow to be done, commit on the premises or around the dwelling, in communal areas, on the estate of which the dwelling is part, or on or around any other property belonging to the Council, anything which is, causes, or may become a nuisance, annoyance or disturbance to any person or child living on or visiting the estate. This includes, but is not limited to:

a. loud noise, loud music, arguing and door slamming, dog barking and offensive drunkenness.
b. rubbish dumping or dog fouling on your own premises, other persons premises, or on any part of the estate.
c. selling drugs, drug or substance abuse.
d. playing ball games close to someone else's home or motor vehicle (ball games should be played only in areas designated by the Council as ball playing areas);

e. breaking into another person's home, motor vehicle, or any other property on the estate, including property not owned by the Council.
f. damaging or threatening to damage another person's home or possessions.
g. acts of harassment against any other person or child living on or visiting the estate, including (but not limited to) clauses (i) to (vii) below:
    i. Racist behaviour, racist language, or racist graffiti.
    ii. Acts or threats of discrimination, harassment, nuisance, or annoyance on the grounds of sex, sexual orientation, religious belief, age, ethnic origin, illness or disability.
    iii. Using or threatening to use violence. Using abusive or insulting words or behaviour: this includes acts that are likely to injure, frighten, intimidate, cause alarm or distress to anyone living on or visiting the estate, including your partner or spouse.
    iv. Writing or displaying graffiti or literature that is threatening, abusive, racist, or insulting, on your premises or on any property on the estate (including property not owned by the Council). We may remove any such graffiti or literature and charge you for any costs we incur. Failure to pay is a breach of this agreement.
    v. Sending literature, which is threatening, abusive, racist, or insulting to any other person.
    vi. Forcing, or threatening to force, another person who has the right to live in your home to leave or refusing them access. Harassing or using sexual, emotional, or other abuse, or undue pressure to make anyone who lives with you leave your home.
    vii. Doing anything that interferes with, or is likely to interfere with, the peace, comfort, or convenience of other people.

Criminal Offences

4.6 You and anyone living in your home, or visiting you, (including children) must not commit an arrestable criminal offence; threaten to commit an arrestable criminal offence; or keep unlicensed firearms or any offensive weapon in your home.

Community Responsibilities

4.7 You and anyone living in your home, or visiting you, (including children) must comply with clauses (a) to (g) below:

a. You must not use your home, any communal area, or any part of the estate for any illegal activity, including selling drugs or prostitution.
b. You must not damage, deface or put graffiti on Council property. If you or they do so, we may remove this and charge you for any costs we incur. Failure to pay is a breach of this agreement.
c. You must not tamper with security and safety equipment. (Doors must not be jammed open and strangers must not be let in unless you check they have a reason to be there).
d. You must not harass, threaten, or use emotional abuse to make anyone who lives with you leave your home.

e. You must not use parking areas at any time for commercial activity or for any business reasons.
f. You must treat the common parts of the building and the environment of the estate with care. You must keep these clean, tidy and free from obstruction. You must not place rubbish, litter or unwanted items, including furniture, in these areas.
g. You must not alter or remove any kerbs without our prior written consent.

Parking

4.8 You and anyone living in your home, or visiting you, (including children) must not park, leave or allow to be parked, any motor vehicle, caravan, boat or trailer:

a. anywhere on your premises, except on a hardstanding (a driveway or paved area designated by us for parking) or in a garage.
b. in any parking space or hardstanding allocated to someone else.
c. anywhere that would, in our opinion, cause inconvenience, or obstruct emergency services or other drivers.
d. on grass verges, grassed areas, or landscaped areas. We will charge you for any damage you and they cause to landscaped areas, paths, or kerbs.

4.9 You and anyone living in your home or visiting you, (including children) must not:

a. park any commercial-type motor vehicle, any motor vehicle used for or being repaired for racing, or any motor vehicle or trailer awaiting repair anywhere on your premises, or in communal parking areas on the estate.
b. store bottled gas or other flammable substance in or on any motor vehicle, caravan, boat or trailer kept on your premises.

4.10 We reserve the right to remove any motor vehicle, caravan, boat, or trailer that is parked without our permission on our land.

Vehicle Repairs

4.11 You and anyone living in or your home, or visiting you, (including children) must not:

a. do vehicle repairs, carry out welding to or paint spraying of any motor vehicle or trailer anywhere on your premises, on the road, on the land around your home, or on any part of the estate, with the exception of repairs covered by section 4.11(e);
b. park any unroadworthy or unsafe vehicle or trailer on your premises, the land around your home, on the road or any part of the estate where your home is located;
c. carry on any business involving amongst other things, the sale or repair of motor vehicles or trailers;
d. keep an untaxed motor vehicle or trailer anywhere except in your garage or on your own personal driveway or hardstanding.
e. carry out vehicle or trailer repairs other than minor routine maintenance to your own motor vehicle; welding or paint spraying is not permitted under any circumstances.

f. drive any motor vehicle or trailer over grass verges, paved areas, landscaped areas or any other area which is not a designated public highway.

Dealing with Council Employees or their Agents

4.12 You must ensure that you, members of your family, lodgers, sub-tenants, and/or visitors (including children), co-operate with Council employees or their agents. You must never subject them, or cause them to be subject to, any physical or verbal abuse, threats or harassment in any location including the employee's home, at any time whether during their work or otherwise.

a. Physical abuse includes any actual or threatened assault, attack, violent act, or aggression.
b. Verbal abuse includes any act that is unreasonable and/or unlawful or which is intended or likely to alarm, distress or intimidate.
c. Harassment includes any (but is not limited to) racist behaviour or racist language; damaging or threatening to damage property belonging to Council employees or their agents; breaking into any home or vehicle owned by Council employees or their agents.

5. Tenant Involvement

COUNCIL'S RESPONSIBILITIES

5.1 We will ask for tenants' views on any new polices or procedures we plan to introduce that may substantially affect them.

5.2 Before making any changes to the Conditions of Tenancy laid down in this agreement, we will consult tenants, either individually or through Residents Associations. We will give full consideration to any comments received. We will then give you at least four weeks' notice of any changes before bringing them into force.

5.3 We will send you a report once a year that gives details of our work and what we have achieved.

5.4 We will strive to deal with complaints effectively. If you wish to make a complaint, please contact your housing officer for advice on how to do this.

5.5 The law does not require us to consult you about changes to your rent or the service charges you pay. However, we will give you at least four weeks' written notice before bringing any such changes into force.

TENANT'S RIGHTS

5.6 You have the right to see information we have about you, your partner, or your family. In some cases, we cannot let you see everything because this may include details about someone else. You can get copies of the details we hold on our files, but we may have to make a small charge to cover our printing costs. Ask your housing officer if you want more details. We also ask that you give us at least one week's notice.

5.7 You have the right to start or join a local resident's group. Your local group can make your views known to us and we can take these into account when we are putting together our policies and procedures. Ask your housing officer for details about groups in your area or about how to start one.

5.8 You have the right to go to meetings of the Council or its Committees as an observer. These are meetings of councillors who decide how Council Services are run. You can get copies of the agendas and minutes. You have the right to speak on an issue at the relevant Committee meeting provided you meet certain criteria. You must obtain our written permission before the meeting. You can obtain details on how to do this from your housing officer.

6. Using Your Home

TENANT'S RIGHTS

Lodgers

6.1 If you are a secure tenant, you have the right to take in lodgers. You must inform us in writing if you do so. A lodger is someone who lives in your home but does not have exclusive right to any one part of it. He or she will get some sort of service from you such as cooking and cleaning.

If you are an introductory tenant, you may not take in lodgers.

Sub-letting

6.2 If you are a secure tenant, you have the right to sub-let part of your home, but you must get our written consent first. Sub-letting means that someone pays you rent to have exclusive right to part of your home. They will usually do their own cooking and cleaning.

If you are an introductory tenant, you may not sub-let part of your home.

Assignments

6.3 You can assign your tenancy (give it to someone else) only in the following cases:

a. Under Section 24 of the Matrimonial Causes Act 1973. (property adjustment orders made in connection with matrimonial proceedings).
b. Under section 17(1) of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders after overseas divorce, etc).
c. Under paragraph 1 of schedule 1 to the Children Act 1989 (orders for financial relief against parents).
d. To someone who could succeed to your tenancy if you died. If you are a secure tenant this right is given to you by Section 91 of the Housing Act 1985. If you are an introductory tenant this right is given to you by Section 134 of the Housing Act 1996. Your housing officer can give your more details and can help you draw up the deed of assignment.

6.4 You do not have the right to assign your tenancy except in the cases listed in section 6.3.

Mutual Exchanges

6.5 If you are a secure tenant, you have the right to swap your home (called an 'exchange') with another tenant of the Council, a housing association, or another council. This is subject to the rules in Section 92 of the Housing Act 1985. You must get our written consent first. More details are given in paragraphs 7.6 to 7.10 of this agreement.

If you are an introductory tenant, you have no right to exchange your home.

TENANT'S RESPONSIBILITIES

Occupying the Property

6.6 You must occupy this property as your only or principal home. If you no longer occupy the property as your only or principal home, then the Council may end your tenancy.

6.7 You must not sub-let the whole of your property.

Leaving Your Home Temporarily

6.8 You must tell your housing office in writing if you will be away from home for more than a month. You must make sure your home is safe and secure while you are away. In the cold weather, you should turn off the water supply and drain the heating and hot water systems - make sure you get professional help if you are not sure how to do this.

6.9 If you do not write to us or we have good reason to believe that you have no intention to return, we may act as if you have given up your property and a secure tenancy may cease to be secure under Section 79 of the Housing Act 1985. You must continue to pay your weekly rent and any other charges due whilst you are away.

6.10 The Council conducts audits of the properties it rents to tenants. If you are requested by a representative of the Council, you must provide proof of your identity and of anyone living with you and evidence that you are living in the property.

Overcrowding

6.11 You must not overcrowd your home. To avoid statutory overcrowding, you must not have more people living in your home than the permitted number (this is shown on page 2 of this agreement).

General Responsibilities

6.12 You and anyone living in your home, or visiting you, (including children) must:

a. not keep or temporarily place a motorbike or any other motor vehicle inside your home or in indoor communal areas (including entrance halls, stairs and landings).
b. not keep a bicycle in indoor communal areas (stairs, lifts, landings, entrance halls).
c. not keep any animal, bird, reptile, or insect that we consider is unsuitable for your home, or where appropriate levels of hygiene are not maintained; arrangements for the disposal of waste (including urine and faeces) must be to our satisfaction and must not cause damage, nuisance or inconvenience to any other person.
d. not keep any animal, bird, reptile or insect on the premises if action has previously been taken against you under the Environmental Protection Act 1990.

e. permanently remove from your home any animal, bird, reptile or insect that annoys, frightens or causes harm to other people, or causes damage to property
f. not keep a dog if you live in flats, bedsits or maisonettes (including sheltered housing) without our written consent; (we will, in most cases, refuse consent unless you live on the ground floor and have a garden;) we will withdraw consent if the dog causes nuisance, damage, annoyance, harm or frightens other people.
g. not run a business from your home without our written consent; we will refuse consent if the business would cause a nuisance or might damage or reduce the value of your home;
h. not put up a shed, garage, conservatory, greenhouse, aviary, pigeon loft or other structure anywhere on your property without our written consent
i. not keep flammable materials or gases other than may be reasonably required for domestic use; you must store any such items in a safe and secure place and ensure they do not pose any actual or potential risk to any person or any property.
j. take all reasonable precautions needed to prevent fire, flood, theft, loss or damage to our property.
k. not fix any aerial or satellite dish anywhere on your premises (including in the garden) without our written consent.

7. Moving to Another Council Home

TENANT'S RIGHTS

7.1 You have the right to apply to move to another council home. You will need to go on the transfer list. How long you will wait will depend on:

a. how urgently you and others need to move.
b. how many suitable homes become empty.
c. how long it takes you to do the repairs and redecoration we tell you are needed to your existing home. We will inspect your home and tell you what work you must do before you can move. Transfers are offered on the basis that it does not cost us anything to get your home ready for the next tenant, except for fair wear and tear. We will charge you for any damage or alterations we consider unsatisfactory, redecoration, rubbish removal and any other work required which is, in our opinion, not due to fair wear and tear.

7.2 We will not normally offer you another council home if:

a. you have breached any one of the terms of this tenancy agreement; or
b. we have a possession order in force.

If you have an urgent need to move and cannot comply with the requirements of sections 7.1 (c), and 7.2, contact your housing officer for advice.

7.3 You have the right to see our rules for deciding who is offered a council home. A leaflet is available that explains these. You can also ask your housing officer for details.

Urgent Moves (Including Racial Harassment and Domestic Violence)

7.4 If we consider it appropriate, we may arrange urgent moves for tenants who need to move quickly due to an emergency. Details are available from your housing officer.

7.5 We will, if requested, offer a transfer to a tenant experiencing racial harassment. If we consider it appropriate, we will take enforcement action against tenants who commit, allow, or incite acts of racial harassment. This will be done in accordance with paragraphs 1.11 and 1.12. Tenants who breach their tenancy conditions risk losing their home. Please contact your housing officer if you want more information.

Mutual Exchanges (for secure tenants only)

7.6 If you are a secure tenant, you have the right to swap your home (called an 'exchange') with another tenant of the Council, a housing association or another council. This is known as an assignment. You must obtain our consent in writing first.

7.7 We may refuse consent under any of the Grounds listed in Schedule 3 to the Housing Act 1985. These include (but are not limited to):

a. one of the homes would be too small or too large for the new tenants.
b. we are taking legal action to get possession of the home of any of the tenants involved; or we already have a possession order.
c. the exchange would mean that a home adapted for elderly or disabled people would have no-one living there who needed the adaptation.
d. one of the homes is in a group that we let to people with special needs and the exchange would mean that no one living there had such a need.
e. the extent of the accommodation in one of the homes would be unsuitable for the new tenants.

7.8 We also set certain conditions that you must meet before the exchange can go ahead. These are:

a. you must not owe any rent or be in breach of any of the terms of this agreement.
b. your home and garden must be in good condition.
c. if you have made improvements or alterations without our written agreement, or in our opinion, you have done these in an unsatisfactory way, we may ask you to return your home to how it was before. Alternatively, we may take other action that we consider to be appropriate.

7.9 If you exchange without our written agreement, we may take legal action to evict you and anyone living with you.

7.10 We have produced an information leaflet about exchanges, and you can get a copy from your housing officer.

8. Leaving Home and Ending Your Tenancy

TENANT'S RESPONSIBILITIES

8.1 You must give us at least four weeks' notice if you want to end your tenancy. This notice must be in writing and the four weeks must end on a Monday at noon. This is called giving us 'Notice to Quit'. Your housing officer has Notice to Quit forms that you can fill in.

8.2 You must hand all keys into your local housing office by noon on the Monday your tenancy ends. If you do not, we will change the locks. We will charge you for this.

8.3 You must arrange for us to inspect your property before you move out. We will tell you what repairs and redecoration you need to do before you go. We do not expect to have to spend any money getting your property ready for the next tenant to move into, except for fair wear and tear.

8.4 You must allow prospective new tenants to view your premises before you move out. We will accompany them and will give you reasonable notice. We will consider you're working and other similar commitments.

8.5 You are responsible for the condition and state of repair of your property, except for fair wear and tear. You are responsible for any damage, deterioration or poor cleanliness whether caused by yourself or any other person (including children). Please remember that:

a. You must leave your home in a clean condition when you move out. If you do not, we will arrange for it to be cleaned and will charge you for this.
b. You must leave the premises, its decorations, the fixtures, fittings, and any furniture we have provided in good condition. Do not leave any rubbish or belongings behind - if you do, we will assume that you do not want them, and we will dispose of them. You will have to pay our costs of getting rid of such items.
c. You must pay for repair or replacement if any damage has been caused while you have been the tenant, whether caused deliberately or through neglect or carelessness by yourself or any other person, including children. You will not have to pay for normal wear and tear.

8.6 You must not leave anybody else living in your home when you move out.

8.7 If you are joint tenants, any one of you can end the tenancy by giving us Notice to Quit. The Notice must be in writing and must give four weeks' notice to end your tenancy at noon on a Monday. If the Notice is not in the proper form it will not be valid. You can write the notice yourself or you can use a Notice to Quit form available from your housing officer. We will decide if any of the other joint tenants can stay in the home. We will base our decision on:

a. whether the property will be larger than is needed, or suitable for the needs of the remaining tenants.
b. how well the tenancy was conducted.

c. whether there is any existing breach of tenancy conditions, including rent arrears.
d. the need for housing of the person(s) remaining.
e. the needs of applicants on the Council's waiting and transfer lists.

TENANT'S RIGHTS

Joint Tenancy

8.8 If this a joint tenancy, and one of the tenants dies, the tenancy will pass automatically to the remaining joint tenant. This is known as a 'succession'. When both joint tenants have died, there is no further right of succession. Your housing officer can give you more information on the rules of succession.

Succession

8.9 If you are a secure tenant the Definition of Successor is given in Section 88 of the Housing Act 1985. If you are an introductory tenant, it is in Section 131 of the Housing Act 1996. Ask your Housing Officer if you want more details.

8.10 On your death, provided that you were not a successor, the following may apply:

a. The tenancy may pass to your spouse, as long as he or she was living with you at the premises as his/her only or main home at the time of your death.
b. If the tenancy does not pass to your spouse, it may pass to another member of your family as long as he or she:
    i. lived with you and your home was his or her only or principal home; and lived with you throughout the period of twelve months ending with your death. Another member of your family means your partner, a parent, child, grandparent, grandchild, brother, sister, uncle, nephew, or niece.

If in paragraph 8.10 (b), there is more than one member of your family qualified to succeed to the tenancy, they should agree between them which of them shall claim it. If they cannot agree, we will decide which of them shall have the tenancy. We will usually give preference to your partner.

Where possible we will allow a partner of the same sex to succeed to the tenancy.
We cannot grant joint tenancies in succession cases.

8.11 The above briefly describes your legal rights. In some cases, where the above does not apply, we may still transfer the tenancy to another person living with you at your death. Please ask your housing officer if you want more information.

8.12 We reserve the right to seek possession if succession results in under-occupation. However, we will not do this if your spouse has succeeded to the tenancy. In other cases, we will not do so for at least six months and we may, at our discretion, offer alternative accommodation.

8.13 We also reserve the right to seek possession if your home has special features for a person with disabilities, or the home is one of a group of dwellings we let to people with special needs and there is no longer someone who needs these facilities living on the premises. In such cases we may, at our discretion, offer alternative accommodation.

8.14 If no one succeeds to the tenancy, or we feel it inappropriate to grant the tenancy to the remaining person, we will require the property to be returned to us. We may at our discretion provide alternative accommodation to the remaining person(s).

LANDLORD'S RIGHTS

8.15 We can end your tenancy only by obtaining a Court Order for possession of the premises.

8.16 If you are a secure tenant this would be on one of a number of grounds listed in Schedule 2 of the Housing Act 1985. These include (but are not limited to):

a. where you have not paid the rent or have broken any other clauses in this agreement.
b. where you have caused or allowed nuisance or annoyance to neighbours (by anyone living with or visiting you, including children), or have been convicted of using the premises for immoral or illegal purposes; or where you have caused or allowed racial or other harassment of neighbours.
c. where you have caused or allowed (by anyone living with you or visiting you, including children), damage to the dwelling, furniture we have provided, or common areas used by other tenants.
d. where you have obtained the tenancy by making false statements.

You can obtain further information and a list of all the grounds for possession of secure tenancies from any of our housing offices.

8.17 If you are an introductory tenant, the procedure for seeking possession is set out in sections 127 to 130 of the Housing Act 1996. This procedure is described in the leaflet 'Your Introductory Tenancy Explained'. If the Court is satisfied that we have followed the procedure correctly we will be granted a Possession Order.

DECLARATION

By signing this agreement, you agree to keep to the terms of the tenancy.

For the purposes of the Data Protection Act 1998 you agree that we may process personal information which you have provided or has been provided by third parties in order to perform the functions of managing your tenancy and the provision of general housing and support needs. Any processing will be undertaken in accordance with the provisions of the Data Protection Act 1998 or any other relevant legislation and in accordance with our policies on disclosure of information and confidentiality. By entering into this tenancy agreement, you consent to such processing. (In the case of a joint tenancy each of you must sign the agreement)

Signed by tenant(s):

Signed:

Print full name:

Date: _______/_______/20 ______

Second signature (joint tenancy only)

Signed:

Print full name:

Date: _______/_______/20 ______

I confirm that the Council has granted a weekly tenancy to the above-mentioned tenant(s) subject to the conditions set out in this tenancy agreement and that the start date is as set out on page 1.

Address of the Property

Postcode

Signed on behalf of Peterborough City Council:

Signed:

Print full name:

Date: _______/_______/20 ______

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PETERBOROUGH CITY COUNCIL

Rent Setting Policy

1. Introduction and Purpose

The Policy seeks to set out the principles Peterborough City Council applies in calculating its rents and service charges for its housing stock and seeks to provide guidance to its tenants. The Policy creates the procedural framework for rent setting; service charges; and income collection for council housing. The policy is intended to promote transparent, equitable and sustainable rent and service charge setting and collection.

The policy sets out:

Confirmation of the Council's commitment to the Regulator of Social Housing's (RSH) Rent Standard, ensuring that rent and service charges comply with Ministry of Housing, Communities and Local Government (MHCLG) Policy Statement on Rents for Social Housing.

How the Council will set rents for its social and affordable housing stock.

The approach that the Council will adopt when setting service charges.

How the Council will work to meet best practice on rents and service charges.

How the council will ensure decisions and actions are compatible with corporate debt policy, by ensuring a policy on income collection is in place.

2. Scope

The policy relates to the setting, charging and collection of income related to residential accommodation within the Housing Revenue Account (HRA). Garage rents are also covered by this policy.

The following are not in scope of this policy –

- Ground rents, service charges and other fees and charges levied on shared owners, other than weekly rent charges.

- Pitch fees for Travellers sites

- Temporary accommodation provided to homeless households under Part VII of the 1996 Housing Act, other than where this is a PCC tenancy.

- Residential accommodation owned by PCC but not managed within the Housing Revenue Account
- .
- Commercial premises owned by PCC.

3. Roles, Responsibilities and Delegated Authority

The policy is approved by the Cabinet. The relevant Cabinet Member will approve any policy decisions arising from the implementation of the policy on the recommendation of the Assistant Director of Housing.

Authority is delegated to Assistant Director of Housing to implement the policy and delegate authority to officers accordingly. Authority is delegated to the Head of Landlord Services and their delegated officers to develop procedures for income management.

4. Rent Setting

The policy relates to the setting, charging and collection of income related to residential accommodation within the Housing Revenue Account (HRA), including Secure, Introductory and Flexible tenancies. Garage rents are also covered by this policy.

Rent will be set at levels equivalent to the Local Housing Allowance or up to 80% market rent value (whichever is lowest).

Rents are set annually, through the Council's budget-setting process. Increases (or decreases) are decided by decisions of Cabinet and Council and are effective from the first Monday in the following April. Average rents and the amounts of increases (or decreases) are set out in the Budget Report and the Fees & Charges annex. All tenants are given at least 28 days' notice of increases (or decreases) in their own rent through the annual rent notification letter.

The Council will adhere to the Rent Standard in setting its rents. The rental income from residential tenancies is the main source of income to the HRA. As it is the Council's objective to provide good quality housing, which is well-managed, it is essential that the income from rents is maximised to enable investment in the housing stock and services. It is also recognised that some tenants have a low income and are vulnerable, so it is important that the rent setting policy does not unduly disadvantage them.

New Tenancies

The Council will offer tenancies at both Affordable Rent and Social Rent levels, depending on the availability of grant funding for the scheme, and the viability of both the individual scheme(s) and the HRA overall.

Affordable Rents

For these properties, rent will be set at levels equivalent to the Local Housing Allowance (LHA). These properties fall within the definition of affordable rent housing set out in the MHCLG policy statement. In some areas of Peterborough, the LHA in Peterborough is significantly below 80% of market rent so this complies with the Rent Standard. Service charges for communal and additional services at the property are additional to the rent. Benefit regulations define those service charges that will be eligible when calculating benefits and further information is set out below (some charges such as for heating, power and water within the property are not eligible). When calculating the affordable rent, PCC will include service charges in the total amount, provided these are eligible for Housing Benefit/Universal Credit.

Social Rents

For these properties, rent will be set according to the formula set out in the Rent Standard, based on national average rent, local property values and local average earnings. PCC will use the data published annually by MHCLG for this purpose.

Existing Tenancies

Social Rents

Where existing tenancies are at social rents, PCC will increase rent on these properties within the maximum permitted by the Rent Standard. From April 2020 for a period of five years the maximum increase has been set as Consumer Prices Index (CPI) plus 1% per year.

Affordable Rents

Where existing tenancies at rents at LHA levels, PCC will increase rent on these properties in line with increases in LHA, ensuring that any such increase is capped at the maximum permitted by the Rent Standard, currently CPI + 1%.

The Rent Standard allows landlords to apply a different approach to social housing tenants with an annual household income above £60,000. The rent increase does not have to be capped at CPI+1%. However, it is PCC policy to apply the standard increase to all tenancies regardless of household income.

Re-Lets, Succession and Mutual Exchanges

When a social rent property is re-let after a void period, the rent will be the social housing target rent, even if this is different from the rent for the previous tenancy. When an affordable rent property is re-let after a void period, the rent will be re-based to the current LHA level, even if this is different from the rent for the previous tenancy.

If the void period covers the first week of April, the new rent will include the uplift for the new financial year, CPI+1% as set out above.

Where a succession takes place, the new tenant takes over the tenancy terms including the rent and service charges so the rent will not change. Similarly, when a mutual exchange is carried out the incoming tenant takes over all the existing tenancy terms including the rent and service charges.

Shared Ownership

Shared ownership properties are not subject to the Rent Standard. Initial rents are set, as above for council tenancies. Rent increases determined in the lease for the property, normally as the average rent increase applied to council tenancies in the previous year.

Unauthorised Occupancy

For properties that are occupied by someone who is not a legitimate tenant but has tolerated trespasser status, the use and occupation charge will be equivalent to the weekly charge that would apply if the property were tenanted.

A separate administration charge will be levied against the tolerated trespasser to cover the cost of gaining vacant possession. The administration charge will be levied at 2.5% of the total use and occupation charge up to a maximum £50.

Garages

For garages, as for residential properties, it is PCC’s objective to maximise the income to be able to invest in the properties and keep these to a high standard. It is also recognised that garage rents should be set at a level that is fair for tenants. PCC is developing a Garage Strategy that will set out in detail the plans for investing in the garage stock. Rent levels for garages will be determined annually, based on existing charge levels, and applying a fair level of increase based on demand for garages and the investment required to maintain the garage stock in good condition.

Supported Housing

The Rent Standard allows landlords to apply a different approach to “specialised supported housing” which is accommodation that is specifically intended for, and offers a high level of support for, residents who would otherwise not be able to live independently. The sheltered housing schemes managed by PCC within the HRA are not considered to meet this definition. For tenancies in sheltered housing, PCC will apply the same approach to rent setting as for general needs social housing tenancies.

5. Service Charges

Service charges are made to residents to cover the costs of services provided to a property, block, or estate. Service charges are based on our best estimate of the costs of providing the services.

Leaseholders have a variable service charge based on the process of issuing estimates and actual invoices, defined in the Landlord and Tenant Act 1985. In relation to costs the Act states that they can only be levied if they are reasonable, and that works are carried out to a reasonable standard. Variable service charges are based on the actual cost of providing the services. Where the costs are different from what was estimated at the start of the year, an adjustment will be made to the account.

Tenants of blocks or estates where service charges are levied have a fixed service charge, which is payable alongside the basic rent charge. Tenants will not be liable to pay any additional costs for the actual provision of services, nor are they eligible for a rebate should the actual cost of service provision fall below the income from charges. Service charges will be set annually in advance and notified to tenants with the annual notification of rent increase. We aim to ensure when setting service charges that:

- Charges are simple and transparent, so it is clear what is being paid for
- We make accurate predictions of the actual cost of service provision to set service charges.
- We levy charges that are fair, equitable and represent good value for money.
- We maximise our income so we can provide the best possible services to residents.
- Fixed charges levied on tenants, though not identical to the variable service charges levied on leaseholders, are reasonable and fair by comparison.

Current Charges

The services that we make a charge for currently include the following –

- Cleaning
- Caretaking
- Electricity
- Gas
- Water

Tenants of sheltered housing schemes are also charged for community alarm and housing support services that enable residents to live safely and independently in their own home. This policy does not cover the setting of these charges, but the charges are collected with the rent and other charges for the property.

We publish a schedule of service charges that are levied. These will be agreed annually by the council as part of the budget setting process. Service charges will be detailed in the tenancy agreement at the time the tenancy is signed. Payment of the service charges is a condition of tenancy and possession action will be taken for non-payment of charges, in the same way as for rent payment.

Charges will change no more than once a year, at the same time that rents are increased or decreased. Tenants will receive notification of changes to service charges along with the rent increase/decrease, no less than 28 days before the change is applied.

We will seek to pool charges at the highest reasonable level so that –

- Wherever possible we charge the same amount for a given service to all tenants who receive that service.
- Where that is not appropriate, we will levy the same charge to all tenants on an estate who receive that service. This may apply, for example, where there is a significantly different level of service provided to tenants on a given estate.

Service charges will be “de-pooled” from rents so that tenants have more information about the specific charges being made for elements of the service they receive. This approach will apply to any service that we provide to tenants, that is not a core housing management or maintenance function, and therefore is eligible to be charged for separately via a service charge.

Changes to Service Charges

From time to time, we may wish to provide new services to an estate or block, or discontinue an existing service, or change the type of service provided. We will consult with residents about any proposed changes to services and charges and consider their responses before any decision is made. We will do this as part of our pledge to develop local offers in partnership with tenants.

We may introduce service charges to pay for the costs of existing services that are currently funded from general income to the service, by separating out costs within the existing rents charged. If we propose to do this, we will consult fully with residents who are affected by the proposal.

Service charge increases are not governed by the same factors as rent since they are based on service costs. However, in accordance with the MHCLG policy statement PCC will endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable.

Service Commitment

We will ensure that, as far as possible, service charges represent good value for money for our residents.

- Where services are provided under contract by another organisation, we will work within the PCC procurement framework to achieve the best possible value.
- Where services are provided direct by PCC, we will ensure they are as efficient as possible.
- We will ensure that the service charge is levied on all residents who benefit from the service in question.
- We will carry out regular satisfaction surveys which will include a question concerning the value for money of service charges. We will monitor the satisfaction level and may decide to set targets to improve this. We will not treat tenants differently in respect of service provision and service charges because of their Housing Benefit (HB)/Universal Credit (UC) claimant status.
- We only levy mandatory service charges, in our role as a landlord, for services that would be part of “eligible rent” under the Housing Benefit Regulations or “eligible service charges” under Universal Credit, other than heating, electricity or water charges.
- The list of eligible service charges under UC and HB Regulations on service charges are published by DWP.

- Where we provide additional services that are not eligible for HB or UC, such as heating, we will levy a service charge that fully recovers the cost of providing the service.

- We may introduce charges for other services that are not mandatory and are not part of the tenancy agreement, for example for car parking. We will always consult with residents before we introduce additional charges.

6. Compliance and Performance

An annual HRA budget report is made to Cabinet. This will set out the projected income for the HRA and demonstrate that the proposed rent levels comply with this policy.

The service's performance on income collection is reflected in KPIs reported quarterly to CMT, the Cabinet Member and Scrutiny Committee. The service will also set internal performance indicators and targets that reflect the aims of this policy and will show how well it is performing against those expectations. The service will also seek to make use of benchmarking data and external challenge to assess performance. The service is subject to internal audit from time to time which identified areas of risk and makes recommendations for change.

PCC will provide an annual report to tenants, which includes information about service performance, including performance on income collection.

7. Complaints

Complaints about the application of this policy can be made under the PCC complaints procedure. Full information on how to do this can be found at: www.peterborough.gov.uk/council/make-a-complaint

8. Review

This policy will be reviewed where there are changes to relevant legislation and in line with PCC's policy review.

References:

Date agreed	
Issue date of revised version:	
Version number:	
Review due date:	

This document can only be considered valid when viewed via the Peterborough City Council intranet. If this document is printed into hard copy or saved to another location, you must check that the version number on your copy matches that of the intranet.

Document Control Sheet

Purpose of document:	This policy is designed to ensure that there is a consistent approach to residential rent setting.
Type of document:	Policy
Document checked by Legal	

If applicable, has an initial Equality Impact Assessment (EIA) been completed?	
Document lead and author:	
Dissemination:	
What other documents should this be read in conjunction with:	
Who will review the document? (job title):	
Why is this document being reviewed?	

Revisions

Version No.	**Page/ Paragraph No.**	**Description of amendment**	**Date approved**

PETERBOROUGH CITY COUNCIL

Draft PCC
Housing Asset Management Plan (HAMP)
Introduction

Our ability to deliver a good landlord service for people now and in the future depends on the decisions we make now about our homes. This includes decisions on which homes to build and acquire, the level of investment needed to comply with regulations, standards, and compliance and what to do when homes are no longer economic to retain.

The Housing Asset Management Plan (HAMP) sets out how we will make these decisions. It provides a framework to enable us to meet the challenges we will face over the next few years, including contributing towards our carbon reduction ambitions.

The funding to invest in these decisions comes primarily from rent and service charges paid by our tenants. Consequently, it is important that our tenants play an active role in setting our priorities and spending plans.

We will adopt a plan-do-review approach to asset management.

Plan

As a landlord we will:

- Plan for investment in our housing stock over the next 30 years
- Establish a detailed five-year investment programme to maintain and update our housing stock.
- Review and update both the 30-year plan and five-year investment programme annually (the reviews will take place during quarter two and will report in quarter three to inform the budget)
- Ensure our plans are affordable and deliverable.
- Engage our tenants in developing our plans and programmes.

Do

In maintaining our stock, we will:

- Exceed the current national Decent Homes Standard until such time it is replaced.
- Meet the new national Decent Homes Standard when approved and implemented.
- Comply fully with all compliance and regulatory requirements including the new Building Safety Regulations when approved and implemented.
- Comply fully with all requirements of the Regulator of Social Housing.
- Carry out stock condition surveys of all stock every five years.
- Carry out annual tenancy and welfare audits.
- Deliver an annual planned improvement and cyclical maintenance programme.
- Provide a responsive 24/7 repairs service (emergencies only out of hours)
- Charge our tenants for any deliberate damage or vandalism to their property caused by them, their family, or visitors.

Review

As a landlord we will:

- Review and update both the 30-year plan and five-year investment programme annually (the reviews will take place during quarter two and will report in quarter three to inform the budget)
- Separately review any property that has a negative Net Present Value with a view to considering disposal.
- Regularly review our asset management plan to ensure it is up to date and relevant.

To ensure we continue to meet all standards and improve our services we will:

- Appoint professionally competent and qualified staff, including:
    - Asset Manager to determine our investment needs.
    - Building Safety Manager to ensure we comply with all building safety regulations and requirements.
    - Housing, Health & Safety Rating Inspector to inspect our properties.
- Maintain all accreditations.
- Have clear and accessible policies and plans.
- Learn from any complaints we receive.

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CABINET	AGENDA ITEM No. 6
21 JUNE 2021	PUBLIC REPORT

Report of:	Peter Carpenter – Corporate Director Resources	
Cabinet Member(s) responsible:	Councillor Coles – Cabinet Member for Finance	
Contact Officer(s):	Carole Coe – Commercial Finance Manager	Tel. 384562

AMENDMENT TO ARRANGEMENTS WITH EMPOWER

RECOMMENDATIONS	
FROM: Director Corporate Resources – Peter Carpenter	**Deadline date:** *N/A*

It is recommended that Cabinet:

1. Approve the recommendation from the Insolvency Advisor, Teneo Restructuring Ltd to take control of the assets of ECSP1.
2. Delegate authority to the Corporate Director Resources and Director of Law and Governance to agree the financial and legal arrangements necessary to give effect to item 1 above.
3. Approve the write off of the outstanding invoices raised on ECSP1 using the additional provision set aside for this purpose.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CMT on 19 May 2021.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- Consider the report from Teneo Restructuring Ltd advising on the options available to the Council following the Notice of Repayment sent to ECSP1 on 30 March 2021.
- To approve the recommendation in that report to take control of the assets of ECSP1.

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

2.3 In line with executive procedure rules, and with the agreement of the Chairman of Growth, Environment, and Resources Committee, this decision was not advertised on the Forward Plan for 28 days, due to the exempt nature of the information under paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

2.4 Notice of Repayment was sent on Empower on the 30 March 2021 giving them six weeks to repay the loan in full. This was highly confidential because if such notice was in the public domain, it may have jeopardised their ability to refinance the loan with an alternative lender. Similarly, the appointment of an Insolvency Advisor is also a commercially confidential matter and the disclosure of such needs to be properly managed once the options available have been fully explored.

2.5 For this reason, it was considered that if an item was placed on the Forward Plan regarding Empower it would be immediately apparent that the long-term loan refinance of the loan by the Council which was agreed in September 2020 had failed and an alternative action was about to be taken by the Council.

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 **Background**

In December 2014 the Council entered into a strategic partnership agreement with Empower Community Management LLP to deliver solar panels on residential properties. As part of this arrangement and subsequent additions to the original scheme, the Council invested capital funds totalling £23m which resulted in over 7,700 rooftop installations which have been providing free electricity for the householder. The Empower Loan is fully secured over the solar rooftop assets of ECS Peterborough 1 and was returning a commercial rate of return to the Council. This return contributed towards the Budget position of the Council and helped to support the delivery of services.

Extensions to the PCC Funding Facility

The original loan facility was contracted to terminate in October 2017 but within the original agreement the Council was given the opportunity to extend to March 2019 to continue to fund the existing and new projects.

All new projects were completed by March 2018 and from that date the facility has been extended by a series of Cabinet Member Decisions which are listed in paragraph 10.1, the last of which was in September 2020 giving authority for the construction loan facility to be amended to a long-term loan facility.

Progress since September 2020

Following the decision in SEP20/CAB/31, which gave authority for the loan to be placed on a long-term basis, extensive work was undertaken by the Council, its advisors Deloitte and Pinsent Mason and Empower. Heads of Terms for the new loan facility were signed in October 2020. The loan repayment profile within the Heads of Terms, agreed by both parties, was underpinned by an aggressive financial model, this was discussed by the Council its advisors and Empower, and assurances were given by Empower that this was achievable and realistic despite its aggressiveness in comparison to other market solar portfolios. The Empower team also provided outline information on future projects to enhance the value of the portfolio, including Peer to Peer Electricity trading.

On 11 March 2021 the Empower team informed the Council they were unable to make the full repayment of the last quarter's loan instalment (as per the terms of the unsigned long term loan agreement) and requested the loan be reprofiled to accommodate this shortfall.

The Empower team negotiated a bank overdraft, however the proposed overdraft facility would have given the bank first security in precedence over the Council's existing security which was considered unacceptable by the Council.

The Council sought advice from its advisors Deloitte and Pinsent Mason and concluded, in order to protect its interests, it was left in no option but to serve notice of repayment for the loan. The loan agreement with ECPS1 provided for this action in the event of default on the loan.

Advice was also taken on the repayment notice period for the loan. The Council decided that as this was at its own discretion, a period of six weeks was appropriate. This was proposed:

- to give recognition to the existing relationship with Empower
- to give a reasonable period of time for Empower to secure an alternative long-term funder.

The six-week period expired, and the Council's loan was not repaid. Insolvency advisors, Teneo Restructuring Ltd (previously Deloitte LLP restructuring team), were jointly appointed by the Council and ECSP1 to:

- Assess the options available to the Council and ECSP1 to maximise value for creditors, including consideration of key risks, uncertainties and issues which would need to be addressed.
- Identify the option which is likely to result in the maximum recoveries for creditors.

Insolvency Advice

Teneo Restructuring Ltd have provided their advice, and a summary of the options considered, and the impact of those options is set out in the report attached as Appendix 1.

Having considered the options, it is recommended that Cabinet approve the option to take control of the assets of ECSP1. This will give the Council a higher degree of control of the portfolio both to preserve the value of its investment and to be able to take advantage of future benefits that may arise as technologies and the electricity distribution network evolve over the next 15 years.

The Council will appoint an interim asset manager in the short term which will allow time to carry out a competitive tender exercise for a permanent asset manager. The Empower management team will be able to submit a tender in that process if they wish.

Financial Statements for 2019/20

The Council's External Auditors EY, as part of their review of the 2019/20 Financial Statements, requested further audit evidence on the loan and the Council's security over the underlying assets. This work was finalised in March 2021 and EY informed the Council they were not minded to challenge the accounting treatment in the 2019/20 Financial Statements, although note was to be made of the aggressive nature of the proposed model. This was received on 10 March 2021.

Empower advised the Council they were unable to pay the first-year loan instalment in full on 11 March 2021 and this, together with their request to re-schedule the agreed loan repayment schedule, was considered by the Council's advisors and auditors. The auditors EY requested a revaluation of the loan considering the new information in order that a post balance event is noted in the 2019/20 Financial Statements. This revaluation has resulted in an impairment of the loan in the accounts to £20.4m. This revaluation has been calculated on the net present value of the cash flow forecasts and is not necessarily a reflection of the value of the assets once the period of Administration has concluded.

The Financial Statements for 2019/20 are to be recommended for approval at the Audit Committee on 21 June 2021.

Invoices Outstanding

During the period in which Empower were trying to refinance the loan the Council, according to standard procedure in such circumstances, were charging their financial and legal advisor costs to ECSP1. During this period the Council were also charging ECSP1 an administration fee of £10k per month. The recharged costs and administration fee were to be paid from the proceeds of the newly refinanced loan. As the loan was never refinanced this repayment was not made and the invoices have remained outstanding.

The Council, being aware of the risk of default if the loan was not refinanced in full, had made additional payments to the bad debt provision over the last two years, funded from the interest income received from ECSP1. The outstanding invoices of £429,995.80 have been fully provided against and the Council is recommending that the provision is applied against the invoices to fully write them off.

5. CONSULTATION

5.1 Consultation on recommendation from Teneo Restructuring Ltd has been undertaken with the Council's advisors, Pinsent Masons LLP and Deloitte LLP and the Council's auditors EY have been fully informed. The Cabinet Member for Finance had been kept fully informed of the process undertaken to secure the Council's interests.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The Council will take control of the assets of ECSP1 as this is the most economically beneficial option for the Council. An estimated value of £15.4m has been provided by Deloitte LLP if the Council were to sell the loan in the financial markets to a non-specialist buyer.

The Council will run a competitive tender process for an asset manager once the portfolio is under its control.

7. REASON FOR THE RECOMMENDATION

7.1 ECSP1 notified the Council on 11 March that they were unable to make the full repayment of the last quarter's loan instalment and requested the loan to be reprofiled to accommodate this shortfall. Following advice, a letter was sent to ECSP1 giving six weeks' Notice of Repayment on 30 March 2021. The Council's loan was not repaid at the end of this period therefore a joint insolvency advisor appointment was made by the Council and ECSP1 to safeguard the Council's position.

The report attached outlines the options available and recommends one of those options as the one which will secure the best outcome for the Council.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The alternative options are listed and considered in Appendix 1.

9. IMPLICATIONS

9.1 Financial Implications

9.1.1 The Council will take control of the assets of ECSP1. This will be accomplished either by:

a. taking control of the assets directly by Council,
b. the Council taking over the entity ECSP1,
c. transferring the assets or the entity into a wholly owned subsidiary of the Council.

9.1.2 Option a: the assets will effectively be purchased by the Council and the loan repaid. The assets will transfer to the Balance Sheet of the Council and become part of the long-term assets of the Council and be depreciated over their remaining useful life, with an equivalent minimum revenue provision (MRP) applied and included as part of the Medium-Term Financial Strategy budget setting.

9.1.3 Option b: the Council will take over the entity of ECSP1 and it will become a wholly owned and controlled subsidiary of the Council. The loan will remain, and this will be shown on the Council's balance sheet as a long-term intercompany debtor. The repayment of the loan would form part of the intercompany loan agreement as part of the operating business case.

9.1.4 Option c: transfer to a wholly owned and controlled subsidiary of the Council who will purchase the assets using a loan provided by the Council. As with option b above the loan will be shown on the Council's balance sheet balance sheet as a long-term intercompany debtor. The repayment of the loan would form part of the intercompany loan agreement as part of the operating business case.

9.1.5 During the life of the loan the Council has received £5.8m interest from ECSP1 which has cost £1.4m the Council to borrow resulting in a net interest income of £4.4m. The Council has incurred financial and legal advice costs during the refinancing process which has been funded from this net interest income.

During the refinance process the Council and ECSP1 have had to continue to comply with the short-term loan conditions, this means that interest has been charged at a much higher rate of interest and no loan repayments made.

The loan to Empower ECSP1 falls within the definition of capital expenditure for accounting purposes and therefore forms part of the Council's Capital Financing Requirement (CFR). The £2.6m write down of the asset would be matched by an adjustment to the Capital Adjustment Account with no direct revenue impact for 2019/20. Instead as this adjustment was made in the 2020/21 financial year (Post Balance Sheet Event) the Council will implement a phased write down of the potential loss in accordance with its Minimum Revenue Provision policy, as contained in the Medium Term Financial Strategy. This equates to an average yearly MRP charge of £176k to commence in 2021/22.

9.2 **Legal Implications**

9.2.1 The Council is being advised on its legal options to take control of the assets of ECSP1 set out in paragraph 9.1.

The Council is able to achieve the various options under consideration with regard to the powers available to it as follows:

The ability of the Council to grant a new loan would be made under the Local Government Act 2003 "power to invest" as well as under the general power of competence. In making any such investment the Council is required to have regard to the Government's commentary to the Guidance on Local Government Investments, as well as the statutory guidance issued by the Secretary of State and specific guidance published by the Chartered Institute of Public Finance and Accountancy. Furthermore, any such investment must be consistent with the Council's Annual Investment Strategy. Any request for funding from the Invest to Save budget is made in accordance with the Council's Constitution and applicable Contract Rules.

All wholly owned subsidiary companies of the Council are subject to appropriate scrutiny in accordance with the terms of its Constitution. In particular, oversight is provided by the Shareholder Cabinet Committee.

9.2.2 Whichever option is adopted, the Council intends to appoint a specialist asset manager to manage the portfolio. An interim asset manager will be appointed pending a compliant tendering of these services in accordance with the Public Contracts Regulations.

9.3 **Equalities Implications**

9.3.1 There are no equalities implications related to this decision.

Carbon Impact Assessment

This decision is a recommendation to take control of the assets of ECSP1 and as such has no current carbon impact. However, by taking control of the portfolio on a long-term basis, any new or emerging technologies reducing carbon impacts may be attached to this source of renewable energy and its location on 7,700 domestic rooftops.

10. BACKGROUND DOCUMENTS

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

10.1 Cabinet Report JULY17/CAB/16
Councillor Member Decision Notice MAR18/CMDN/123
Councillor Member Decision Notice JUL18/CMDN/01
Councillor Member Decision Notice OCT18/CMDN/40
Councillor Member Decision Notice NOV18/CMDN/57
Councillor Member Decision Notice MAR19/CMDN/98
Cabinet Report SEP19/CAB/43
Councillor Member Decision Notice NOV19/CMDN/59
Councillor Member Decision Notice JAN20/CMDN/75
Cabinet Report SEP20/CAB/31

11. APPENDICES

11.1 Appendix 1 – Report from Insolvency Advisor Teneo Restructuring Ltd (previously Deloitte LLP)

Extract of Project Spice draft report

Options summary

We have considered the viability and merits of options available to ECSP1 and/or PCC ranging from amending the existing PCC loan, to a sale of the business, to an insolvency of ECSP1.

Important notice

- Teneo Restructuring Limited has been engaged by Peterborough City Council ("PCC") and ECS Peterborough 1 LLP ("ECSP1") for the sole purpose of assisting and advising PCC and ECSP1 in accordance with our engagement letter dated 20 May 2021. Teneo Restructuring Limited accepts no liability to any party other than to the addressees of the engagement letter.
- These three slides are an extract of our draft report for PCC to share with its cabinet on the basis that it may not be relied upon by any party other than PCC and ECSP1 in accordance with our engagement letter dated 20 May 2021.

Introduction

- In this section we have considered the viability and merits of key options available to ECSP1 and/or PCC to achieve repayment of the PCC loan.
- A summary of key attributes of each option is presented below. Our conclusion on the best option(s) to maximise recoveries for creditors is on the following page.

Max recoveries for creditors

NPV in region of £20.4m* (options 1–2)

Enterprise value in region of £15.4m* (options 3–4)

Option number and description	PCC exit?	Avoids loss crystallisation?	Empower remains in control of ECSP1?	Avoids insolvency process or FCR?	Avoids risk of key contract termination?
1. Amendment to existing PCC loan	✗	Uncertain	✓	✓	✓
2. PCC takes ECSP1 or its assets in-house	✗	Uncertain	✗	Uncertain (depending on legal mechanism)	Uncertain (depending on legal mechanism)
3. Consensual sale of ECSP1 or its assets	✓	✗	Uncertain	✓	✓ (assuming entity sale)
4. Non-consensual sale of ECSP1 or its assets effected using PCC's security rights	✓	✗	✗	✓	✓ (assuming entity sale)
5. Refinance or sale of PCC debt	✓	✗	✓	✓	✓
6. Pre-pack administration sale of ECSP1's business and assets	✓	✗	✗	✗	✗
7. Administration of ECSP1 and subsequent sale of business and assets	✓	✗	✗	✗	✗
8. Fixed charge receiver appointment to ECSP1's assets	✓	✗	✗	✗	✗

Min recoveries for creditors

** Indicative values as at 31 March 2020 based on valuation report*

Source: Management information, Teneo analysis, valuation report

Extract of Project Spice draft report

Conclusions

We consider that either an amendment to the existing PCC loan (extended term and reduced interest rate) or PCC taking the asset in-house would provide the maximum financial recovery for PCC, though both would require a long-term hold by PCC.

Should PCC wish to exit from ECSP1 in the short term then we consider that a sale of the business and assets (whether consensual, non-consensual or insolvent) would provide the next best financial outcome. In practice, the delivery mechanism for this sale would develop during the marketing process.

Amendment to existing PCC loan *(Opt. 1)*

- PCC reduces interest rate to level at or close to its cost of capital and extends amortisation profile over FiT period.
- All CFADS to be applied to debt service – thus NPV of debt repayments c.£20.4m (as in Opt. 2).
- In this scenario, Empower would remain in control of the asset (with ECM as asset manager).
- PCC remains exposed to risks/opportunities of ECSP1's business model with risk of value erosion over time.

Refinance or sale of PCC debt *(Opt. 5)*

- Whereas a buyer of the assets would base their offer on the value of the assets, a lender would require to adhere to LTV limits and only lend a percentage of the asset value.

PCC takes ECSP1 or its assets in-house *(Opt. 2)*

- Various legal mechanisms for PCC taking control including through its rights under its debenture, assignment and assumption deed or by acquiring the business through a pre-pack administration (effectively in settlement of some or all of PCC's debt).
- NPV of future cash flows estimated at £20.4m based on discount rate of 2.1%.
- In this scenario, PCC would be in full control of the assets and could choose to replace ECM with an alternative asset manager.

Organised sale processes

In practice, the delivery mechanism for a sale transaction will develop during the marketing process, based on the level of interest and preferences of key interested parties and method through which the best outcome for creditors can be achieved

Consensual sale of ECSP1 or its assets *(Opt. 3)*

- The valuation report estimated an enterprise value between £14.5m and £16.4m. Whilst the market has not been tested this is an approximate guide as to the value which may be achieved in a consensual sale.

Non-consensual sale of ECSP1 or its assets effected using PCC's security rights *(Opt. 4)*

- A non-consensual (but non-insolvent) sale would likely carry a further discount due to the sale circumstances and perceptions of distress by buyers.

Pre-pack administration sale of ECSP1's business and assets *(Opt. 6)*

- Whilst in a pre-pack sale the purchaser would not inherit creditor liabilities (potentially increasing value), a buyer would typically expect an insolvency "discount".
- Additionally, PCC may suffer "leakage" to unsecured creditors via the prescribed part, along with the costs of the administration process itself.

Administration of ECSP1 *(Opt. 7)* OR
Fixed charge receiver appointment to ECSP1's assets *(Opt. 8)*

- Continued trading by an FCR or administrator may require supplier ransom payments and buyers would expect an insolvency discount.
- The costs of an FCR appointment are likely to be lower than an administration due to the more limited nature of an FCR's responsibilities.

Min recoveries for creditors

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Extract of Project Spice draft report

Glossary

CFADS	Cash flow available for debt service
Empower	ECM and ECF as members of ECSP1
ECF	Empower Community Foundation
ECM	Empower Community Management LLP
ECSP1 or the Borrower	ECS Peterborough 1 LLP
FiT	Feed-in-tariff
FCR	Fixed charge receiver
LTV	Lend to value
Management	The senior management of ECSP1
NPV	Net present value
PCC or the Lender	Peterborough City Council

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CABINET	AGENDA ITEM No. 7
21 JUNE 2021	PUBLIC REPORT

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

BUDGET MONITORING REPORT FINAL OUTTURN 2020/21

RECOMMENDATIONS	
FROM: Director of Corporate Resources	Deadline date: 11 June 2021

It is recommended that Cabinet:

1. Note the final outturn position for 2020/21 (subject to finalisation of the statutory statement of accounts) of a £3.975m underspend on the Council's revenue budget.

2. Note the reserves position outlined in section 7, which includes a contribution to the capacity building reserve of £3.975m, resulting from the underspend highlighted in the revenue outturn report in Appendix A.

3. Note the implications of the COVID-19 pandemic on the Councils Financial position, as outlined within section 5.

4. Note the outturn spending of £56.8m in the Council's capital programme in 2020/21 outlined in section 9.

5. Note the performance against the prudential indicators outlined in Appendix C.

6. Note the performance on the payment of creditors, collection performance for debtors, local taxation and benefit overpayments outlined in Appendix D.

1.0 ORIGIN OF THE REPORT

1.1 This report is submitted to Cabinet as a monitoring item. The outturn position will be reported to Audit Committee on 12 July 2021 alongside the draft statement of accounts for 2020/21.

2.0 PURPOSE AND REASON FOR REPORT

2.1 The report provides Cabinet with the outturn position for both the revenue budget and capital programme for 2020/21, subject to any changes that may be required as part of the finalisation of the Statement of Accounts.

2.2 The report contains performance information on the payment of creditors and collection performance for debtors, local taxation and benefit overpayments.

2.3 The report is for Cabinet to consider under its terms of reference 3.2.7 to be responsible for the Council's overall budget and determine action to ensure that the overall budget remains within the cash limit.

3.0 TIMESCALE

Is this a Major Policy Item/ Statutory Plan	No	If yes, date for Cabinet meeting	n/a

4.0 EXECUTIVE SUMMARY

4.1 The Council has been operating in challenging financial circumstances. This financial context has developed over the years due to underfunding, exposure to greater levels of risk and low financial resilience, resulting from its low reserve balances. A structural deficit is inherent in the Council's funding envelope, with little recourse to alternative options.

4.2 Since 2018 the Council has subjected its financial strategy and approach to financial sustainability to rigorous external financial challenges and since 2019 has implemented an enhanced series of expenditure controls. Immediate action to reduce the costs of its operations in the medium term was underway in January 2020, however newly identified and current MTFS savings had to be impaired as a direct result of the C-19 pandemic response and recovery.

4.3 This financial year the Council experienced additional expenditure and loss of income relating directly to C-19, with the forecast overspend reaching £11.3m in August. However the government responded by providing further specific and un-ringfenced funding which has largely covered these additional pressures. The Council has received approximately 70 new grants, totalling c£170m. Some of these grants have been passported directly to businesses, social care providers or individuals, others have funded specific activities, and have required additional monitoring reports to be submitted to government on a regular basis. Whilst this has provided some financial stability in 2020/21, it is expected there will be a longer term service impact from C-19, for which longer-term funding is unconfirmed.

4.4 Due to the Councils underlying financial challenges, the C-19 pandemic has had a significant impact on the Council's financial position. The pandemic introduced an additional layer of financial complexity and uncertainty. National government decisions, funding and changes to legislation have been announced fluidly throughout the year, with a further two national lockdowns announced at short notice. The unpredictability as a result of the C-19 has made financial and operational planning and forecasting problematic.

4.5 As a result of the challenges placed on the Council's finances, in October 2020 the Council approached Ministry of Housing Communities and Local Government (MHCLG) to enable the further exploration of alternatives to issuing a S114 notice. The Council has been engaged in regular discussions with MHCLG in respect of the Council's finances and has received conditional approval for Capitalisation Directions (borrowing) of up to £4.8m in 2020/21 and up to £20.0m in 2021/22. This conditional exceptional support enabled the Council to set a legal balanced budget for 2021/22.

4.6 The Council continues to work closely with MHCLG to develop a delivery model to secure financial sustainability and provide assurance to satisfy the conditions attached to the exceptional support. Without the receipt of the exceptional support, the Council would not have been able to set a balanced and legal budget in 2021/22.

4.7 The Council's overall revenue outturn shows an underspend of £3.975m for 2020/21. This is after taking account of the additional C-19 expenditure and grant income, and contributing £15m to C-19 funding and tax income reserves, to mitigate further pressures anticipated in 2021/22. It is important that the continuing underlying financial challenge is understood and has not gone away. It is characterised by low usable reserves and considerable latent service demand as a result of C-19, which creates a forecast funding gap of £27m for 2022/23, rising to £29m in 2023/24. The final outturn position is outlined in further in section 6 and in more detail in Appendix A.

5.0 IMPACT OF THE CORONAVIRUS (C-19) PANDEMIC ON COUNCIL SERVICES AND FINANCES

5.1 On 23 March 2020 the Prime Minister announced the first national UK lockdown in order to halt the growth of the C-19, to protect the NHS and ultimately save lives. Since this time the Council has navigated through unprecedented times, facing uncertainty and overcoming new and difficult challenges. This has included:

- Supporting residents and businesses through a further two periods of national and local lockdowns
- Worked collaboratively with the NHS to ensure that where it is appropriate to do so, people are moved out of hospital and that as many people as possible were supported within the community to avoid hospital admissions
- Working closely with providers and mitigating the potential impact and risks to the delivery of key services, particularly the **sustainability of Adult Social Care services**
- The establishment of a **Coordination Hub** to provide residents, that were vulnerable or shielding, access to food, medicine and other essential support
- **Ensuring children are supported** by working with schools to support vulnerable children and those children of key workers, and ensuring those disadvantaged children have access to online resources and school's lessons from home, by purchasing additional ICT equipment
- The **provision of accommodation for rough sleepers** to ensure they could safely self-isolate
- Ensuring front line services and care workers had **Personal Protective Equipment (PPE)** to enable safe working and to minimise transmission and spread of the virus
- Carrying out proactive and intervention activities to minimise the spread of the virus and ensure **Containment of the Outbreak**. This included targeted testing for hard-to-reach groups, enhanced communications and marketing, targeted support for schools and education settings, and additional resource to ensure compliance with restrictions
- Administering the various grant schemes to individuals and businesses including:
  - £90m of grants and rate reliefs to businesses
  - 4,180 Test and Trace support payments to individuals
  - £1.4m of Local Council Tax Support Hardship payments
  - £0.744m of Winter Grant which has supported families with the cost of food, fuel and provided additional support.

  Further detail on these schemes is outlined in Appendix D.
- Agile working practices and ICT systems have enabled the majority of staff to work from home. With most of the workforce working from home, additional mental health and wellbeing support has been provided to all staff, and regular communication updates and meetings have been provided.

5.2 The Council has through all the services it provides, experienced both societal and financial impacts of the pandemic. During 2020/21 the Council has reported additional C-19 related expenditure of £30.2m, offset through receipt of £32.3m additional government funding to support the cost of the pandemic. Although this funding has outweighed the additional costs, the significant needs of our communities, resulting in significant financial pressures as a result of C-19 will be long-lasting. The Council has experienced a delay in the anticipated service demand for reasons such as families caring for loved ones at home as an alternative to using residential care and delays in the anticipated levels of children's referrals due to school closures during Lockdown 3 and the continuation of financial support schemes such as furlough. As a result of this the Council is already forecasting an additional net cost of £12.8m in 2021/22. As outlined in table 2, the Council has contributed surplus funds from 2020/21 to a C-19 specific reserve to ensure these additional pressures in 2021/22 are funded.

5.3 The impact of C-19 on the Council's financial situation has been on all services, with examples including:

- **A loss of £2.2m on parking revenue** as a result of reduced footfall in the City centre
- A **Council Tax deficit of £0.7m** as a result of people being unable to pay at this time, and an increase in households receiving council tax support
- A **Business Rates deficit of £11.5m** as a result of businesses being unable to pay the rates at this time because of the impact on the business operations. The Council is actively recovering these outstanding balances, and is closely monitoring the position
- An **additional £11.7m of costs as a result of providing Adult Social Care** services differently during the pandemic
- An **additional £1.9m Children's Social Care,** although lower than originally forecast this is one of the areas where the Council is seeing real signs of demand emerging in services designed to protect children.
- An additional cost of **£2m to provide accommodation for all rough sleepers**, in order to isolate safely as directed within government national policy
- An **inability to deliver £5.6m of existing MTFS savings plans** that the Council expected to achieve this financial year, because of the need to respond to the demands of the C-19 pandemic. This creates additional budget pressures in the current and future financial years
- A **loss of income totalling £5.8m** (including parking). MHCLG have provided a scheme to compensate Councils in part for the loss of Sales Fees and Charges Income, this is included within the final position.

5.4 In addition to the costs pressures outlined in section 5.3, in June 2020 the Council started the re-organisation of its Leisure and Cultural services, as a result of the Council's provider, Vivacity, serving notice of termination as a force majeure arising from C-19 and the impact on its ability to continue to deliver the contracted services. In August 2020 the Council approved a decision to transfer the services to Aragon Direct Services, and City College Peterborough, with the successful transfer completing on 30 September 2020.

5.5 This is a good example of how C-19 has placed financial strain on businesses because of lost income. The Council has been able to put a solution in place, overseeing all of the legal, financial and Human Resources activities, at the same time as actively responding to the pandemic. These services are now coming into a period of recovery as the governments road map and post lockdown 3.0 progresses. It is noteworthy that even through the toughest times, staff within TUPED services have made a vital contribution to the C-19 response through redeployment to support other services, such as waste collection.

6.0 FINAL REVENUE OUTTTURN 2020/21

2020/21 MTFS- Budget Position

6.1 The revenue budget for 2020/21, agreed at Full Council on 4 March 2020, was approved at £163.7m. The table 1 outlines the changes which have been made to the budget to arrive at the revised budget of £156.737m:

Table 1: Revised Budget 2020/21	£m
Approved Budget 2020/21	**163.743**
Use of reserves per MTFS	1.510
Capitalisation Direction	1.217
Transfer of IBCF and ASC grant from financing into People & Communities	(11.939)
Use of Reserves:	
People & Community (use of previous years grants e.g Safeguarding Families, Integrated Communities)	1.353
Place & Economy (use of previous years grants e.g New Towns Funds)	0.266
Capacity Reserve Contribution (ICT and Housing)	0.428
Other Reserve (Insurance and Parish's)	0.156
Revised Budget 2020/21	**156.737**

6.2 The Council's overall revenue outturn shows an underspend of £3.975m for 2020/21, after contributing £15.143m to C-19 funding and Tax income reserves, to support needs n our communities resulting from C-19 in 2021/22. The table below summarises the revenue outturn position by directorate in 2020/21.

Table 2: Revenue outturn 2020/21

Directorate	Budget £000	Final Outturn £000	Cont. to Reserves £000	Variance £000
Chief Executives	1,303	1,220	-	(83)
Governance	4,322	3,925	-	(397)
Place & Economy	21,716	22,639	109	1,032
People & Communities	72,940	80,611	1,690	9,361
Public Health	(372)	(494)	122	-
Resources	19,254	19,643	607	996
Customer & Digital Services	7,764	6,629	-	(1,135)
Business Improvement	623	692	-	69
Capital Financing	29,187	24,789	-	(4,398)
Total Expenditure	**156,737**	**159,654**	**2,528**	**5,445**
COVID-19 Response Fund Grant*	-	(18,665)	-	(18,665)
COVID-19 – Sales Fees Charges and Local Tax Income Guarantee Scheme	-	(6,015)	-	(6,015)
Financing	(156,737)	(177,728)	21,108	117
Net	**-**	**(42,754)**	**23,636**	**(19,118)**
Contribution to C-19 Funding Reserve to cover expected needs within our communities in 2021/22				12,841
Contribution to C-19 Tax Income Reserve to mitigate the impact of future expected Business Rates and Council Tax pressures				2,302
			Final Outturn	**(3,975)**

**including Covid-19 Response Fund- Tranche One received in 2019/20- £5.3m*

6.3 The final outturn position outlines an a £5.445m overspend on the Council's service directorate budgets, with the most notable overspend of £9.361m reported for the People and Communities directorate. This reflects the service areas most affected by C-19 pressures and additional activity such as with Adults and Children's Social Care, parking income and leisure services.

6.4 This overspend has been off-set by the un-ringfenced C-19 additional funding received from government, which has led to an overall £19.118m underspend. Following a detailed review of this position it is concluded that the presentation of the C-19 forecast pressures arising from the needs of our communities, have been delayed but will continue in to 2021/22 and future years. The Council incorporated some demand and cost increase assumptions into the future year's budget estimates. However, at the time of budget setting, due to the level of uncertainty, as to how C-19 would really impact on the demand for Council services, it proved difficult to develop meaningful assumptions on which to base income receipts levels and demand led expenditure budgets. The Council now forecasts an additional net cost of £12.841m in 2021/22. As outlined in table 2, the Council has made a contribution to a specific C-19 funding reserve to ensure these additional pressures in 2021/22 are funded, bringing the **final outturn position to an underspend of £3.975m.**

6.5 In addition to the key pressures outlined within section 5.3 the following variances and practices, have contributed to the final £3.975m underspend position:

Capital Financing

- **Capital Receipts** - asset sales have exceeded budget by £2.4m, as a result of the late sale of the POSH football stadium and The Mill on Fletton Quays, which both completed on 31 March 2021.
- **Capital Financing** - a lower cost of borrowing due to reduced capital expenditure for the year from delayed schemes, and cash flow benefit of additional Government grants has generated an underspend against budget of £2m. Further detail contained in Appendix A and section 9.

Practices and Savings

- **Good financial management** - the Council has remained committed to ensuring financial scrutiny is maintained and only essential expenditure is still undertaken, even in pandemic times. An enhanced layer of internal reporting was implemented during 2020 to ensure all C-19 related financial implications were incurred as a result of implementing government policy, that all had relevant financial governance approvals, and the C-19 related financial position was reported, reviewed and controlled regularly to CMT and Cabinet.
- **Early delivery of savings** - although there has been impairment to the Council's savings plans, due to the impact of C-19, the ICT department has not only supported the Council to become fully agile and insourced the service, previously delivered by Serco, but delivered planned MTFS savings in advance creating a favourable variance of £0.5m.

Pressures

- **Latent social care demand -** towards the end of 2020/21, it became apparent that some of the anticipated social care demand in both Children's and Adults services had been delayed. This is due to a number of reasons, such as people keeping family members at home for longer as an alternative to care, the expected rise in children's social care referrals being delayed due to the school closures, the delay in financial hardship as a result of the extension of many government schemes such as Furlough, Winter Grant Scheme, and grants to businesses. It is anticipated that once these interventions cease there will be a resulting increase in demand, (sections 6.6- 6.10 cover this in more detail).

- **Culture and Leisure services-** as outlined in section 5, this service underwent significant change during 2020/21 with the services being transferred from Vivacity and split between Aragon Direct Services and City College Peterborough. This put additional financial strain on the Council, causing a £1.8m pressure as a result of the income loss due to lockdown restrictions, undelivered savings plans and the cost or re-organisation.

Key Areas of Underspend

- **Elections** - £0.2m underspent as a result of the national postponement of the May 2020 Local Elections
- **Empower Loan** - additional £0.6m of income received due to loan interest (see further explanation in sections 6.11 to 6.17)
- **Bereavement Services Income** - exceeding its income target by £0.7m, due to the rise in deaths as a result of C-19
- **Business Rates Pool -** the Council is part of the Cambridgeshire and Peterborough Business Rates Pool. The Pool takes into account the business rates levy owed by each of the authorities, pooling them together, to produce a lower percentage levy calculation for member councils. This year the Pool gain has exceeded its original forecast with the council benefiting an additional £0.2m, above the level budgeted
- **Tax Income Guarantee (TIG) scheme -** the government has introduced of a TIG scheme whereby Local Authorities are compensated for 75% of lost Business Rates and Council Tax income. The Council has calculated compensation of £2.3m, which forms part of the contribution to the C-19 Tax Income Reserve to mitigate the financial impact of any future collection shortfalls
- **Highways –** this service area finished the year in a favourable position of £1.4m, which is the result of income generation exceeding targets, savings on staffing costs and the lower cost of street lighting

Latent Social Care Demand

6.6 C-19 has caused impacts on many different groups of people, some clear and obvious, some known to public services, and others more hidden. This aligns with the national context, which has seen C-19 take an extraordinary toll on the nation’s health, with a disproportionate burden placed on the most disadvantaged groups.

6.7 Previous demand modelling undertaken by the Council applied historical demand patterns to future demographic assumptions. C-19 has affected demand in ways the sector has never experienced and there are many unknowns around what the longer-term impacts might be. Over the last 15 months the Council has seen varying patterns of impact on service provision, which have been difficult to extrapolate into a longer-term trend. Whilst the Government has provided additional funding to help meet the demands of C-19, this has been time limited in nature and announced at short notice, which hinders the Council’s ability plan in the longer term, and the uncertainty making it very difficult to accurately forecast, especially as the Council believe there is a level of latent demand which is yet to present.

6.8 A year-end review of statistics on adult and children's social care services are indicating a number of areas where the latent demand is starting to present and is likely to impact 2021/22 and future years budgets. These include:

6.9 **Adult Social Care:**

- Higher numbers of mental health act assessments and referrals to brokerage, whilst hospital referrals have been reduced. Whilst there has been a reduction in safeguarding enquiries, the Council believes this is likely to be due to hidden need which may present as a latent demand.
- Increased numbers of contacts from sources other than the hospitals, adult early help referrals.
- Higher acuity of need and more complex packages of care.
- Permanent admissions to residential care settings for over 65-year olds in the last 6 months of 2020/21 were 30% higher than the same period in 2019/20. Whilst overall spend on residential care did not increase in line with this last year, the high rates of C-19 deaths are likely to have masked this.
- Demand for support for younger adults, those aged 18-64, has increased in the last year. Contacts for new clients were up by 8%, with numbers transitioning from children's service more than doubling. This resulted in a net increase of this age group receiving long term services within the year of 2.1%.
- Increased pressures on independent sector providers, leading to increased costs of care.

6.10 **Children's and Education**

- Increasing demand for early help and child protection services.
- Increase in child protection plans by 37%, as latent demand starts to become visible. In turn there is a risk that we will see an increase in the numbers in care as a result of this.
- Cost of care is rising as a result of the following:
    - Increase in young people in care with more complex needs, which can cost up to c. £0.250m per annum for one child.
    - Impact of C-19 on provider costs, e.g. additional staffing for cover and social distancing measures, PPE and cleaning.
    - Increasing numbers of children and young people in Tier 4 inpatient provision liable for section 117 (Mental Health Act) after care support on discharge. This requires complex levels of support from providers.
    - Increasing complexity of children becoming looked after, which can mean an increase in the risk of a placement breakdown and increasing placement costs as a consequence.
    - More teenage children entering care, lack of suitable foster placements across the board, but specifically in-house.
    - Substantial increase in the numbers of children being referred for residential services provision. An Independent Fostering Agency (IFA) placement is £845 per week and residential now £3,750+ per week.
- During the pandemic there has been a reduction in Unaccompanied Asylum-Seeking Young people entering care, the Council is well below its quota so anticipate greater numbers in the coming months as borders open/channel crossings.
- Education Health Care Plans (EHCP) continue to increase, and we will see a significant increase in the number of EHCPs based on current trends.

Empower

6.11 During the financial year 2020/21 the Council were in negotiations with ECS Peterborough 1 to put the existing short-term construction loan facility on to a long-term basis (SEP20/CAB/31), which if successful, would have been backdated to 1 April 2020. The proposed repayment profile of the new facility would have included both interest and loan principal repayment and the forecast outturn reflected this assumption.

6.12 In the final month of the financial year, the loan negotiations were not successful and on 30 March 2021 Notice of Repayment was issued to ECSP1. The money received on account was allocated according to the existing short-term loan facility agreement which incorporated a higher interest rate and no loan principal repayment. The outturn movement for Empower of £0.6 reflects this increased level of interest income which was not forecast during the year while negotiations were proceeding with ECSP1. For additional information see the report Empower on the Cabinet Agenda 21 June 2021.

6.13 The amendment to the loan status has also impacted the final sign-off of the 2019/20 accounts as the Council has been required to consider a Post Balance Sheet Event (IAS10) with regards to the valuation of the loan on the Council's balance sheet. The Council's accounts were closed with the best knowledge known at the time of the 31 March 2020. The condition existing at this time is the Coronavirus pandemic which influenced the refinancing activity being undertaken at this time in relation to the loan.

6.14 As part of the consideration the Council has requested Deloitte to undertake a valuation of the loan which puts the fair value of the loan, based on commercial terms, at a mid-point of £15.4m were the Council seeking to sell the loan in the open market. Whilst this is a fair commercial assessment based on market conditions as at 31 March 2020, the Council is considering a report from Teneo Restructuring Ltd which has considered various options, recommending one which will maximise the return to the Council. The Council considers the value of the loan calculated from the underlying Net Present Value (NPV) of the forecast cash flows as more appropriate and as such this is used for the value of the loan at 31 March 2020. This value has been calculated by Deloitte at £20.4m using the same underlying financial model as that used for the market sale valuation. As well as restating the value of the loan, it has also been re-classified as a long-term debt to more accurately reflect the underlying transaction.

6.15 The loan to ECSP1 falls within the definition of Capital Expenditure under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 section 25. The requirement under this regulation necessitates the loan be classed as capital expenditure for the purposes of its accounting treatment. As part of the Council's Minimum Revenue Provision policy, which forms part of the yearly approval of the Medium-Term Financial Strategy by Council, any revaluation of the loan will be attract an annual revenue charge over the remaining life of the assets.

6.16 Further information can be obtained from the Cabinet 21 September 2020 agenda item 6, and Audit Committee 25 January 2021, item 4. Reports on the Empower Loan are also scheduled for the Cabinet and Audit Committee on 21 June 2021.

6.17 A detailed breakdown of the outturn by Directorate and explanation of the major variances is provided in Appendix A.

7.0 RESERVES

7.1 The Council's reserve balances are monitored throughout the year as part of the BCR and budget setting process. Table 3 summarises the balance for all reserves at the beginning and end of 2020/21, and the forecast position for future years. For additional information see Appendix B.

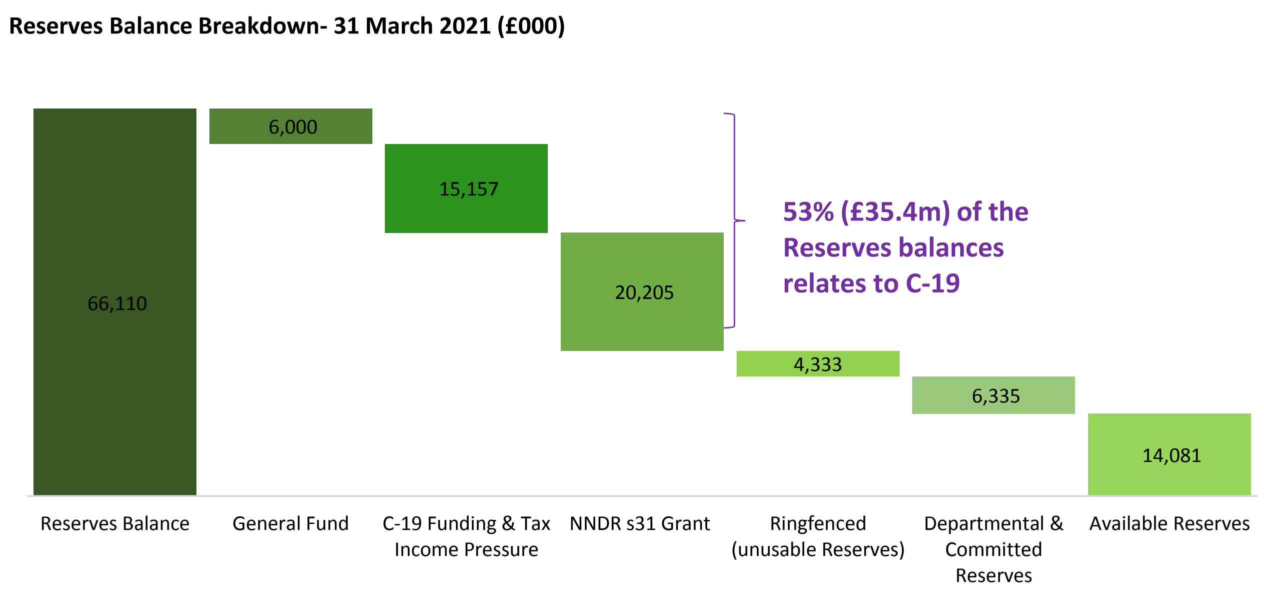
Table 3: Council Reserves Summary Position	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	Balance 31.03.20	**Est Bal at 31.03.21**	**Est Bal at 31.03.22**	**Est Bal at 31.03.23**
	£000	**£000**	**£000**	**£000**
General Fund	5,111	6,000	6,000	6,000
Usable Reserves (Capacity and Departmental)	12,992	20,415	16,674	15,886
COVID-19 Tax Income Reserve	5,077	22,521	2,316	-
COVID-19 Funding Reserve	5,332	12,841	-	-

Ring-Fenced Reserves	4,063	4,333	4,333	4,333
TOTAL Earmarked and General Fund Balance	**32,575**	**66,110**	**29,323**	**26,218**

7.2 The earmarked reserves balances are set aside for specific purposes, the table highlights which of these reserves are ring-fenced for specific use or available for use. The available reserves often relate to a grant funded programme or are used to invest in transformational change to support the implementation of service savings proposals.

7.3 The table outlines a significant rise in reserves levels at the end of 2020/21, with the balance £66.1m. This increase in reserve balance is expected to be reflected nationally, with most Local Authorities reporting increased reserve levels due to the accounting treatment of grant balances. The biggest driver of this increase is the inclusion of the Business Rates section 31 grants (explained further in section 7.5) and funding being committed to meet the additional C-19 expenditure expected. Both of these reserves are forecast to be fully utilised, and in the case of the Business Rates section 31 grant the full use of this reserve has been built in to the 2021/22 budget to mitigate the financial impact of the Collection Fund loss.

7.4 Our Reserves remain very tight with **only £14.1m remaining uncommitted, un-ringfenced and available for use** for transformational investment or for any unforeseen incidents, such as a major child protection issue, a structural building issue putting the public as risk (Northminster Car Park in 2019/20) or another significant incident. The following chart breaks down the £66.1m reserves balances at the end of 2020/21, with further explanation on the reserves movements included within section 7.5:



7.5 Key reserves movements are as follows:

COVID-19 Funding Reserve - the opening position in 2020/21 related to the first tranche of un-ring-fenced C-19 response fund, received from MHCLG at the end of 2019/20. Following the application of the accounting rules this was put into reserves for use in 2020/21 (included within table 1). During the year the government provided substantial financial funding to support Local Authorities (LA's) with the cost of additional activities, but also more generally, as it was recognised that the financial hardship caused by C-19 was impacting on LA's ability to generate income and deliver saving plans. This funding has provided a vital lifeline to the Council, and has enabled it to promptly and successfully respond to the pandemic. However, the additional pressures are expected to continue in to 2021/22, some of which represent the latent demand in respect of Adult and Children's Social Care. The Council has reviewed its financial position regularly and within its assumptions being reported within financial monitoring reports submitted monthly to MHCLG, the Council has identified a net pressure of £12.8m (after applying specific grant funding) for 2021/22. Therefore £12.8m has been placed in this reserve and committed to funding this additional forecast cost, minimising the financial volatility between years.

COVID-19 Tax Income Reserve – this reserve includes two elements outlined in the following points, both relating to local taxation, and result from grant received in respect of C-19:

- **Business Rates (NNDR) section 31 grants (£20.2m):** this reflects the grant received in 2020/21 to compensate the Council for the additional cost of providing 100% business rates relief to businesses in retail, leisure, hospitality and nurseries. Section 31 grants are accounted for through the General Fund, whereas business rates income is accounted for through the Collection Fund. The estimated balance on Collection Fund at the end of 2020/21 is exceptionally low as a result of the additional discounts applied to business rate payers, and this balance carries forward as a deficit in to 2021/22. This grant has been put into reserves and will be drawn down in 2021/22 to smooth the budgetary effect of this deficit and the Collection Fund accounting. This action has been factored into the Council's MTFS.
- **Tax Income Guarantee (TIG) scheme (£2.3m):** the government has recognised the strain C-19 has had on LA core funding by implementing a number of schemes. These schemes include the spreading of Collection Fund deficits, providing support to businesses and households, and the introduction of a TIG scheme whereby LA's are compensated for 75% of lost Business Rates and Council Tax income in comparison to budget. The government issued proforma has been used to calculate compensation of £2.3m, and in accordance with accounting policies this grant has been included within the 2020/21 final position and form part of the contribution to reserves to mitigate future reductions in Council Tax and Business Rates, as a result of C-19.

Departmental Reserves - the amounts set aside by departments during the preparation of the accounts is in accordance with financial guidance, to minimise risk exposure to the Council in the following financial year. This reserve balance has increased from £5.0m to £5.4m through an increase in the Peterborough City College reserve and a combination of specific grants which have been received for projects covering multiple years. The reserves include balances in respect of:

- Family Safeguarding Innovation Programme Pilot £1.3m
- Integration Area Programme (Integrated communities) £1.1m
- Controlled Migration Fund £0.4m
- Peterborough City College £1.8m

Capacity Building Reserve - this reserve is held to meet one off costs of service transformation and the delivery of savings within the Medium-Term Financial Strategy (MTFS). A number of transformation programmes have been committed against this reserve including the ICT strategy, Adults Positive Challenge programme and the delivery of savings programmes across the Council. The reserve has increased by £2.0m, which included the contribution from the final 2020/21 underspend (£3.975m), as outlined in Table 2.

Public Health – movements on this reserve represent a net carry forward of unused Public Health grant, in relation to previous years underspends. This reserve has increased from in £0.009m to £0.131m.

General Fund – the General Fund is the Council's working balance to manage in year risks. It is usually held at a balance of £6.0m but was temporarily reduced in 2019/20 due to the identification of a timing difference in Business Rates, which meant income from section 31 grants was £0.9m lower than originally budgeted. The income has been received in 2020/21 and the General Fund replenished to a balance of £6.0m.

8.0 2021/22 BUDGET OVERVIEW

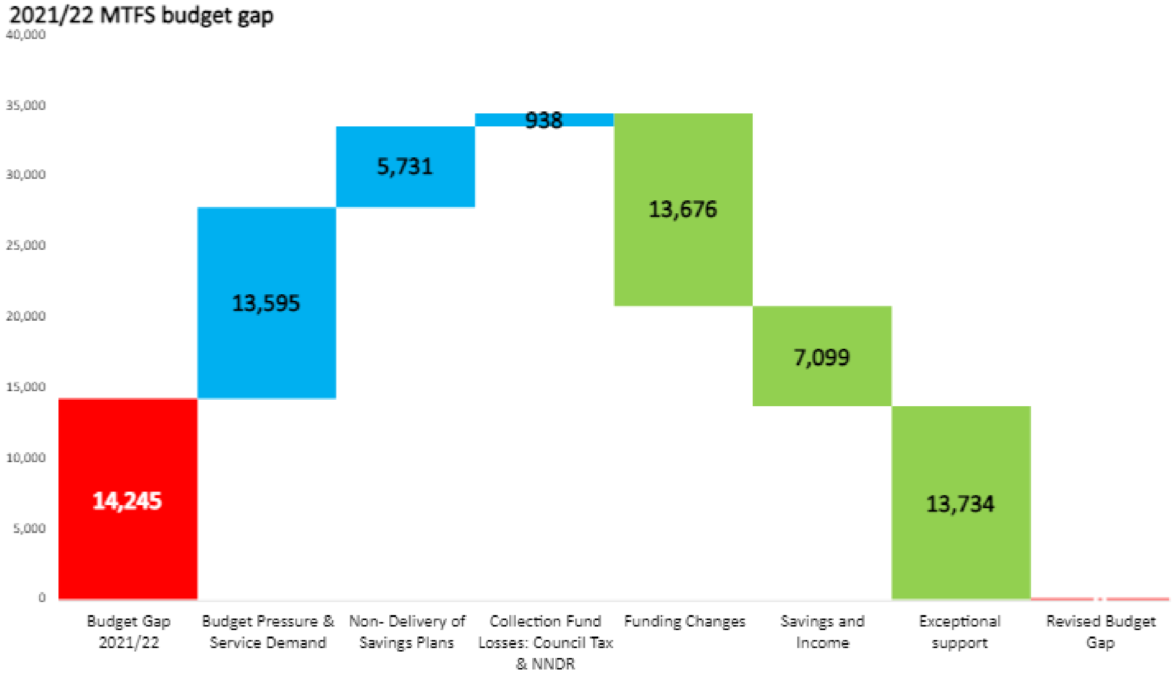
8.1 The Council's financial challenge has developed over the years due to underfunding, exposure to greater levels of risk and low financial resilience, resulting from its low reserve balances. Despite this financial context the Council has continued to perform well, providing vital services to its 202,000 residents, whilst at the same time managing demand and keeping expenditure low. However, it is because of this financial context that the impact from the C-19 pandemic has had such a pervasive impact on the Council's finances.

8.2 Since 2018 the Council has subjected its financial strategy and approach to financial sustainability to rigorous external financial challenges and in 2019 it implemented an enhanced series of expenditure controls.

8.3 The Council undertook an intensive period of investigative and service review work in the early 2020, to close the 2021/22 £14.2m deficit. At the commencement of lockdown £11.9m of savings opportunities had been identified with full validation process and more detailed business case development to be undertaken. However, as a direct result of responding the C-19 pandemic these opportunities were impaired to £3.6m.

8.4 The C-19 pandemic response and recovery the Council has reported an additional £30.2m of C-19 related expenditure and loss of income in 2020/21, and whilst this has largely been covered by additional government funding, it is expected that there will be long term impacts for which future longer-term funding is still unknown. An estimated of the longer-term impact of C-19 has been factored in to the 2021/22 budget with pressures such as the rising costs of Adult Social Care, Local Tax losses and the non-delivery of existing MTFS saving plans.

8.5 The Council has continued to review its budget assumptions and identify saving opportunities, which has enabled it to reduce the budget gap. This included a review of the Council Tax and NNDR income base assumptions, a review of the cost of borrowing and debt redemption using capital receipts and the incorporation of a further £12.7m funding in 2021/22, of which £8.9m is one-off in nature. This has provided the Council with some short-term security to meet the pressures from C-19 and the rising costs of Adult Social Care. The remaining budget Gap of £13.7m is expected to be met by the use of Capitalisation Direction (further detail in point 6.6). The following chart outlines the 2021/22 budget position:



8.6 In October 2020 the Council approached MHCLG to enable the further exploration of alternatives to issuing a S114 notice. The Council has been engaged in regular discussions with MHCLG in respect of the Council's finances and has now received conditional approval for a Capitalisation Direction (borrowing) of up to £4.8m in 2020/21 and up to £20.0m in 2021/21. This exceptional support has enabled the Council to set a balanced budget for 2021/22, which was approved at Full Council on 3 March 2021. The Council will continue to work closely with MHCLG, to develop a delivery model to secure financial sustainability and provide assurance to satisfy the conditions attached to the exceptional support funding.

9.0 FINAL CAPITAL OUTTURN 2020/21

9.1 The final position of the Council's Capital Programme and the treasury activity for the financial year 2020/21 follows. The Council's treasury activity during 2020/21 has been compliant with the Treasury Management Strategy approved in March 2020 as part of the MTFS process. This information compliments the Prudential Indicators performance report as set out in Appendix C.

Capital Programme Outturn 2020/21

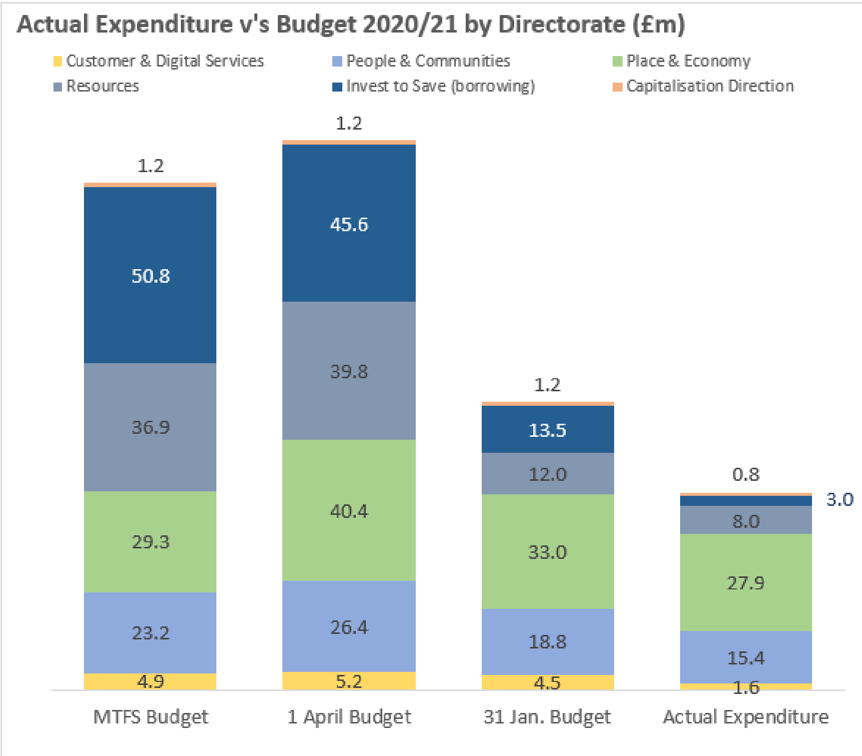
9.2 The Council's final revised capital budget was £83.0m which includes the budget for the Invest to Save (I2S) Schemes of £13.47m for the 2020/21 financial year. The agreed capital budget as per the Medium Term Financial Plan (MTFS) was £146.35m. The following chart and table shows the movement in capital programme throughout the year with the final expenditure. Capital budgets as agreed for the 2020/21 MTFS £146.4m, budgets containing slippage from 2019/20 £12.24m, and the budget as reported at 31 January 2021 £83.0m. These budgets compared to the final expenditure for each directorate and how this investment is financed £56.76m.

9.3 The movement between the MTFS position and the £56.76m actual outturn is a result of the in-depth review of the capital programme by the Capital Review Group (CRG) and Corporate Management Team (CMT) under taken throughout 2020/21 to ensure that the capital programme is both affordable and appropriate and to realise revenue savings to address the forecast overspend reported. A number of projects across all directorates have been reprofiled to reflect the spending over future years and other projects removed following the scrutiny process linking to the development of the 2021/22 MTFS.

Directorate	MTFS Budget £000	1 April Budget £000	31 Jan. Budget £000	Actual £000
Customer & Digital Services	4,920	5,169	4,481	1,593
People & Communities	23,214	26,424	18,809	15,439
Place & Economy	29,275	40,401	33,008	27,917
Resources	36,927	39,778	12,010	8,025
Capitalisation Direction	1,217	1,217	1,217	763
TOTAL	**95,553**	**112,989**	**69,525**	**53,737**
Grants & Contributions	26,778	32,707	30,716	29,315*
Capital Receipts	-	-	-	-
Borrowing	68,775	80,282	38,809	24,422
TOTAL	**95,553**	**112,989**	**69,525**	**53,737**
Invest to Save (funded by borrowing) **	50,800	45,602	13,470	3,026

** correct as at 11 June 2021, may require small amendment as closure progresses*

*** within the MTFS budget was £10m for ADS Fleet renewal, as the business case developed this was subsequently removed from Invest Save, this is reflected in the 31 Jan. Budget figures*



9.4 Invest to Save projects have been reduced over the next few years due to no planned expenditure. However it should be noted that this does not impact the Council's revenue capital financing budgets as these projects are schemes that must cover the cost of borrowing and minimum revenue provision (MRP) from either income generation or from generated savings.

9.5 Listed below are the major projects that combined comprise the majority of the total capital expenditure of £56.76m.

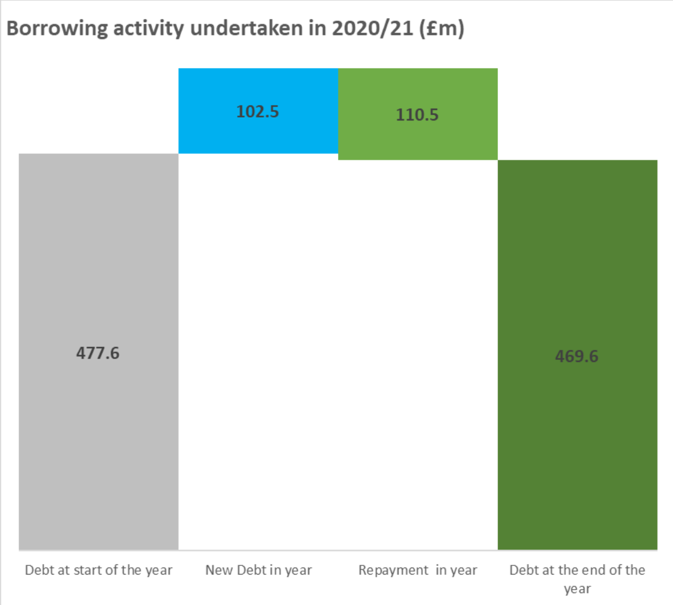
- Schools (including the new Manor Drive and Hampton Lakes schools and the expansion of Marshfields school) - £15m
- Highways - £20.8m
- The Vine: New Library and Cultural Hub £4.0m
- Fletton Quays Hotel - £3.0m
- Purchase of 88 Lincoln Road to convert into residential flats as 'next steps accommodation' to house former rough sleepers - £2.0m

Funding the Capital Programme

9.6 The Capital Programme is funded via grants and third party contributions, and borrowing funds from the external market. Capital receipts generated from the sale of Council assets are used to repay debt as per the Council's Minimum Revenue Provision (MRP) Policy.

9.7 It is a statutory duty for the Council to determine and keep under review the level of borrowing it considers to be affordable. The Council's approved Prudential Indicators (affordable, prudent and sustainable limits) are outlined in the approved Treasury Management Strategy. The Council borrows to fund expenditure for new assets, and for the Capitalisation Direction granted by the Secretary of State.

9.8 The Council's total borrowing as at the end of the financial year is £469.6m, and the total interest paid on these loans for the year was £14.4m. The following chart summarise the overall treasury borrowing activity undertaken for the year with an overall reduction in borrowing being achieved of £8.0m. The following table provides a summary of the Council's debt portfolio. Further information is contained in the capital financing section of Appendix A.



Borrowings	Less than 1yr	1-2yrs	3-5yrs	6 -10yrs	10+yrs	Total	Ave. Interest Rate	Ave. length of loan
	£000	£000	£000	£000	£000	£000	%	Years
PWLB	4,500	12,128	13,000	14,520	325,439	**369,587**	3.5	28
Local Authority	77,500	5,000	-	-	-	**82,500**	0.4	-
Market Loans	17,500	-	-	-	-	**17,500**	4.5	16
Total Borrowing	**102,500**	**17,128**	**13,000**	**14,520**	**325,439**	**469,587**	**3.0**	**23**
% of total Borrowing	21%	4%	3%	3%	69%			
Borrowing Limit (PI)	40%	40%	80%	80%	100%			

9.9 Consideration has been made to rescheduling debt, however there have been no suitable opportunities to do this. The difference between the repayment rate and the rate of a new loan has not resulted in a net discount to the Council and no savings were to be made.

Capital Receipts

9.10 As per the MTFS and the Council's MRP policy, capital receipts generated from the sale of Council assets are used to repay debt and therefore form part of the MRP calculation.

9.11 The following table shows the amounts of capital receipts built into the MTFS and the actual capital receipt received in 2020/21. The total amount of capital receipts used to repay debt as per the MRP policy in 2020/21 was £6.36m which included the sale of POSH.

Budget	Assets sold in year	Other receipts	Variance
£000	£000	£000	£000
4,302	6,114	243	(2,055)

Investments and Loans to Third Parties

9.12 The Council aims to achieve the optimum interest on treasury investments commensurate with the proper levels of security and liquidity.

9.13 The Council has small surplus cash balances to cover the Council's treasury function, however, this was kept under review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

9.14 In the current economic climate the Council considered it appropriate to keep investments short term to cover cash-flow fluctuations, and only invest with Barclays (the Council's banking provider) the Debt Management Office and a Money Market Fund.

9.15 The Council has also secured loans to third parties to advance the Council's strategic interests. The loans are only made after the Council's formal decision making process has been followed. This includes formal approval by the Corporate Director: Resources.

9.16 As part of the formal decision to make the loans, the security for the loans are assessed as to their adequacy in the event of the third party defaulting on repayment and individual loan agreements provide for the recovery of the capital loan in the event of the default.

9.17 The Council's secured capital loans to third parties are set about in the following table.

Third Party Details	Loan Amount	Status
ECS Peterborough 1 LLP	Capital Loan £23.0m	Under review see Cabinet report 21 June 2021
Fletton Quays Hotel Ltd	Capital Loan £15.0m	Due in 2022/23

9.18 At the end of the financial year, the Council's external investments totalled £18.1m. The interest that has been received from all external investment activity including the Council's loans to third parties, and the dividend payment from Eastern Shires Purchasing Organisation (ESPO) has yielded £1,844k.

9.19 Further information on the Council's capital financing arrangements can be found in the Prudential Indicators performance found in Appendix C along with an update on treasury management activity and other financial performance indicators in Appendix A.

10.0 Consultation

10.1 Detailed reports have been discussed in Departmental Management Teams and this report with the Corporate Management Team.

11.0 Anticipated Outcomes

11.1 That the outturn position for 2020/21 is noted.

12.0 Reasons for Recommendations

12.1 This monitoring report forms part of the 2020/21 closure of accounts and decision-making framework culminating in the production of the Statement of Accounts and informs Cabinet of the final position.

13.0 Alternative Options Considered

13.1 None required.

14.0 Implications

12.1 Members must have regard to the advice of the Section 151 Officer.

15.0 Appendices:

- APPENDIX A – 2020/21 Directorate Revenue Outturn Report
- APPENDIX B - Reserves Position
- APPENDIX C - Treasury Management Strategy – Prudential Indicators 2020/21
- APPENDIX D - Performance Monitoring Report Prompt payment of invoices

16.0 Background Documents:

- Medium Term Financial Strategy 2020/21 - 2022/23
- Budget Setting Process: (Item 9a, Cabinet Report, Appendix A)
- COVID-19 Financial Update: 11 May Cabinet, Item 5
- Final Outturn Position20219/20: 22 June 2020 Cabinet, Item 6
- Budgetary Control Report April 2020: 22 June 2020 Cabinet, Item 8
- Budgetary Control Report May 2020: 13 July 2020 Cabinet, Item 6
- Budgetary Control Report July 2020: 21 September 2020 Cabinet, Item 8
- Budget Setting Process: (Item 9a, Cabinet Report, Appendix A)
- Budgetary Control Report August 2020 – 26 October 2020 Cabinet, Item 5
- Budgetary Control Report October 2020: 30 November 2020 Cabinet, Item 8
- Medium Term Financial Strategy 2021/22 TO 2023/24 - PHASE ONE: 30 November 2020 Cabinet, Item 6
- Budgetary Control Report November 2020- 18 January 2021 Cabinet Item 6
- Council Tax Base and Collection Fund Cabinet Report, Appendix A, Supplementary Report
- Budgetary Control Report December 2020- 23 February 2021 Cabinet (item 7)

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Appendix A- 2020/21 Directorate Revenue Outturn report

People & Communities- £9.4m Overspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Director	1,282	1,631	-	348	Overspend
Education	3,779	3,755	30	6	Overspend
Adults - Commissioning	24,989	29,042	-	4,053	Overspend
Adults - Operations	9,661	9,095	-	(567)	Underspend
Children´s - Operations	11,194	11,039	116	(39)	Underspend
Children´s Commissioning	16,240	16,750	-	510	Overspend
Commissioning Team and Commercial Operations	487	1,151	-	664	Overspend
Communities - City Centre Management	232	440	-	208	Overspend
Communities - Cohesion and Integration	551	(209)	778	18	Overspend
Communities - Community Safety	(2)	1,413	657	2,072	Overspend
Communities - Think Communities	2,826	4,644	-	1,818	Overspend
Communities-Regulatory Services	1,696	1,803	23	130	Overspend
Children's & Safeguarding (DSG)	5,748	6,424	-	676	Overspend
Commissioning and Commercial Operations (DSG)	-	11	-	11	Overspend
Education (DSG)	(5,745)	(6,377)	86	(546)	Underspend
Total People & Communities	**72,940**	**80,611**	**1,690**	**9,361**	Overspend

Directorate Variance Analysis	
Director	£0.447m pressure due to the non-achievement of planned Medium Term Financial Strategy (MTFS) savings, in relation to reduced agency staff expenditure. This saving was allocated across the directorates based on current agency budgets, however due to the directorate's reliance on these budgets to ensure there are adequate levels of social care workers and care staff, these savings will be difficult to extract. This pressure has been incorporated within the Council's budget for 2021/22. £0.0.99m saving as a result of a reduction in supplies and services and staffing, this includes travel, training and conference expenditure not undertaken due to the pandemic.
Education	£0.179m pressure due to the reduced income generation in respect of attendance fixed penalty notice fines and School Improvement traded services, as a result of C-19. In line with Government advice, no penalty notice and / or prosecution has been initiated for any new offences between March and July 2020. The Council

Directorate Variance Analysis	
	has started to fine parents whose children do not attend school from September, however there is discretion where the reason is C-19 related and Lockdown 3.0 has had a further impact on this target.
	£0.470m pressure relating to Home to School and Children's Social Care transport of which £0.279m is the non-achievement of the home to school transport MTFS saving. A number of savings work streams were initiated in conjunction with Cambridgeshire County Council (CCC) i.e. Route Optimisation, promoting the take up of Personal Transport Budgets, the development of a Dynamic Purchasing System and Independent Travel training, however due to the additional C-19 guidance and restricting factors, these savings have not been realised.
	£0.407m increase in relation to Schools Direct Revenue Financing (DRF). This is due to an increase in the value of schools funding being transferred from revenue into capital. Part of this increase in DRF has arisen as a result of schools purchasing laptops to support children studying at home over the pandemic.
	£0.106m saving due to increased Schools & grant Income which off-sets other Education General Fund expenditure
	£0.037m saving in respect of the pre 1998 pension costs. This point at which Peterborough became a unitary authority and inherited pension costs associated with pensioners (ex-employees) at that point. As the years have progressed a number of these have now passed away, which in-turn has reduced the cost to the council £0.093m saving on smaller variances across staffing costs, supplies and services and fees and charges budgets.
Adults - Commissioning	£1.05m pressure relating to a 10% uplift awarded to care providers until the end of June to assist with the additional costs and the impact of C-19. There is also a £0.814m pressure in relation to additional care package expenditure due to C-19.
	£0.458m pressure due to inflationary increases applied to care provider contracts to support the ongoing increased costs being experienced. In previous years, the Council has held off awarding uplifts to provide contracts in order to manage the rising cost of adult social care, however, with the largest increase in the National Living Wage, providers have requesting additional support. £0.636m is due to additional residential and nursing beds required, to free up hospital capacity to support with the C-19 case load. This has significantly reduced from the £2.950m adverse variance reported in January, as £1.4m of the previously forecast expenditure is expected to now take place in 2021/22.
	£1.515m pressure from reduced savings delivery due to C-19. Savings plans such as Adults Positive Challenge, Self-Funders, Care Suites and Lifeline have all been affected due to resources focusing on responding to discharges and other pressures arising C-19. As a result of C-19, savings previously declared in relation to Adult Social Care Demography and the National Living Wage can no longer be delivered.
	£0.478m saving - Section 75 Mental Health Agreement - Additional budget was allocated which is not required (£0.221m), this has been corrected within the budget for 2021/22. In year CPFT underspend £0.257m arising mainly from vacancy savings.
	£1.097m favourable variance due to reduced independent audits and peer reviews across adults and children's as part of inspection preparation, reduced number of external investigators for complaints, planned work around transitions and complex needs delayed, children's collaborative work delayed - all due to Covid-19. Funding for ADCS and ADASS professional conferences not spent due to cancellation and regional work development work in LD and ASD postponed.
	£0.579m pressure on care packages due to a rise in demand and costs of new packages as well as the need to credit back some invoices to the Clinical Commissioning Group (CCG) as these were raised in error. £0.620m Pressure as result of a settlement agreement with the CCG to resolve historic outstanding balances.
Adults - Operations	£0.107m pressure - MTFS saving no longer achievable due to the delay in the implementation of the Liberty Protection Safeguards (LPS). The scheme was designed to replace Deprivation of Liberty Standards (DoLS) in October 2020 but has been confirmed to be put back to April 2022 due to the pandemic and the need for further consultation before implementation. Conversely due to C-19 Best Interest Assessor and section 12 doctors' fees have underspent by £0.178m due to the pandemic and the lack of court sittings and backlogs now currently.

Directorate Variance Analysis	
	£0.110m pressure due to the loss of income from Care and Repair as a result of C-19. The service receives income from work carried out under the Disabled Facilities Grant (DFG), care and Repair staff have been redeployed to Reablement and other teams to respond to C-19, so are unable to generate the contributions. There has also been a reluctance of those shielding to have workmen in during pandemic.
	£0.661m favourable on Community, Therapy and Reablement Teams as a result of staff vacancies. This saving is only temporary, a media campaign to recruit Reablement workers has not been successful and agency staff are now being recruited.
Children´s - Operations	£0.194m saving - Children's Social Care Quality Assurance vacancy savings (QA Chair and Policy Manager & Conference and Review Chair). These posts are currently being recruited to and therefore are not a permanent saving.
	£0.110m pressure due to loss of Income at Cherry Lodge from changes in the delivery of Children's packages to work in a C-19 compliant way.
	Within the Children's Social Care Teams, the Council previously reported additional forecast expenditure of £0.263m in 2020/21. However the anticipated increase in referrals from schools has not yet happened due to the Lockdown 3.0 and associated school closures, this expenditure is now forecast to happen in 2021/22.
Children´s Commissioning	£0.949m pressure in respect of additional C-19 spend. This includes: * Pressure in respect of Children in Care placements costs. This results from a small increase in young people with very complex needs, requiring specialist placements. * Pressure which covers the cost of providing an uplift to Children's Social Care providers, to cover their additional costs during the lockdown and the recovery phase. * Pressure to cover Home Care support / Short Breaks, Integrated Community Equipment Services to meet additional demand. Of the £1.895m previously reported specific C-19 CSC Placements spend, £1.260m has been re-profiled into financial year 2021/22 due to Lockdown 3.0 School Closures.
	£0.339m pressure on children placements costs resulting from complexity of need and shortage of appropriate placements.
	£0.077m pressure - as a result of the delayed re-commissioning of Children's Centres due to the C-19 pandemic.
	£0.563m saving on Looked after children psychology services, Access to Resources Team, High Level Family Support, School Behaviour Project, Emergency Duty Team and Interpretation expenses. Savings within this area could not be declared until now as the C-19 impact on demand for these services has been difficult to predict.
	£0.099m saving Child Health, which is broken down in to a £0.081m pressure on additional Children with Disabilities costs, £0.225m saving on CCG contributions and £0.036m pressure on an Early Help post.
	£0.188m savings Short Breaks Commissioning, on contracts as a result of C-19- £0.100m Action for Children, £0.060m Circles one to one support (2019/20 accrual not required), £0.010m DIAL Information Advice and Guidance. Alternative services being commissioned for 2021/22.
Commissioning Team and Commercial Operations	£1.2m pressure due to reduced income generated from Clare Lodge, as a result of the C-19 pandemic. Children are only being moved and accommodated on emergency basis and new procedures require new admissions to self-isolate for 14 days which is also influencing decision making by placing authorities. The delay to the Capital project to refurbish lounges means that two lounges are currently unavailable for use, these are now expected to be operational imminently. The £1.2m loss of Income has been offset by other savings of £0.365m as a result of reduced occupancy.
	£0.148m saving Commissioning Team staffing in part due to revised Shared Service recharge from Cambridgeshire County Council.
Communities - City Centre Management	£0.291m pressure as a result of lost Income in respect on-street Traders, the City Market , the Great Eastern Run and City Centre Events. This can be directly linked to the C-19 pandemic.

Directorate Variance Analysis	
Communities - Community Safety	£2.236m pressure due to loss of income across multiple services including: * £1.656m from Parking charges. * £0.434m from Parking Enforcement. * £0.145m from Environmental Enforcement. Parking income has been significantly less than budget due to the reduction in footfall within the town centre due to the pandemic. Enforcement staff have been redeployed to support the C-19 Emergency Hub & more recently to Marshalling duties, however enforcement is now operational again but income levels are lower than previous levels due to C-19 impact on staffing productivity, suspension of parking bays, pop up cycle lanes etc.
	£0.469m pressure as a result of impaired MTFS savings in relation to increased parking charges & Parking / Environmental Enforcement. Parking charge increases were intended to be implemented from April 2020 but as parking charges were temporarily suspended for the initial lockdown period. Income has been lower since parking charges have been reinstated. New way of working for Environmental and parking Enforcement Teams was not implemented from the April 2020 and the role of Environmental Enforcement Officers changed in response to C-19.
	£0.108m savings C-19 impact arising from a reduction in parking cash collections, reduced Contractor spend, reduced charges for online permits and an underspend on administration of the blue badge scheme.
	£0.134m favourable re Parking Services mainly reduced contractor costs & Nortminster Business Rates refund of costs.
	£0.149m favourable position in respect of the Targeted Youth Support Service, mainly due to staffing vacancies, but also as a result of reduced contract, travel, premises and programme costs.
Communities - Think Communities	£1.777m pressure due to additional expenditure to support the transition of Vivacity services to Aragon and Peterborough City College. Early on in that C-19 Pandemic Vivacity gave notice on its contracts to the Council due to the financial difficulty placed on the operations as a result of C-19.
	£0.179m pressure in respect of non-delivered MTFS saving in respect of Vivacity services. Given Vivacity's decision to give notice on the Culture and Leisure contract, it is highly unlikely that this saving will be achieved.
	£0.400m pressure due to forecast loss of income on the Premier Fitness profit share scheme (Vivacity) - this is a result of the C-19 pandemic.
	£0.640m saving of which £0.438m is Premises costs including utility costs, £0.130m provision for loss of Income as Vivacity balances not yet transferred, £0.063m saving re Supplies and Services including photocopying and postage.
Communities- Regulatory Services	£0.333m pressure due to additional C-19 spend on the Coroners Service 0.072m to manage the backlog and complexity of cases and for the Councils share of temporary mortuary costs £0.210m. Increased cost of PCC share of Coroners contract £0.051m.
	£0.142m pressure due to reduced Income from Licensing in relation to Food premises, Street Traders & Taxi's as a result of businesses / taxi operators being closed and allowing for permanent closure of businesses.
	£0.099m saving Housing Enforcement of which £0.086m is employee vacancies, posts weren't recruited as a result of C-19.
	£0.248m saving Regulatory Services Underspend on staffing £0.093m Trading Standards £0.092m, Legal Costs £0.014m, Hackney Carriage inspections £0.021m and reduced spend on Licenses £0.028m.
DSG (net position)	£0.131m pressure due to additional forecast spend to ensure the sustainability of Nursery Education providers, as a result of the potential closures which could be caused as a result of C-19.

Public Health- On Budget

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Children 0-5 Health Visitors	3,907	4,074	-	167	Overspend
Children 5-19 Health Programmes	942	942	-	0	On Budget
Sexual Health	1,999	1,843	-	(156)	Underspend
Substance Misuse	2,218	2,214	-	(4)	Underspend
Smoking and Tobacco	295	233	-	(63)	Underspend
Miscellaneous Public Health Services	1,390	1,324	-	(66)	Underspend
Public Health Grant	(11,124)	(11,124)	122	122	Overspend
Total Public Health	**(372)**	**(494)**	**122**	**(0)**	Underspend

Directorate Variance Analysis	
Children 0-5 Health Visitors	£0.167m pressure due to Agenda for Change cost increases. Contracts include the requirement to uplift contract cost where staff are employed on Agenda for Change Terms and Conditions. For the first two years, Public Health (PH) England provided additional funding to pay for these contract price increases but in year three the PH grant was increased to cover the contract price increases. However the uplift in grant value and its purpose was announced in March after the Council had set its budget, and provisional increase in PH grant had already been factored in to the budget, unaware of the government's commitment for this increase. This has been accounted for in the 2021/22 MTFS.
Sexual Health	£0.200m favourable position on sexual Health Services. This can be broken down into: * £0.072m Long Acting Reversible Contraception (LARC) * £0.056m Emergency Hormonal Contraception (EHC) * £0.030m Genitourinary Medicine * The 2019/20 accruals estimates were overstated as key Public Health staff were engaged in providing the C-19 outbreak response.
	£0.044m pressure due to additional cost of the sexual health contract. This has resulted from a delay in implementing new contract as the service was focussed on providing the response to the pandemic. This was a temporary pressure, no pressure expected on the 2021/22 budget.
Smoking and Tobacco	£0.060m saving on GP and Pharmacy costs due to lower uptake as a result of C-19. It is anticipated that demand will resume.
Miscellaneous Public Health Services	£0.083m Saving on the adult's weight management and obesity, in relation to two contracts. One which changed supplier part way through the year, the other due to reduced costs as a result of C-19.
	£0.054m saving on prescribed health check services due to low up take of check as a result of C-19 social distancing and lockdowns.
	£0.044m pressure as a result of a delayed start to new healthy lifestyles contract, The new contract now commenced, however it was delayed due to C-19.

Directorate Variance Analysis	
	£0.015m pressure as a result in a delayed start to the new contract starting in respect of the National Child Measurement Programme. This was delayed as a result of C-19
Substance Misuse	£0.015m pressure - additional expenditure on drug and alcohol services, to ensure that the service could operate safely, within the C-19 restrictions. eg- maintaining social distancing, additional cleaning materials & PPE.

Place & Economy- £1m Overspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Development and Construction	(70)	(34)	-	36	Overspend
Director Place & Economy	100	105	-	5	Overspend
Peterborough Highway Services	4,236	2,869	-	(1,367)	Underspend
Sustainable Growth Strategy	1,652	1,362	39	(251)	Underspend
Waste, Cleansing and Open Spaces	12,750	13,648	-	897	Overspend
Westcombe Engineering	144	316	-	173	Overspend
Director of Housing	2,219	3,858	-	1,638	Overspend
Growth & Regeneration	685	516	70	(100)	Underspend
Total Place & Economy	**21,716**	**22,639**	**109**	**1,032**	Overspend

Directorate Variance Analysis	
Development and Construction	£0.308m Pressure in relation it planning fee income is reduced due to C-19, especially in Quarter 1; applications have picked up but income remains lower than budgeted.
	£0.154m Favourable variance on other development income is currently forecast higher than budget, this includes S106 and Community Infrastructure Levy (CIL) Administration fees in respect of developments at Wittering, Hampton and Thorney.
	£0.118m Favourable variance on other variances including increased Building Control income and reduced staff costs, reduced legal costs as no challenges for Planning, partly offset by shared service and staff recharges
Peterborough Highway Services	£0.290m Favourable variance on concessionary fares as significant reduced usage of concessionary passes
	£0.131m Favourable variance on Bus Service Operators Grant (BSOG) used to fund 60's
	£0.460m Favourable variance on network Management Permitting Income. Higher than anticipated income, with significantly higher income late in the year. Also lower direct costs on permitting.
	£0.067m Favourable variance on staffing costs as a result of vacant posts.
	£0.188m Pressure as a result of extra highways costs associated with C-19 and reduced income in street naming/numbering. The Council has also incurred additional costs as a result of damage to assets caused by Road Traffic Collisions (RTC).
	£0.286m Favourable variance on street lighting costs this is due to a net saving on the energy pricing, corrections to last year and out of contract costs. In addition to operating a dimming regime due to the reduced traffic caused by C-19.
	£0.107m Favourable variance on staff costs due to recharges to capital projects and the Cambridgeshire and Peterborough Combined Authority (CPCA), where staff have been assisting on projects.
	£.0157m Favourable variance on Highways Development savings and additional income.

Directorate Variance Analysis	
	£0.057m Favourable position on other minor variances including savings on drainage flood & risk costs, road safety and Transport Planning, partly offset by Queensgate Bus Station reduced departure fee income due to C-19
Sustainable Growth Strategy	£0.121m Favourable due to additional income generated from recharging planning policy services to other local authorities.
	£0.130m Favourable across various areas including staffing, supplies & services, trees & conservation projects and LDF statutory functions
	£0.240m Pressure as a result of reduced Brown Bin fee Income, this was due to the Council not charging for the 1st 3 months due to C-19.
	£0.218m Pressure in relation to the Energy from Waste (EFW) Plant. Electricity Income loss due to a fall in wholesale demand leading to drop in export price. The export price has increased in recent months hence why the pressure has reduced.
	£0.123m Pressure due to additional costs at Household Recycling Centre due to C-19, such as signage, cleansing, staffing and Traffic Management costs
	£0.195m Favourable due to a refund of Climate Change Levy liability from HM Revenue & Customs, following detailed discussions on the relevant application of the tax rules which removed the Council's liability.
	£0.233m Pressure on waste treatment costs due to increased residential waste- This is an implication of C-19 as residents have been at home more due to lockdown measures, school closures and working from home guidance.
Waste, Cleansing and Open Spaces	£0.425m Pressure as a result of the Impact of C-19 on Aragon Direct Services, causing loss of income and additional costs. These are broken down in to: * £206k for the Covid-19 impact on Refuse Collections * £80k for Parks, Trees & Open Spaces * £67K workshop * £38k Property costs * £34k Transport costs. Additional measures provided for include an additional vehicle for increased domestic refuse tonnage; additional cleaning costs, and additional personnel for Covid-19 secure measures, including enabling "bubbles" to be maintained for transport services. This position has improved by £377k compared to the initial forecast from Aragon Direct Service. Aragon is operated by the Council owned company Peterborough Limited, and appropriately funding the impact of these measures has ensured that the company can continue to deliver to its business plan, maintain a positive balance sheet, and commence repayment of the initial set up loan provided by the Council.
	£0.131m Pressure due to additional vehicle hire and staffing costs on waste collection rounds.
	£0.277m Favourable on smaller variances across the service including: * £0.075m reduced repairs and maintenance spend across open spaces & play areas * ££0.068m spring clean not undertaken in Q4 * £0.040m no charges for garden waste administration for 2020/21, * £0.046m savings on utilities and business rates, * £0.053m few additional properties and lower adhoc costs- eg a milder winter has meant less reactive work such as fencing and repairs.
Westcombe Engineering	£0.172m Pressure - Reduced income as reduced capacity due to C-19

Directorate Variance Analysis	
Growth & Regeneration	£0.099m Favourable - Savings on employee costs and various Directorate wide savings held here, partly offset by no income generated from Peterborough Destination Centre
Director of Housing	£1.638m net pressure - Mostly as a result of the C-19 pandemic, as the Council has taken steps to ensure that rough sleepers, homeless families and individuals have temporary accommodation, and a safe place to self-isolate. This is net pressure includes:
	* £1.982m Pressure in relation to additional hotel, B&B, employee, security and repair costs.
	* £0.366m net saving on temporary accommodation. This is the result of pressure caused by the decision not to purchase St Michaels Gate, but to extend the lease instead, which is being offset by savings due to a delay in Bushfield Court coming on line and the decision not to approve the Walton Road proposal. The latter two had been budgeted for the full year.
	* £0.153m Pressure - Cost of Interim Director of Housing Needs and Supply
	* £0.564m Favourable- As a result of the two grants £0.028m to fund initial short term costs and £0.426m, to fund ongoing short term costs until March 2021 (part of NSAP bid). Now also Cold Weather Fund and Protect plus additional grant funding
	* £0.104m Pressure - Housing Project Management Costs
	* £0.228m Pressure - Landlord Incentive Payments - significant increased cases
	* £0.139 Pressure - Subsidy & rental incomes, final claim for subsidy less than mid-year estimates
	* £0.038m Favourable - Other variances including reduced legal costs, savings on Traveller Site maintenance and other small savings across the Service.

Customer & Digital Services - £1.1m Underspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
ICT	7,071	5,856	-	(1,214)	Underspend
Marketing & Communications	355	422	-	67	Overspend
Resilience & Health & Safety	263	272	-	9	Overspend
Director of Customer & Digital Services	75	79	-	3	Overspend
Total Customer & Digital Services	**7,764**	**6,629**	-	**(1,135)**	Underspend

Directorate Variance Analysis	
Marketing & Communications	£0.042m Favourable - Other savings within the service area.
	£0.109m Pressure due to a reduction in sponsorship income and reduced design & print recharge. Some of this pressure has been accounted for within the 2021/22 budget.
Resilience & Health & Safety	£0.021m Favourable variance on Salary costs
	£0.010m Pressure in relation to C-19 related spend on Fletton Site.
	£0.020m Pressure on C-19 related expenditure on body storage and funeral director costs.
ICT	£0.044m Pressure due to additional computer software costs, such as digital signature software, people planner and form software to support agile working and social distancing measures required as a result of C-19.
	£0.068m Favourable due to unbudgeted income in year relating to schools broadband
	£0.454m Favourable on the software budget due to unrequired products, and items costing less than initially expected. Some of this underspend is one off, but some forms part of the early delivery of contract savings, which have been built in to the 2021/22 MTFS.
	£0.224 Favourable due to a rebate received in relation to Customer Relationship Management licensing and support contract. The Council agreed to end use of the system earlier than originally planned, and following a reconciliation of payments already made this rebate was due to the Council.
	£0.512m Favourable as a result of the early delivery of 2021/22 savings, through underspends on contract exit, staffing and supplies and services.

Chief Executives- £0.1m Underspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Chief Executive	157	134	-	(23)	Underspend
HR	1,147	1,086	-	(61)	Underspend
Total Chief Executives	**1,303**	**1,220**	-	**(83)**	Underspend

Directorate Variance Analysis	
HR	£0.035m Favourable on salary costs. This is the result of two vacant positions, however to ensure the service had the appropriate level of resources the planned Voluntary Redundancies were delayed, with these now expected to take place in June 2021.
	£0.024m Pressure - As a result of additional training costs and loss of occupational health income due to C-19.
	£0.050m Favourable - Other variances within the service.
Chief Executive	£0.004m Pressure - Additional salary costs following delay of Voluntary Redundancy, due to C-19.
	£0.027m Favourable - Other minor variances in the service.

Business Improvement - £0.1m Overspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Programme Management Office	623	692	-	69	Overspend
Total Business Improvement	**623**	**692**	**-**	**69**	Overspend

Directorate Variance Analysis	
Programme Management Office	£0.72m pressure due to additional staffing and consultancy costs. The additional staffing cost have now been accounted for within the 2021/22 Medium Term Financial Strategy (MTFS)
	£0.003m favourable - other

Governance - £0.4m Underspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Director of Governance	151	121	-	(30)	Underspend
Legal Services	1,928	1,950	-	22	Overspend
Constitutional Services	2,027	1,686	-	(342)	Underspend
Performance & Information	216	169	-	(47)	Underspend
Total Governance	**4,322**	**3,925**	-	**(397)**	Underspend

Directorate Variance Analysis	
Legal Services	£0.022m overall pressure, which relates to: * £0.082m pressure on Land Charges Income * £0.077m pressure on Children Services Legal Team costs These have been offset by other favourable income in Legal Services and staff costs.
Constitutional Services	£0.169m favourable position on election services broken down in to: * £0.146m favourable variance is as a result of the national postponement of the May 2020 Local Elections. * £0.023m saving in respect of costs relating to the Electoral Register.
	£0.172m Favourable position mainly as a result of saving on the Members Allowances budget. This underspend is the result two vacant posts, due to the death of two of Councillors during 2020 and reduced expenditure relating to surgeries, travel and training, due to the C-19 social distancing restrictions. These savings are only temporary as the May 2021 elections have meant that all 60 councillor seats filled.

Resources- £1.0m Overspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Overall Status
Director's Office	276	272	-	(4)	Underspend
Financial Services	3,496	3,339	386	229	Overspend
Corporate Items	8,020	8,095	7	83	Overspend
Peterborough Serco Strategic Partnership	6,409	7,841	214	1,646	Overspend
Corporate Property	2,028	2,252	-	224	Overspend
Energy	478	(147)	-	(625)	Underspend
Cemeteries, Cremation & Registrars	(1,453)	(2,009)	-	(556)	Underspend
Total Resources	**19,254**	**19,643**	**607**	**996**	Overspend

Directorate Variance Analysis	
Financial Services	£0.041m Favourable variance within Internal Audit due to lower salary costs. This is due to a member of the team being seconded to support the C-19 Co-ordination hub.
	£0.103m Favourable variance on the insurance premium budget and underspend on the Risk Management budget. These underspend is not repeatable as insurance premiums rise in 2021/22.
	£0.081m Favourable position across the whole strategic Finance Service, including car lease saving, miscellaneous income and supplies and services.
	£0.454m pressure in relation to an increase in the amount required in the sundry bad debt provision. This is a result of the economic impacts of C-19, which has meant the level of debt outstanding to the Council is now higher. An increase in the bad debt provision mitigates the risk of the Council being unable to recover this debt in full in the future.
Corporate Items	£0.419m Pressure against available pay award budget. This has resulted due to the following: * £0.477m pressure as pay award was agreed nationally at 0.75% higher than budgeted * £0.058m favourable as a result of Voluntary Redundancies (VR) which were agreed and accounted for in 2019/20, where staff have now been redeployed in to different roles, which has been off set with additional tax and NI cost identified following a review of VR payments
	£0.415m Favourable as a result of the VAT shelter income from Cross Keys Homes (CKH) exceeding the budget. This favourable position has been driven by additional maintenance work CKH has carried out on its properties throughout 2020/21
	£0.098m Pressure due to an increase in external audit fees. As the Council has low financial resilience, and therefore a higher risk, lower materiality levels set by the auditors, which in turn means additional audit testing. The auditors also carried out a thorough Value for Money (VFM) and an assessment of the impact of C-19 (a national requirement). Both of these factors have driven the increase in audit costs. It is anticipated that additional costs will continue in future year, and has been factored in to the 2021/22 MTFS.

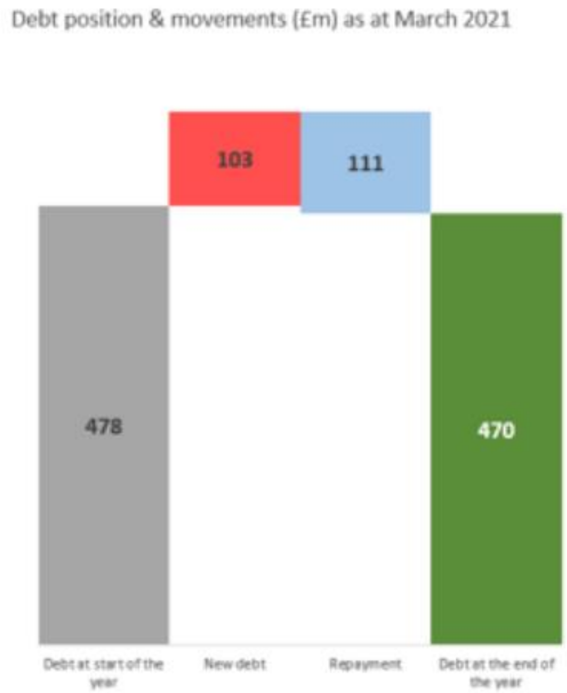
Directorate Variance Analysis	
Peterborough Serco Strategic Partnership	£1.149m Pressure due to savings on Business Support not being realised. These savings have been difficult for the Council to deliver at a time when the C-19 pandemic has demanded additional resource and staffing capacity to support with the response.
	£0.209m Pressure on various areas including Annual Delivery Plan/Business Transformation and Strategic Improvement (BTSI) costs, and contractual growth income received but not budgeted in year. This growth income was recently re-profiled and this revised profile has been factored in to the 2021/22 MTFS.
	£0.256m Pressure due to the lack of recovery activity, which has been restricted over the pandemic. This has meant court cost income collected has been reduced. There is no corresponding saving in administration costs.
	£0.072m Pressure on the Housing Benefit Subsidy budget.
Corporate Property	£0.475m Pressure - Additional letting of Sand Martin House, which was incorporated within the 2020/21 Medium Term Financial Strategy (MTFS) has not been possible, due to the impact the pandemic has had on the requirement for office space. There has been a significant shift to home working across the country and it is thought that this saving will be difficult to achieve in the future. For that reason this saving has been removed from the 2021/22 MTFS. However the Council will look at how it can maximise the use of its assets as part of its C-19 recovery plan.
	£0.119m Favourable - Rental income following purchase of new site.
	£0.079m Favourable - Other variances across the service
	£0.054m Favourable - In response to C-19 there has been additional costs such as cleaning, and signage at Sand Martin House, however this has been offset by reduced Utilities and Security costs.
Energy	£0.625m Favourable as a result of additional loan interest income received in respect of the Council's Solar Rooftop asset portfolio through its Strategic Partnership with Empower. The Empower loan was to be transferred onto a long term basis by the end of the year, and as such the money received on account was to be split between interest and loan repayment. As the new loan agreement was not signed by the end of the year the money received on account reflects the short term loan agreement and so interest is charged on the higher basis.
Cemeteries, Cremation & Registrars	£0.159m Pressure resulting from a £0.196m underachievement of Registration Services incomed which has been partially offset with a reduction in expenditure of £0.037m, this is fully attributable to C-19.
	£0.747m Favourable variance on the Bereavement Services income budget. This is due to the rise in deaths as a result of C-19. Between January and March this increased by £0.193m as a result of the third spike in cases and deaths over Lockdown 3.0.

Capital financing- £4.4m Underspend

Budget Group	Budget £k	Final Outturn £k	Cont to Reserves £k	Variance £k	Status
Capital Financing	29,187	24,789	-	(4,398)	Underspend
Total Capital Financing	**29,187**	**24,789**	**-**	**(4,398)**	Underspend

Capital Financing and Capital Receipts Overview

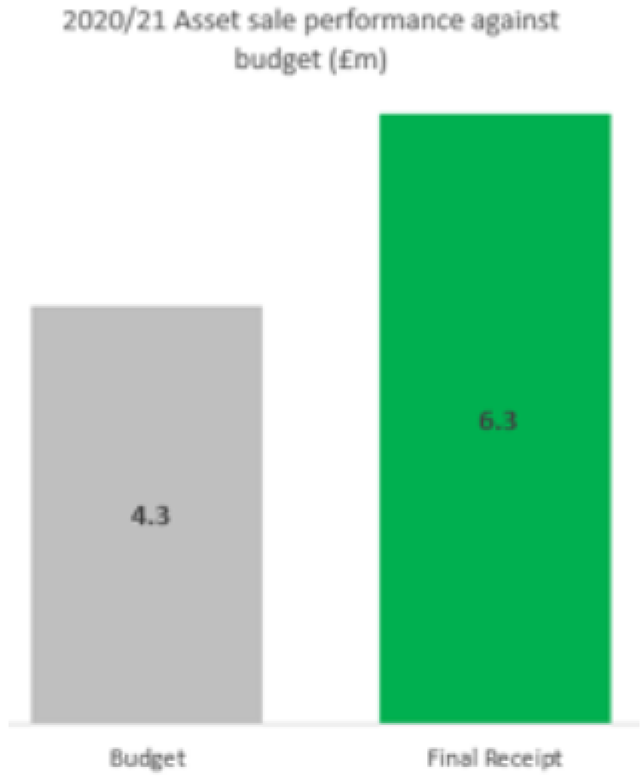
The Capital Financing budget has underspend compared to budget by £4.4m and reflects three key aspects which have been noted as influencing factors throughout the year. The previous forecast outturns reflected the risk in achieving asset sales in the current economic climate, which had been offset by the cost of borrowing for new debt being lower and later in the year than anticipated in the MTFS.



Directorate Variance Analysis

Tight management of the Council's cash flow has led to savings being realised by extending the time before borrowing was undertaken, reducing the amounts of borrowing taken, and at the lower, shorter length interest rates. All borrowing undertaken has been used to fund capital expenditure or refinance maturing loans. The Council's cash flow has benefitted from the additional funds provided by government in relation to funding the direct additional C-19 activity and grants provided to businesses to support them through the pandemic. The Council's capital programme has not progressed in the timescales originally planned, and was affected by the downtime for construction resulting from Lockdowns experienced. The benefits realised from these factors led to savings in year of £1.2m. These 2020/21 factors built on the 2019/20 position where less borrowing was undertaken for the capital programme in 2019/20 than budgeted for in the MTFS resulting in less budget being required to fund existing borrowing.
The minimum revenue provision (MRP) calculation had been delayed due to resource constraints in the Corporate Finance Team which resulted in an estimated being used in reporting. The final calculation included in this position has taken into account the lower completion rates of schemes from the 2019/20 capital programme and resulted in a lower provision of £1.3m compared to the MTFS budget.
Interest receipts generated from loans the Council has issued has been lower than the estimate in the MTFS as a result of the delay in the drawdown for the loan granted to the hotel build in Fletton Quays. This has been offset through the reduction in new borrowing required to fund the loan, per previous commentary above, and better performance than expected from the ESPO dividend. Final performance was £0.5m less receipt than originally planned.

Capital Receipts
Capital Receipts are used as part of a contribution to repay debt. Close monitoring of the Capital Receipts is maintained as any change has a direct impact on the revenue position. Capital Receipts are monitored on a monthly basis and each sale given a status of Red, Amber or Green to identify the likely receipt before March 2021. As per the MTFS policy Capital Receipts will be used to repay debt and forms part of the calculation of the reducing the overall debt through MRP. If capital receipts are not received, the debt will need to be repaid via revenue resources.
The Council had identified over £8.2m of asset sales in order to achieve the MTFS budget of £4.3m. Although the impact from C-19 pandemic on asset sales is created a challenging environment in which to finalise final exchange and therefore the timing of the final receipt, the Council realised £6.3m of receipts with a further value of £1.2m deferred for cash receipt in future years. This has resulted in additional capital receipt income above that estimated in the MTFS of £2.4m.



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Appendix B: Council Reserves Position

Summary of Reserves	Balance C/Fwd 01.04.20 £000	Contribution from Reserve £000	Contribution to Reserve £000	Movement between Reserves £000	Balance at 31.03.21 £000	Estimated Balance at 31.03.22 £000	Estimated Balance at 31.03.23 £000
General Fund Balance	**5,111**	-	**889**	**-**	**6,000**	**6,000**	**6,000**
Usable Reserves							
Capacity Building Reserve	12,992	(1,936)	3,975	5	15,035	14,081	14,081
Departmental Reserves	5,077	(1,620)	1,927	(5)	5,380	2,593	1,805
COVID-19 Tax Income Reserve	-	-	22,521	-	22,521	2,316	-
COVID-19 Funding Reserve	5,332	(5,332)	12,841	-	12,841	-	-
	23,401	**(8,888)**	**41,265**	**-**	**55,778**	**18,990**	**15,886**
Ring-Fenced Reserves							
Insurance Reserve	3,073	(144)	386	-	3,315	3,315	3,315
Schools Capital Expenditure Reserve	752	(181)	86	-	658	658	658
Parish Council Burial Ground Reserve	56	(6)	7	-	57	57	57
Hackney Carriage Reserve	173	-	-	-	173	173	173
Public Health Reserve	9	-	122	-	131	131	131
	4,063	**(332)**	**601**	**-**	**4,333**	**4,333**	**4,333**
Total Earmarked Reserves and General Fund Balance	**32,575**	**(9,220)**	**42,755**	**-**	**66,110**	**29,323**	**26,218**

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Appendix C - Treasury Management Strategy Prudential Indicators Outturn 2020/21

The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:

(a) capital expenditure plans are affordable;
(b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
(c) treasury management decisions are taken in accordance with professional good practice.

In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.

The Code requires the Council to set a range of Prudential Indicators for the forthcoming financial year and at least the following two financial years. During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy.

The outturn for the Prudential Indicators for the financial year are detailed below. The indicators include the Invest to Save scheme. The costs of borrowing associated with these schemes will be offset by the income or savings generated by these projects.

The 2020/21 Prudential Indicators are shown below and the Council's performance to date against them. All performance is within the limits.

1. Indicator 1: Capital Expenditure

This indicator is the capital expenditure for the year based on the Capital Programme.

Capital Expenditure	**2020/21 Indicator £m**	**2020/21 Actual £m**
Capital Expenditure	72.4	53.0
IFRS16 Transition adjustment	22.0	-
Capitalisation Direction	1.2	0.8
Invest to Save	50.8	3.0
Total	**146.4**	**56.8**

The actual capital programme expenditure outturn is £56.8m which is lower than the MTFS indicator due to a number of projects across all directorates being reprofiled to more accurately reflect the spending over future years and other projects removed as part of an enhanced scrutiny process linked to achieving additional savings in 2020/21 to mitigate the forecast overspend during the year and as part of the development of the 2021/22 MTFS.

Invest to Save projects have been reduced over the next few years due to no planned expenditure. However, this does not impact the Council's capital financing budget as this is for schemes that must cover the cost of borrowing and minimum revenue provision (MRP) from either income generation or from generated savings.

An extension to the IFRS16 – Capital Lease Accounting transition was granted in order to help the management of workloads within local government as it responded to the pandemic.

2. Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

Capital Financing Requirement	**2020/21 Indicator £m**	**2020/21 Actual £m**
CFR b/fwd	598.3	588.4
Underlying Need to Borrow	37.4	7.3
Underlying Need to Borrow - Invest to Save	40.0	2.7
IFRS16 Transition adjustment	22.0	-
Capitalisation Direction	1.2	0.8
Total CFR C/fwd	**698.9**	**599.2**

3. Indicator 3: Actuals and Estimates of the Ratio of Financing Costs to Net Revenue Budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt. The actual performance of 12.8% is reflected in the explanatory text for capital financing as contained in the Appendix A.

Ratio of net financing costs to net revenue stream	**2020/21 Indicator**	**2020/21 Actual**
Total Ratio	16.1%	12.8%

4. Indicator 4: Proportion of Gross Debt to the Capital Financing Requirement (CFR)

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose. The Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

Proportion of Gross Debt to the CFR	**2020/21 Indicator £m**	**2020/21 Actual £m**
CFR	698.9	599.2
Gross Debt (inc PFI & Leases)	**627.6**	**501.4**
% of Gross Debt to CFR	89.8%	83.6%

This indicator shows that the Council maintained an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement (CFR)), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used. This strategy was prudent as investment returns were low and counterparty risk was still an issue that needed to be considered.

5. Indicator 5: The Operational Boundary

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFS and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure.

Operational Boundary	**2020/21 Indicator £m**	**2020/21 Actual £m**
Borrowing	686.9	469.6
Other Liabilities (PFI & Leases)	70.5	48.8
Total Operational Boundary	**757.4**	**518.4**

6. Indicator 6: The Authorised Limit

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is "prudent".

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility that the optimum time to do all borrowing may be early in the year.

The limit also incorporates margins to allow for exceptional short-term movements in the Council's cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

Authorised Limit	**2020/21 Indicator £m**	**2020/21 Actual £m**
Borrowing	801.4	469.6
Other Liabilities (PFI & Leases)	70.5	48.8
Total Authorised Limit	**871.9**	**518.4**

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year. The actual position is lower than the indicator as the Council does not currently anticipate borrowing in advance of need due to the additional cost of holding the funds until required.

7. Indicator 7: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit allows flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the majority of borrowing is at fixed rate which provides budget certainty with 100% of borrowing being at fixed rate. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	**2020/21 Indicator £m**	**2020/21 Actual £m**
Upper Limit	801.4	469.6
% of fixed interest rate exposure	100%	100%

8. Indicator 8: Variable interest rate exposure

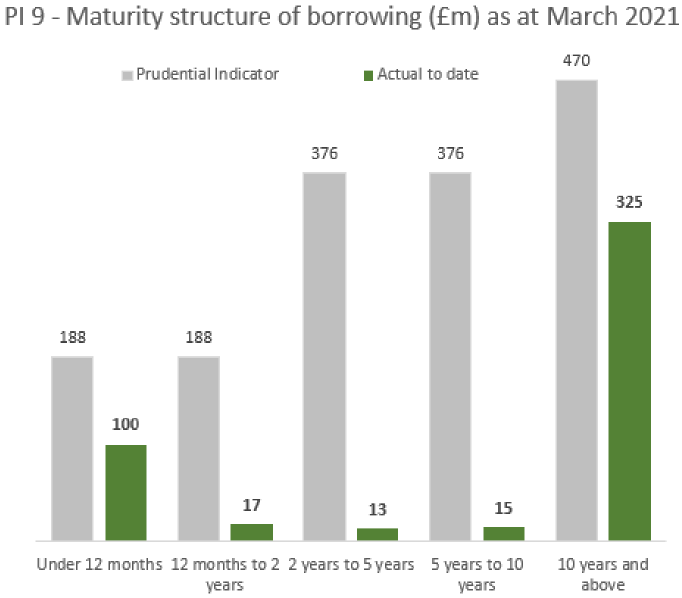
This indicator places an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. The intention is to keep the variable rate borrowing below 25% of the total gross borrowing (CFR). The limit is expressed as the value of total borrowing less investments.

Upper limit for variable rate exposure	2020/21 Indicator £m	2020/21 Actual £m
Upper Limit	200.4	0.0
% of variable interest rate exposure	25%	0%

The indicator is zero due to the borrowing strategy of borrowing only at a fixed interest rate in an economic climate of volatile interest rates. Borrowing at fixed interest rates provides budget certainty for the Council.

9. Indicator 9: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflected the relatively beneficial long term rates that were expected to be available over the next few years. The borrowing that the Council has actually taken is £469.5m (shown in the indicator below).



Period	Upper Limit Indicator	Actual Borrowing £m	
Under 12 months*	40%	21%	102.5
1 – 2 years	40%	4%	17.1
2 – 5 years	80%	3%	13.0
5 – 10 years	80%	3%	14.5
Over 10 years	100%	69%	325.5
		Total Borrowing	**469.6**

** The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 22-34 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every six months.*

10. Indicator 10: Total Investments for periods longer than 364 days

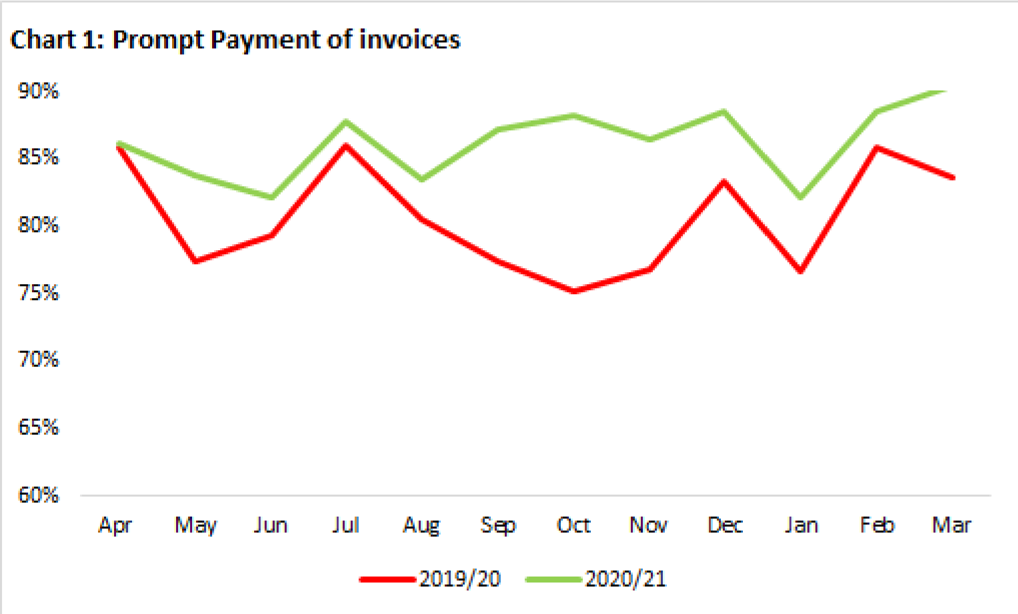
Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs.

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. The Council has used its cash balances as an alternative to new borrowing and does not have the available cash balances to invest for long periods.

	2020/21 Indicator £m	2020/21 Actual £m
Principal sums invested >364 days	10.0	0.00

Appendix D –Debt and Payment Performance Monitoring

1.1. The prompt payment outturn based on received date was 86.2% (80.8%, 2019/20), which is 5.4% up on the previous year's performance. During 2020/21, the Accounts Payable team processed Covid-19 related support payments to taxi drivers, Integrated Community Equipment Service users (Adult Social Care) and business receiving re-start grants. The performance for 2020/21 is shown alongside the equivalent 2019/20 figures within chart 1.



1.2. During 2020/21, system workflow has been further improved and tightened to help drive improved financial compliance. Adult Social Care payments are now processed through a system interface and work continues to automate other payments where possible. As a result of changes to the ICT contract all BACS payments are now processed via Local Government Shared Services (LGSS). The Accounts Payable team continue to work closely with the procurement team and the Council to ensure suppliers are paid quickly wherever possible.

1.3. In 2020/21 a total of 75,308 payments were paid out, of which 67,958 were paid within 30 days (based on the invoice date)

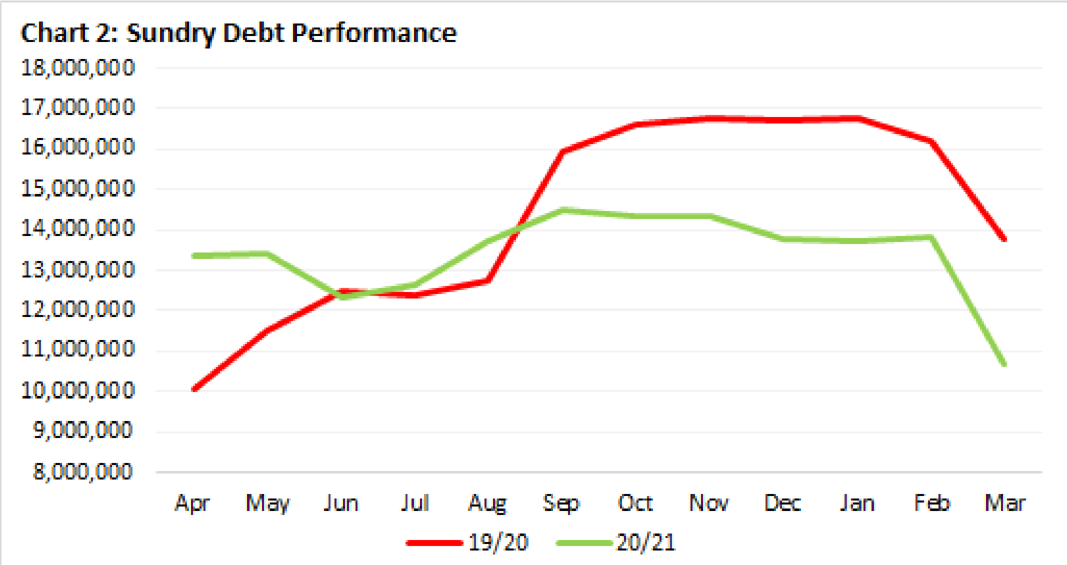
1.4. The total value of payments made was £313.9m of which.

- £313.5m (99.6%) was paid electronically, by either BACS or CHAPS.
- £0.405m (0.4%) was paid via a cheque- 268 cheques, 432 less cheques in 2020/21.

2. Sundry Debt Performance

2.1. The total outstanding sundry debt on 31 March 2021 was £21.8m (£27.1m, 31 March 2020), a reduction of £5.3m in comparison to the previous year. Of this £10.7m, accounted for debt aged over 6 months old (6m+ debt), this is set out in Chart 2 alongside the comparative figures for 2019/20.

2.2. Of the £10.7m (6m+ debt), £7.7m (72%) is in respect of debt outstanding from NHS organisations and the Clinical Commissioning Group (CCG). It should be noted that £0.957m of NHS/CCG payments are unallocated and have not been included within the figure quoted, this is due to the poor quality of information on remittances that have been received.



2.3. A review of the end-to-end debt recovery process is ongoing. This will include an internal audit report outlining the Councils strengths, weaknesses and making recommendations for improvements. It is anticipated outcomes of this work will include:

2.3.1. Enhanced reporting and monitoring tools to assist budget managers and directors with recovery action. This action is already in train following the finance team piloting a new dashboard report with the Corporate Management Team.

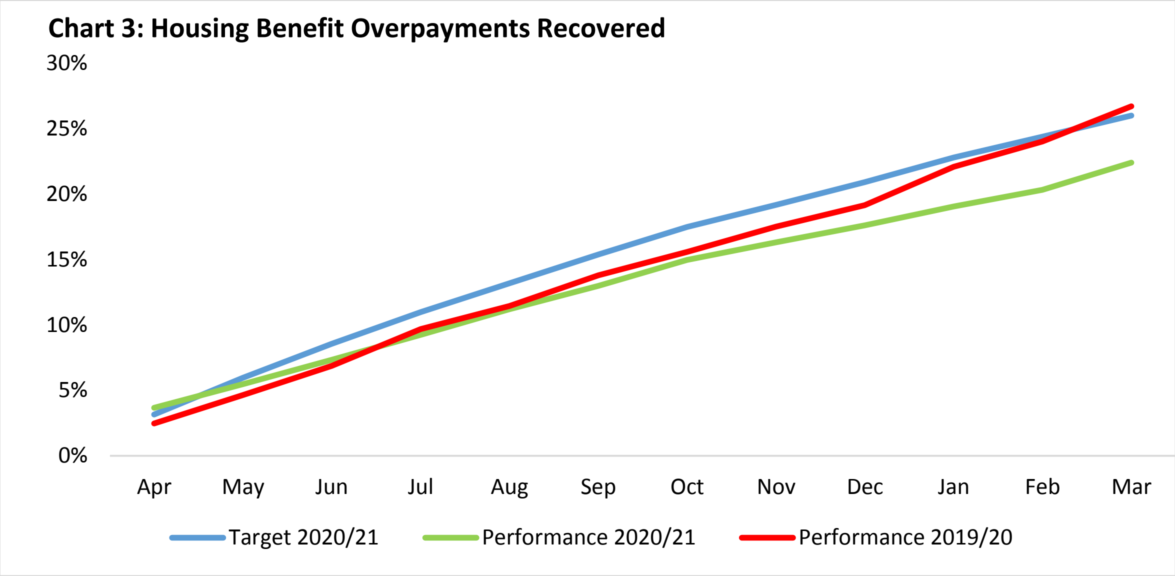
2.3.2. The introduction of additional controls at the billing stage, which will improve accuracy for invoices and ensure evidence is strong to support latter stage recovery action, should it be required.

2.3.3. Closer working between Serco's Sundry Debt team, and the Councils service directorates continues to be positively developed, with budget holders and budget managers becoming more involved in terms of reviewing debt.

2.4. In 2020/21 a total of £69.7m invoices were raised, with a total of £64.4m being collected against the total outstanding debt. Serco have been carrying out two projects, to recover aged debt, during 2020/21, £0.447m had been collected across the two projects, however these are now reaching the end of their life.

3. Housing Benefit Overpayments

3.1. Chart 3 shows the total amount of housing benefit overpayments recovered against the cumulative target rate set for 2020/21 and the 2019/20 performance.



3.2. Housing benefit overpayment collection as at the 31 March 21 was 22.39%, which is below the target of 26.0% and 4.31% lower than the figure for March 2020 (26.70%). The amount of debt carried forward from 2019/20 was c£6m and the amount of newly identified debt in 2020/21 was £0.5m lower than 2019/20, and £1.6m lower than 2018/19. As a result, the age profile of the debt continues to get older.

3.3. Collection has been affected in 2020/21 by the impacts of Covid-19. DWP suspended debt collection processes for 'attachments of benefit' cases for most of the year and recovery via wage deductions was also impacted.

3.4. Despite this, the value of debt collected as a percentage of new debt raised continues to increase. In 2019/20 this was 135% of the value of the debt raised in year and in 2020/21 this has increased to 148%. This is resulting in a reduction of overall debt levels.

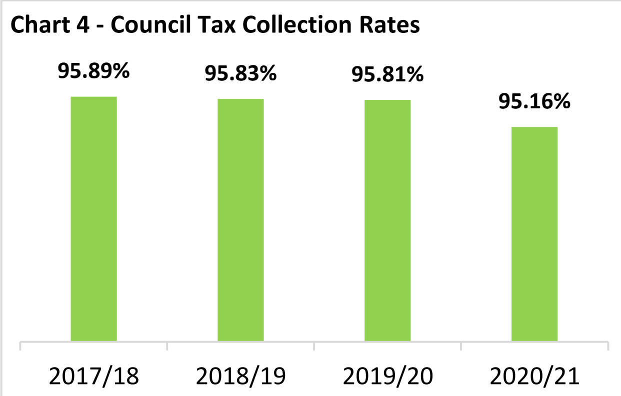
3.5. Overall overpayments are reducing for a number of reasons, including:
   - 3.5.1. Universal credit is reducing the caseload of Housing Benefit claims. The reduction in identification of new debt is of overall benefit to the Council, but this does mean the achievement of the KPI becomes increasingly difficult.
   - 3.5.2. Benefits processing is significantly more up to date that it has been historically, leading to fewer overpayments caused by delays in processing.
   - 3.5.3. Recent data matching of earnings with DWP and HMRC has led to claims being more promptly updated when changes occur.

3.6. While the age profile of the debt is making achievement of the KPI increasingly difficult the actual underlying levels of outstanding debt are continuing to decrease after several years of increases.

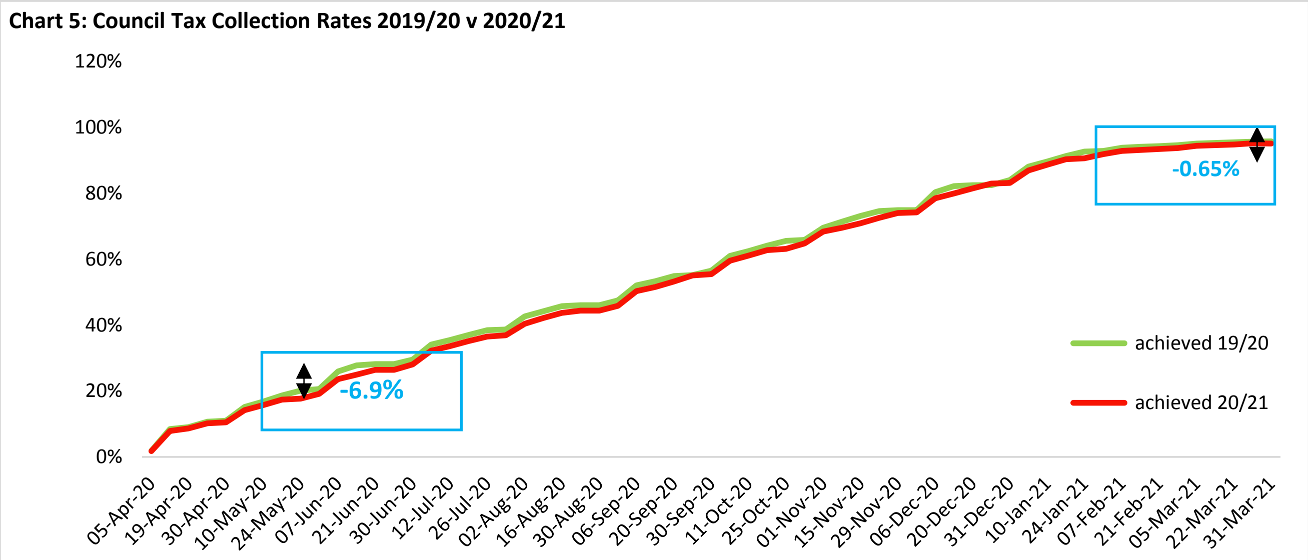
4. Council Tax and Non-Domestic Rates Collection

Council Tax

4.1. Chart 4 shows the performance in respect of Council Tax collection over the last four years, which outlines a very steady trend. Although the in-year collection rate for 2020/21, has reduced by 0.65% in comparison to 2019/20, this position is much improved from forecasts earlier in the year, where the collection rates were 6.9% lower.



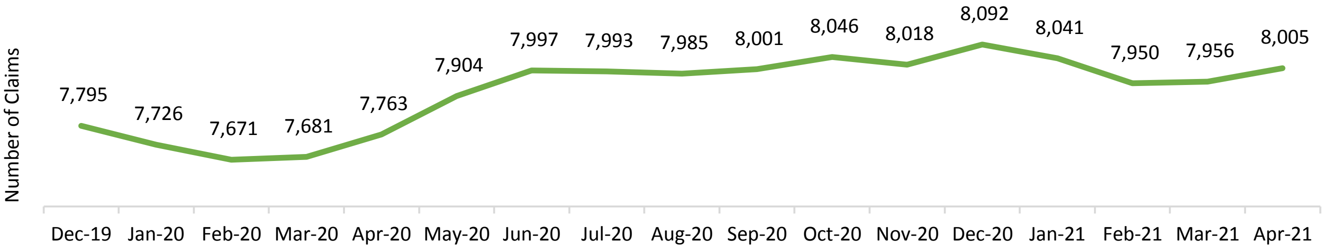
4.2. Council Tax recovery was initially on hold (as advised by the government) and as a result of this, unemployment rates rising and increased economic uncertainty caused by the pandemic the collection rates fell 6.9% behind the 2019/20 achieved position. With recovery action resuming in August, initially with 'soft' reminders, followed by more formal recovery action in September. Collection rates have remained strong despite the 3 lockdowns and downturn in the economy, with in-year collection being 0.65% down on 2019/20 rates. Chart 5 outlines the rate throughout 2020/21 and 2019/20, highlighting the point at which collection rates dropped and the closing position.



4.3. Prior years (arrears) debt collection has been affected by Covid-19, with the amount of Council Tax arrears collected in 2020/21 reducing by 11.37%, against a target of 14.31%. The suspension of DWP debt recovery processes and suspension of formal recovery action until September has impacted the remaining debt recovery process.

4.4. During the year the Council has seen a steady rise in the working age Local council Tax Support (LCTS) caseload. At the start of the pandemic the increase was sharp in line with the rise unemployment, lockdown 1.0 and the introduction of furlough. Chart 6 outlines the trend throughout the year and demonstrates the impact on LTCS claims the change in economic climate, caused by the reducing of lockdown measures in summer and then the re- introduction of further lockdowns in November and January had. Although the claim levels now seem to be steady around 8,000 this is still much higher than the reducing pre-Covid-19 trends, and there is potential for to increase further once the furlough scheme ends in 2021.

Chart 6: Working Age- Local Council Tax Support Claims



Non Domestic Rates

4.5. Chart 7 shows the performance for the collection of Non-Domestic Rates (NNDR) over the last 4 years. This usually remains steady at around 97.85%, however Covid-19 has significantly impacted the collection of NNDR income during 2020/21, with the collection rate reducing by 16.06% compared to the level achieved in 2019/20. In monetary terms this equates to £11.5m of uncollected NNDR income. Early in the year the Collection rate for NNDR deteriorated before remaining constant at c15-20% behind 2019/20, as show in in chart 8.

Chart 7: NNDR Collection Rates

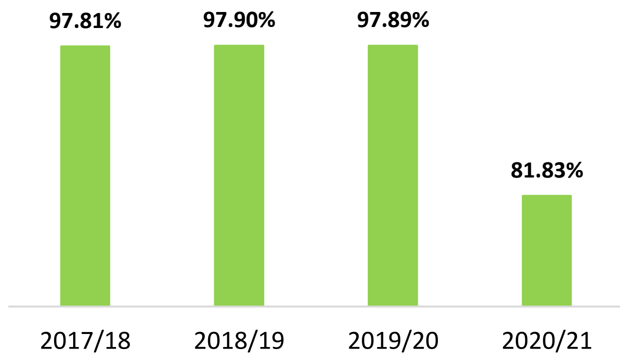
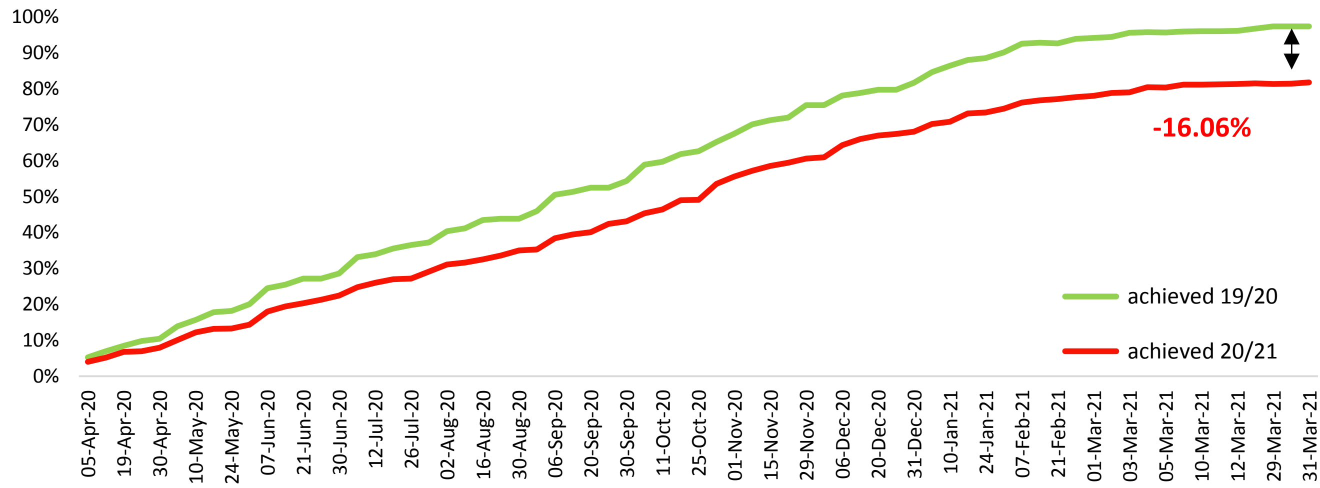


Chart 8: NNDR Collection Rates 2019/20 v 2020/21



4.6. Additional 100% rate relief and business support grants were made available by the government. These schemes primarily focussed on specific industries such as leisure, hospitality, retail and nurseries, where Peterborough's business base is largely represented by warehousing, distribution, and transport. These businesses along with other received no relief and in many cases have been unable to continue to pay their rates liability. Formal recovery action was suspended during 2020/21, with 'soft' reminders being issued during February and March 2021.

4.7. Temporary staff have been employed throughout 2020/21 to help minimise the impact in recovery as far as possible, but more so to assist with the prompt administration of business grants. Additional staffing resource will continue in 2021/22 and will focus on the recovery action for the current year and to recover the outstanding debt that remains from 2020/21.

4.8. Covid-19 has had a significant impact on the financial position of many residents and businesses. The Council was keen to support both during this difficult period and a more lenient approach to debt recovery was agreed, to ensure even more pressure was not being placed on those most impacted financially by the pandemic. This position was replicated by central government by, for example, courts not being open to conduct local taxation liability hearings until September.

4.9. Non-Domestic Rates recovery action has been on hold due the current financial situation many businesses face, but recovery action recommenced in February, initially with soft reminders and targeted calls. Due to the challenges of collection debt last year a more robust approach is being taken to recover the 2020/21 arrears now owed.

5. Covid-19 Grant Administration

Business Rate Relief and Grants

5.1. Despite the challenges outlined in section 4, the Revenues and Benefits team have been recognised by the Department for Business, Energy and Industrial Strategy (BEIS) for being one of the top performing teams, for the speed at which they paid grants to local businesses impacted by Covid-19, during the first lockdown.

5.2. Various grants schemes have been awarded to businesses throughout 2020/21, which include:

5.2.1. **Small Business Grant Fund (SBGF):** £33.8m administered from March- September 2020 and awarded under 3 different schemes, and supporting 2,764 local businesses.

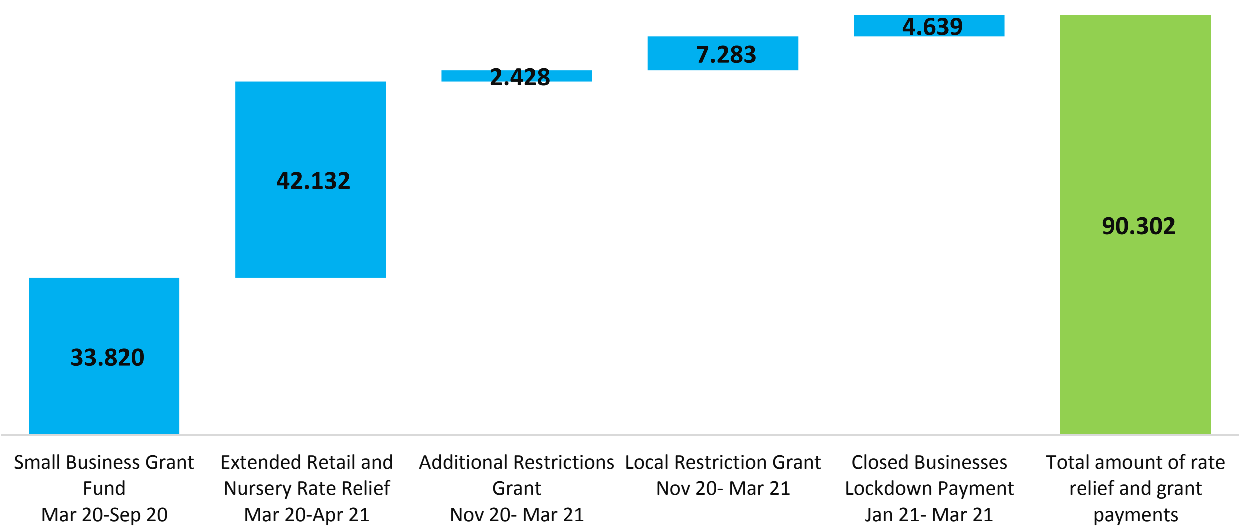
5.2.2. **Local Restrictions and Additional Restrictions Grants:** administered November 2020 to March 2021 including lockdown 2 and 3 related grants and discretionary schemes which the Council designed to best support local businesses.

5.2.3. **Closed Business Lockdown Payment**- announced by the chancellor following lockdown 3.0 in January 2021.

5.2.4. **Extended Rate relief and Nursery Discount**: introduced in April 2020, with the total relief granted reaching £42.1m supporting 1,300 businesses and 34 nurseries.

This brings the total level of grants and rate relief to £90m for the year as shown in chart 9:

Chart 9: Breakdown of rate relief and business grants Administered in 2020/21(£m)



5.3. The Council is continuing to administer some of these scheme where they remain open, or have been extended by the government. In addition a Business Restart Grant was announced in March to support the economy to reopen and recover. The Council has received a £8.3m grant and is working to promptly distribute this grant to businesses.

LCTS Hardship Fund

5.4. The Council received £1.7m of Council Tax Hardship funding at the beginning of the pandemic, to provide support to working age recipients of Local Council Tax Support (LCTS), by providing a further £150 reduction in their annual Council Tax bill. During the year £1.4m of government funding was allocated to 9,964 households, supporting working age families, those on lower income, or struggling due to the rise unemployment and furlough. The suspension of DWP debt recovery processes and suspension of formal recovery action until September has impacted the remaining debt recovery process though.

Test and Trace Self Isolation payments

5.5. In addition to business grants and LCTS hardship payments the team administered the government Test and Trace isolation payments. Since October 2020, 4,180 claims have been processed and awards totalling £0.775m have been made to those on low incomes, who have been required to self-isolate after testing positive or coming in the close contact with someone who has tested positive for Covid-19.

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CABINET	AGENDA ITEM No. 8
23 JUNE 2021	PUBLIC REPORT

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

OUTCOME OF PETITIONS

RECOMMENDATIONS	
FROM: *Directors*	**Deadline date:** *N/A*
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 Received by the Council

<u>Triple Lock Peterborough's Public Open Space</u>

The petition was submitted by Nyree Ambarchian on 27 October 2020. The petition contained 104 valid signatures and called for the Council to "commit to 'triple lock' our public open space: 1. Extended consultation time - from 21 days to 42 days with two days added for each public holiday that falls during the consultation period. 2. Greater promotion of community consultation than is currently required, to include: A) Posting by the Council on local community social media and online notice boards on at least three separate occasions B) A press release issued by the Council to all local media and on the council's own website."

The Head of Planning responded:

“The Government has designed a consultation system for the planning system which caters for a wide range and scale of developments which include the redevelopment of areas of open space. As the Council follows the legislative requirements for publicity, it is considered that there is no need to make enhanced provision for letting people know about the applications. In addition, the government requires the council to determine applications in a timely way and measures our performance against the targets it sets. To have a longer consultation period would compromise our ability to meet the targets. Finally, planning applications, must be determined in accordance with planning policy and any other relevant planning considerations. The number of people for or against an application is therefore not a factor which can lawfully be taken into account.

I appreciate that you will be disappointed by our reply but I hope that I have explained the reason for our position on the matter.”

Re-open the Glinton Surgery

The petition was submitted by Cllr John Holdich on 11 May 2021. The petition contained 205 valid signatures and called for “the council to Petition the Deeping Health Centre and Lincolnshire Health Authority to re-open the Glinton Surgery without further delay.”

The Acting Director for Public Health responded:

“The Glinton Surgery falls within Peterborough Unitary Authority's boundary and is a branch practice of the "Deepings Practice", which falls within Lincolnshire. The above petition was raised with the Director of Public Health for Lincolnshire and the Chief Executive of NHS Lincolnshire CCG.

The Glinton Surgery has been closed to standard patient appointments since the beginning of Lockdown in March 2020. This was in accordance with Government Guidelines but during this time it was used to house more clinically vulnerable staff to enable them to keep working in a supportive capacity, as a flexible cold site for the delivery of vaccinations and as a vaccination site.

NHS Lincolnshire CCG has informed us that Glinton Surgery re-opened on May 17th 2021, with a planned phased return of services. Additional information is available at the practice website.”

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.

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