

CABINET

TUESDAY 17 SEPTEMBER 2024

4.00 PM

Council Chamber - Town Hall

Contact – Daniel.Snowdon@peterborough.gov.uk, 01733 384639

AGENDA

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Circulation

Cabinet Members

Scrutiny Committee Representatives

Directors, Heads of Service

Press

*Any agenda item highlighted in bold and marked with an * is a 'key decision' involving the Council making expenditure or savings of over £500,000 or having a significant effect on two or more wards in Peterborough. These items have been advertised previously on the Council's Forward Plan (except where the issue is urgent in accordance with Section 15 of the Council's Access to Information rules).*

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**MINUTES OF THE CABINET MEETING
HELD AT 4.00PM, ON
TUESDAY 6 AUGUST 2024
IN THE COUNCIL CHAMBER, TOWN HALL, PETERBOROUGH**

To be read in conjunction with the agenda for the meeting.

Should you wish to listen to the debate had, please visit Peterborough City Council Website and select Audio - [Cabinet Meeting – 6 August 2024](#)

Cabinet Members Present:

Councillors Amjad Iqbal (Chair), Katy Cole, Mohammed Jamil, and Nick Thulbourn.

24. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dennis and Alison Jones and Councillor Shabina Qayyum

25. DECLARATIONS OF INTEREST

There were no declarations of interest

26. MINUTES OF CABINET MEETINGS HELD ON 16 JULY 2024

It was resolved to approve the minutes of the Cabinet meeting held on 16 July 2024 as a correct record subject to the correction of the typographical error with Councillor Cole's surname.

27. PETITIONS PRESENTED TO CABINET.

There were none.

28. IRRECOVERABLE DEBTS IN EXCESS OF £10,000

Cabinet received a report that sought approval for the write-off of the irrecoverable debt as outstanding.

In response to Councillor's questions officers:

- explained that the Council had a clear focus on debt recovery and the write-off exercise was completed biannually. It was accepted that recovery of all

debts would not be possible owing to businesses closing and council taxpayers that left the area and could not be traced.

- informed that when a council tax payment was late a reminder was issued and if there was no response then the full liability for the year would be due. In cases of continued non-payment then court action would be taken to seek a liability order for recovery to be undertaken by bailiffs. It was noted that debt was not sold to debt collection agencies in respect of council tax or business rates.
- Noting that the process could be long it was explained that debts could take a significant amount of time to clear, especially when a debt was being repaid as a deduction from welfare benefit payments.
- Advised that bad debt was part of the budget setting process and would not impact on other areas of the Council.

RECOMMENDATION:

Cabinet resolved unanimously to:

Authorise the write-off of the irrecoverable debt shown as outstanding in respect of Non-Domestic (Business) Rates, Council Tax, Housing Benefit Overpayments and Sundry Debt accounts. The total value of irrecoverable debts in excess of £10,000 outlined in this report is £1,250,801.

29. CONTRACT AWARD – HOUSING RELATED SUPPORT

The Cabinet received a report that sought approval for delegation of the procurement and the contract award of Housing Related Support to the Executive Director – Place and Economy

Members raised the following points:

- Outcome monitoring needed to ensure quality and not just cost. The Executive Director Place and Economy informed cabinet that switching from grant agreements to a contract model provided greater control over providers in terms of cost and quality.
- Questioned whether the services could be provided in-house. Officers explained that the majority of services procured were highly specialist and the needs of the cohort could not be met in-house.
- Questioned whether the scheme would support care-leavers. Cabinet noted that it was possible, however, there was a need to develop more targeted arrangements to support care leavers.

RECOMMENDATION:

Cabinet resolved unanimously to:

Delegate the decision-making function in relation to the outcome of the procurement and the contract award of Housing Related Support to the Executive Director Place and Economy. The contract(s) awarded shall be for the contract period 1 November 2024 to 31 March 2027 and optional extension periods (2 x one year) and total contract value shall not exceed £1,868,992.

30. SMART MANUFACTURING ALLIANCE (OPPORTUNITY PETERBOROUGH)

The Cabinet received a report that presented a recommendation from Shareholder Cabinet that the Smart Manufacturing Alliance be wound up.

RECOMMENDATION:

Cabinet resolved unanimously to:

Agree to the proposal that the Smart Manufacturing Alliance Ltd be wound up and authorises the commencement of the process to dissolve the company.

31. ACADEMY CONVERSION OF A SCHOOL

A report was received by the Cabinet that sought approval for the academisation of Peackirk-cum-Glinton Church of England Primary School.

In response to the report, the Cabinet requested a briefing note be issued regarding the lease once agreements had been reached. Action

RECOMMENDATION:

The Cabinet resolved unanimously to:

1. Authorises the Council to enter into the following:
 - a. A Commercial Transfer Agreement (CTA) between the Council, the Governing Body of Peakirk-cum-Glinton Church of England Primary School (the "School") and Peterborough Diocese Education Trust ("PDET").

- b. A Deed of Novation between the Council, the Governing Body of the School and PDET, for the Governing Body's interest in the following contracts to be novated from the Governing Body to PDET:
 - i. PV System Roof Access Agreement between the Council and the School; and
 - ii. Solar Power Purchase Agreement between the Council and the School.
 - c. Deeds of Novation/Assignment between the Council, PDET and (if applicable) the relevant third-party contractors, for the Council's interest in any contracts which are identified as requiring to be novated or assigned to PDET.
2. Authorises the Council to enter into the following:
- a. A lease of 125 years of the playing fields occupied by the School, at a peppercorn rent granted by the Council to PDET
 - b. A statutory transfer of hardstanding areas and built land on the School site from the Council to Peterborough Diocesan Board of Finance ("Diocese")
 - c. [any other *property documents to be authorised*],

the main terms of which are set out in Appendix 1 (or such alternative terms as the Executive Director for Children's Services, in consultation with the Director for Legal and Governance and the Executive Director for Corporate Services, determines are necessary to facilitate the academy conversion of the School).

3. Delegate authority to the Executive Director for Children's Services, in consultation with the Director for Legal and Governance and the Executive Director for Corporate Services to negotiate and enter into any legal documentation reasonably required to facilitate the academy conversion of the School.

32. QUARTERLY PERFORMANCE REPORT – QUARTER ONE 2024/25

The Cabinet received a report that provided the Council's performance data for quarter one.

In discussion, Members raised the following points:

- Questioned how child poverty would be tackled collaboratively. The Cabinet noted that a range of interventions were required. Housing would need to be addressed together with a focus on better, more secure employment. There would also need to be a community focus to ensure they were resilient and self-reliant. Poverty was a key focus with health partners.

- Expressed concern about recycling levels within the city, highlighting the increase in black bin collections. In response, officers explained that although recycling rates were increasing, however, there was a need to address what appeared to be a blip.
- Queried how the average wage equated to £34k per year, however, Universal Credit Claims were increasing. Officers explained that data was based on Department for Works and Pensions figures. The data highlighted the stark inequalities within the city.

RECOMMENDATION:

The Cabinet resolved to:

Note the Corporate Performance Report for Quarter One, 2024/25

Leader
16:00pm – 17:20pm
6 August 2024

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CABINET	AGENDA ITEM No.
17 SEPTEMBER 2024	PUBLIC REPORT

Report of:	Cecilie, Executive Director of Corporate Services and S151 Officer
Cabinet Member(s) responsible:	Councillor Mohammed Jamil, Deputy Leader and Cabinet Member for Finance and Corporate Governance
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Emma Riding, Service Director- Financial Management & Deputy s151 Officer

BUDGET CONTROL REPORT JUNE 2024 - QUARTER 1

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and S151 Officer	Deadline date: N/A
It is recommended that the Cabinet notes the Councils financial performance and forecast for 2024/25 as at 30 June 2024 (Quater 1).	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet to provide an update on the Councils forecast Outturn Position for 2024/25, following review and consideration from the Corporate Leadership Team.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide Cabinet with an overview of the Councils forecast outturn for 2024/25, as at 30 June 2024.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.12, *‘To be responsible for the Council’s overall budget and determine action required to ensure that the overall budget remains within the total cash limit’.*

3. TIMESCALES

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

4.1 Revenue Summary

At the end of quarter 1, the forecast outturn position for 2024/25 is showing a projected overspend of £10.3m (4.7%), against the £220m net revenue budget. This is largely driven by a handful of factors including:

- Interest rates remaining high, impacting on the cost of borrowing,
- A rise in the number of Children's Social Care Placements
- Demand for Adult Social Care packages
- A rise in homelessness presentations, driving up the cost of temporary accommodation and use of Bed and Breakfast.

The Dedicated Schools Grant (DSG) is also forecast to overspend by £6.1m, mainly due to the rise in expenditure within the high needs block, which is an issue effecting over 80% of Local Authorities with responsibility for education services. This will be partly offset by the remaining DSG Reserve, resulting in a £3.9m Deficit being held.

This position leaves the Councils reserves balances in fragile position, taking them down to £9m (£12.9m excluding the £3.9m DSG Deficit), of which £4.3m is ringfenced for specific use. **This is below the level which would be deemed adequate and if the position continues on this trajectory reserves balances will not be sufficient to cover any budget gap in the next financial year.**

In addition to the pressures set out within this report further risk remains. Section 4.4 sets out these risks, which if remain unmitigated could further impact the position. The Corporate Leadership Team and Officers are working on plans to mitigate these as far as possible. Budget challenge sessions have been held on 8 key areas to gain assurance around the deliverability of these. It should also be noted that due to these factors the level of risk around the Council's Financial Resilience and Sustainability has been rated high on the strategic risk register.

Management actions have been put in place to reduce the overspend as far as possible before the end of the financial year.

- In direct response to the higher-than-expected cost of borrowing a capital moratorium has already been put in place, in order to reduce new borrowing until interest rates fall to a more appropriate level.
- Promoting good financial management across the whole organisation making sure its everyone's business. This has included increased staff communication to ensure there is wider awareness of the Councils financial position and ensuring accountability for budget management is clear.
- Recruitment Freeze has been put in place, with a primary focus on reducing the use of Agency workers and promoting a sustainable workforce.
- Short term freeze on new procurement activity to put in place some improvements within the service.
- Budget Setting and MTFS Process progressing- with a focus being placed on efficiencies and reductions which could be delivered immediately to generate short term savings. With the longer-term sustainable plans being developed through the portfolio boards.
- High risk rates savings have been subject to additional scrutiny by the Chief Executive and the Section 151 Officer.

In recent years the Council has responded well to this challenge and turned the position around, however this is becoming more challenging as demand for services increases faster than our core funding does.

4.2 DIRECTORATE SUMMARY

The following table summarises the forecast outturn position by directorate:

Table 1: 2024/25 Forecast Position- Directorate Analysis

Directorate	Budget £000	Forecast £000	Projected Variance £000	Overall Status
Place & Economy	19,571	21,956	2,385	Overspend
Children and Young People	55,229	58,555	3,327	Overspend
Adult Social Care	75,180	76,457	1,278	Overspend
Public Health	(316)	(316)	-	On Budget
Corporate Services	36,548	36,368	(180)	Underspend
Capital Financing	34,100	37,565	3,465	Overspend
Total Expenditure	220,310	230,585	10,275	Overspend
Financing	(220,310)	(220,310)	-	On Budget
Net	-	10,275	10,275	Overspend

The following section summarises the key variances (see Appendix A for a further breakdown):

Adult Social Care

Pressures:

- Adults Commissioning has a forecast gross overspend of £4.8m, due to a rise in demand for care packages. Mitigating plans are in progress to reduce this to £0.8m by managing demand, improved market oversight and utilisation of new grant funding.
- There is a forecast overspend of £0.4m for Integrated Community Equipment Store and £0.1m for the lifeline contract as these are now being funded via revenue as a result of the Capital Moratorium.

Children and Young People

Adverse:

- Children's Social Care placements costs are forecast £2.5m over budget. The Placements budget was built on an assumption there would be 423 Looked After Children (LAC). At the end of June LAC numbers were 437. Residential placements have risen from 29 to 42 which is driving this pressure, due to the higher associated costs. There are also pressures arising from securing partnership funding and meeting the full £1.6m transformation savings targets included in the Medium-Term Financial Plan.
- There is a £0.2m pressure relating to home and community one to one support within short breaks, for children with complex needs. There are several high-cost packages which are driving the forecast.
- Transport for Children Looked After £0.2m.

Favourable:

- £0.4m favourable position for the PFI contract which relates to an overprovision of utilities inflation.

Dedicated Schools Grant (DSG)

- The High Needs Block is forecast to overspend by £5.4m due to additional spend in relation to Special Schools, Post 16 and Maintained School top-up funding.

- Schools Block is forecast to overspend by £0.7m due to an increase in years 7 & 8 places required and accelerated opening of classes at newly opened schools.
- The remaining balance of the DSG reserve (£2.2m) will be used to part mitigate this overspend, which will then result in a £3.9m DSG Deficit being held in reserves to cover the remaining balance.

Corporate Services

Corporate Services is currently forecasting a -£0.2m underspend position with offsetting positive and adverse variances contributing to the overall position. However, the directorate does have some challenging savings targets and associated risks at this early stage in the year, and these will be closely monitored and reported if any risks materialise due to planned mitigating action not being delivered.

Capital Financing

Adverse:

- Bank of England interest rates have remained high, therefore as existing borrowing ends, the Council is refinancing at higher rates. This has created a £2m pressure on interest payable on existing loans.
- There is also a £0.5m pressure on new borrowing, as this will be at higher rates than anticipated. This is being managed through a capital moratorium until interest rates reduce.
- Minimum Revenue Provision (MRP) which is an amount set aside to repay the initial loan, is forecast to overspend by £1m. MRP was restructured last year to ensure it is managed in the most effective way, therefore opportunities to mitigate this are minimal.

Place & Economy

Adverse:

- £0.8m pressure on Housing Needs due to cost pressures from temporary accommodation, during the first quarter the number of households placed in Bed and Breakfast peaked at 115. The overall position is likely to worsen given the significant risk of continued pressure.
- Highways and Transport are forecasting a £0.1m pressure due to the end of Highways contract savings and reduced bus departure fees
- Culture & Leisure £1.5m pressure due to a cost neutral leisure service not having been achieved. Options are being developed for alternative solutions.

Public Health

The Public Health Directorate is forecasting a balanced budgetary position. There is currently a contribution to the Public Health reserve of £0.1m due to small, forecasted underspends on a number of contracts and use of reserve funding to substitute costs.

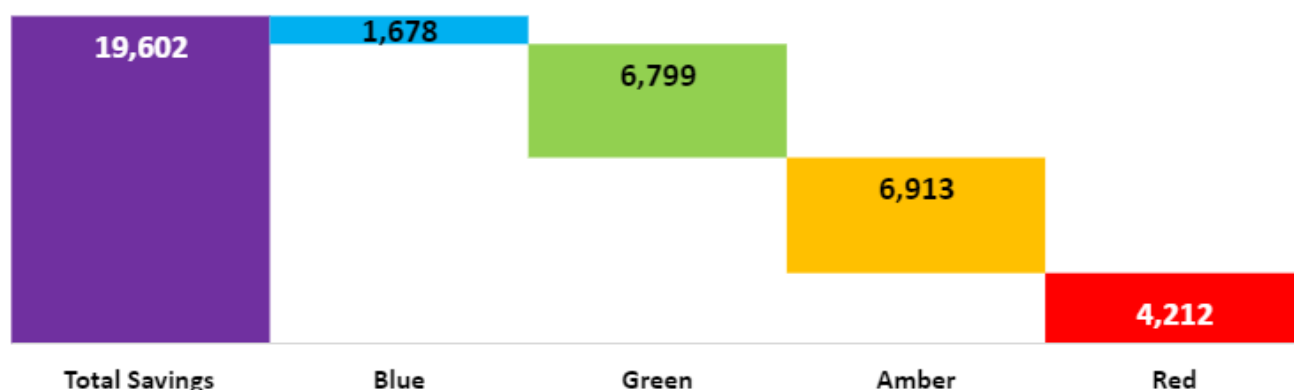
4.3 SAVINGS PROGRAMME

The savings programme is being monitored by the Capital and Invest to Save Board to review, challenge and provide support to each directorate, to ensure the Council's £19.1m savings plan is being delivered.

The following chart summarises the current RAG status of the 2024/25 Savings Plans, outlining:

- 43% are categorised as blue (realised) and green (low risk to achievability in year)
- 35% as amber (moderate risk to achievability in year)
- 21% as red (high risk to achievability in year)

Forecast Savings Delivery 2024/25 by Risk Rating (£000)



Due to some of the 2023/24 savings plans being delivered by alternative solutions and mitigations, the savings which are still to be delivered in line with plan have been added into the tracker to ensure they continue to be monitored and actioned.

At the end of June there is a moderate risk to the delivery of the programme with over 50% being rated as Red or Amber. The RAG rating will be used to identify where additional oversight and support needs to be focussed. The board is looking at options for mitigation and will keep monitoring this to ensure the savings are delivered in full.

There are 9 **Red** ragged savings totalling £4.2m, below is a list of the top 5 red items:

- **Housing Temporary Accommodation / service transformation – (£0.961m)** – Demand and complexity continues to increase over and above previous years, outstripping supply and resulting in suppressing the effect of action plans. The directorate is actively looking into measures to address structural overspends and move forward with transformation to realise efficiencies.
- **Culture & Leisure – Delivery of savings on services – (£1.431m)** – The original plan to award contracts to Peterborough Limited's subsidiary, PCHLL, cannot be achieved without a substantial subsidy meaning the impact of any savings would at best be neutral. Consequently, we are exploring other options in order to achieve efficiencies and to make these services affordable. Meanwhile, a variance of £1.5m is therefore reported to account for YTD unrealised NNDR / VAT benefits, with the assumption that options will start to be implemented from quarter 3.
- **Aragon Direct Services efficiencies – (£0.7m)** – Recommendations for significant structural and service change will be presented to Cabinet in August - it is hoped these will achieve the savings target.
- **Waste - Recycling saving as a result of the Education & Communication function – (£0.3m)** – A range of educational activity is taking place, and the council has received funding to roll out food waste collections to flats which will further support an increase in recycling. Next steps include recruitment for additional posts and discussions with Aragon to discuss curbside rejections.
- **Housing Related Support – (£0.3m)** - Delay in procurement timeline due to complexities.

4.4 KEY RISKS

Table 2 outlines the Council's currently known red rag rated budgetary risks. These have not been fully incorporated within the forecast outturn position as the anticipated pressure has not yet materialised. The strategic direction and approach to mitigating these risks are considered and implemented.

Table 2: Budgetary Risks

Key Risk	Value	Risk Description	Mitigating Action
Culture & Heritage	£0.5m	Risk that the current service provision cannot be contained within the available budget, including the saving target introduced in prior years for full delivery to be in place by 2024/25. £1.5m of the original £2m risk is now reported on bud control as a pressure	The loss of the regional pool has meant that contracts cannot be awarded without further subsidy. As a consequence, to continue would mean savings benefits would be significantly impacted and not fully realised. To mitigate this, proposals will be taken to July Cabinet to consider alternative models aimed at reducing this risk. This includes a proposal to provide the council the control of culture and heritage services to achieve efficiency targets, and revisiting outsource options for leisure to negate the impact of the loss of the pool.
Housing	£1m	Pressure in Housing Needs Budget related to Bed and Breakfast (B&B) Spot Purchased Accommodation. Over 100 households are currently in B&B accommodation. The risk is over and above the £0.8m pressure already reported.	<ul style="list-style-type: none"> • Weekly review of B&B cases in the service to manage bookings. • Every opportunity taken to take advantage of less costly spot purchased accommodations. • There are 33 units of Private Sector Leased accommodation which were not realised in 23/24 to come online in 24/25 including 4 acquisitions. • 14 units of costly void accommodation have been brought back online. • Further invest to save opportunities - Developing Supported Exempt Temporary Accommodation model and training flats for care leavers. • The Economy and Inclusive Growth Portfolio Board has agreed that housing and homelessness should be one of its core transformation programmes going forwards. • A programme transformation board is being formed, chaired by the SD, which will report into the portfolio board.
Peterborough Ltd (Aragon Direct Services)	£1m	Risk that the £1m cumulative saving target will be delayed or unattainable.	Recommendations for significant structural and service change will be presented to Cabinet in July. If approved, the work to quantify the financial outcomes as a result of those recommendations will take

			place over the summer before final recommendations are presented.
Children's Social Care High-Cost Placements	£290k-annual cost of 1 residential placement	No provision for further CSC Placements if LAC numbers rise as anticipated. The 24-25 budget was based on 423 LAC and as at June we are at 437. We budgeted for 29 budgeted Residential placements and the current number is 42.	Service Director is now to approve all children entering care. Service Director will approve all requests for residential to ensure that all options are considered.
Children's Social Care Placements - Health Funding		Securing financial contributions from Partners for very complex need children. The MTFS included £1m contribution for complex children which is yet to be secured.	A consultancy has been commissioned and are currently working on a project to review processes and cases.
Dedicated Schools Grant- High Needs Block		The number of children with EHC Plans is increasing and there is an increasing number of children with complex needs. This may result in costs exceeding those already included in the forecast. This will increase the likely DSG deficit position. Statutory override in place until 31 March 2026, which means Local Authorities are to hold a negative DSG reserve, where there is a deficit position. There is no guidance around what happens beyond this.	Meetings with the DfE and EEFSAs have already started to discuss the Councils forecast deficit position and develop a DSG management plan. Early indication is no additional funding will be available. SEND capital grant received-options to create more provision are being reviewed. SEND Strategy being developed to affirm Peterborough approach to supporting children without the need for an Education, Health and Care Plan, what support is available in mainstream schools, and what support is available in special schools.
Education Home to School transport		Education transport - Multiple routes to be re-tendered for Academic Year 24/25. Availability of School places (mainstream and SEND) is resulting in increased eligibility for transport. It is anticipated that there will be 15 new Out of City SEND placements from September 24 and a further 15 from January 25. These placements will result in additional Transport costs. Children Looked After Transport - increasing	Only children who meet the criteria for School Transport under the Council's policies will be provided with transport. Where financially advantageous, Parental Mileage or Personal Transport budgets will be provided. Task and finish group established to focus work on cost avoidance and savings, including reviewing contracts and routes. Updated charges as agreed at Full Council in Feb 2024 are being implemented from start of school year, as agreed. Regular reviews of Children Looked After Transport are being

		number of children placed out of city resulting in high-cost taxi routes, unable to recruit additional volunteer drivers. One driver is long term sick resulting in increased use of taxi provision.	undertaken with Social Care Managers to ensure Eligibility.
Sand Martin House additional rental income - Renting out office accommodation to private sector	£0.226m	The Engine Shed at Sand Martin House is to be retained internally (rather than leased to new tenants) which means we are not able to achieve the income target for this year	The property service has a number of income/ savings targets to achieve during 24/25. While no mitigation is currently identified, the service will review all operational areas to see if this risk can be mitigated via alternative solutions, this will include reviewing costs and a commercial rent review.
Legal Services - restructure and external fees saving target	£0.382m	Funding the restructure of the legal services team, plus £0.1m saving target placed on the external legal fees (instructing external legal advice) during the 24/25 MTFS process.	Following a consultation exercise, the structure of the legal services team is currently being reviewed by the recently appointed monitoring officer, in collaboration with finance and CLT. This needs to take account of budget affordability but should help to reduce reliance on external legal instruction. Legal services have overspent in recent years due to the increasing demand on the service and the need to use external advice and cover vacancies. A recent change in approach to centralise budgets has meant that legal activity should now all be via the legal team to provide better oversight of legal activity across the Council. Despite this, and even if savings can be delivered, it is still possible that the service will be reporting a pressure by year-end. We are currently carrying out a review of the predicted spending on external lawyers and locums to improve the accuracy of forecasting in this business area.
NNDR	Impact from 2025/26	This risk relates to an anticipated reduction in income from NNDR. This is due to: <ul style="list-style-type: none"> Rise in properties receiving empty property relief, including avoidance schemes. 	<ul style="list-style-type: none"> Forecasts are being reviewed in more detail with the growth team and R&B- meetings established quarterly. New software from Destin to support more accurate growth forecasts Tackling avoidance schemes

		<ul style="list-style-type: none"> • Valuation Appeals relating to the 2017 list. • Delays from VOA in adding properties to the ratings list • Slower growth than anticipated 	<ul style="list-style-type: none"> • Seeking professional valuation on appeals • Drive to get empty properties back in use.
Savings Delivery	£10.9m	£10.9m of savings plans are rag rated as amber or red as per section 4.3.	Officers and members are committed to the delivery of the savings. Where there are delays in delivery against the plans mitigating savings are being put in place. This is being monitored in a monthly Capital and Savings board attended by the Executive Leadership Team.

4.5 RESERVES

The Councils reserves balances are fragile, with balances forecast to reduce to just £8.9m (including £4.3m of ringfenced balances) at the end of this financial year, from £70m at the end of 2022/23, an 87% reduction. In light of the current year £10.3m forecast overspend the reserves balances leave the Council with incredibly low resilience, hampering the ability to respond to an emergency effectively or invest in service transformation. **If left unresolved, together with the projected budget gap in following year it's highly likely expenditure would exceed all available resources.** Focus is firmly on reducing the current year overspend, managing risk and ensuring a robust, balanced budget is set for the next financial year, to avoid such a situation.

The following section and table summarise the current forecast reserves position:

- **General Fund** is forecast to reduce to £0.467m, as it is assumed this will be used to fund the £10.3m in year overspend to ensure there is a balanced position.
- **The Dedicated Schools Grant (DSG)** is forecast to be in a deficit position, which is held as a negative reserve. The table only takes account of the 2024/25 overspend, but if the current trajectory continues its likely the deficit will increase in 2025/26.
- **Local Tax Income Reserve** is being used to mitigate the pressure from the Business Rates volatility. It's expected this will be fully used in 2025/26 due to an expected collection fund deficit.
- **Departmental & Grant related reserves** are usually grant funds which have been received in advance for specific projects covering multiple years.
- **Ring-Fenced Reserves** are held for a specific purpose. These include Insurance, Schools Capital Expenditure, Parish Council Burial Ground, Hackney Carriage and Public Health reserves.
- **Inflation Reserve** was established to provide a safety blanket to mitigate the immediate financial impact of any inflation pressures. During 2024/25 its intended use includes mitigating the expected energy income (ERF) shortfall, as energy prices have fallen below forecasts due to a rise in solar PV across the UK.
- **Innovation Fund** - This reserve is held to fund one-off type expenditure, such as service transformation, which will improve the longer-term financial position of the Council as contained in the MTFs. As per the Councils reserves policy these are being considered for approval by the officer led Capital and Invest to Save Board.

Table 3: Reserves Position

	Est Bal at 31.03.24	Est Bal at 31.03.25	Est Bal at 31.03.26
	£000	£000	£000
General Fund	10,342	467	1,217
Departmental & Grant Related Reserve	4,569	2,957	2,404
Innovation Fund Reserve	15,114	2,911	2,413
Local Taxation Risk Reserve	4,187	819	719
Inflation Risk Reserve	3,797	1,197	1,197
Ring-Fenced Reserves	4,922	4,317	4,210
Total Earmarked and General Fund Balance (Exc DSG)	42,931	12,668	12,160
Dedicated School Grant*	2,163	(3,702)	(3,702)

Total Earmarked and General Fund Balance	45,093	8,966	8,458
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*assumes no further DSG overspend beyond 2024/25.

4.6 CAPITAL PROGRAMME

Overview

The Council's Capital Programme is set at £140.9m, as set out in Table 4:

Table 4: Capital Programme Actual Performance	£m
Capital Programme agreed at Council on 21 February 2024	120.4
Slippage from 2023/24	28.4
Moratorium Paused Schemes	(7.9)
Total Capital Programme	140.9

Due to Interest rates remaining higher than predicted and rates not expected to reduce until September, the cost of borrowing is putting significant (£3.5m) strain on the Councils Revenue budget. To put this into context where existing loans are maturing at lower rates, refinancing options are at rates of c5.4%, during 2024/25 there are c£70m of loans due to mature. In response to this the Capital and Invest to Save Board has agreed to introduce a **Capital Moratorium with immediate effect** until Bank of England (BoE) base interest rates reduce to an acceptable level. This moratorium applies to all capital schemes apart from those that are:

- externally funded (i.e. by grant),
- absolutely required for Health and Safety, or
- Invest to Save (cashable revenue savings above the cost of borrowing).

This has therefore had some impact on the forecast, as schemes falling outside of the above criteria have been paused. As at the end of quarter 1 the Council is forecasting to spend £111.4m, 79% of the total programme. At this only point £13.6m (10%) has been spent or committed, as summarised in Table 5.

Table 5: Capital Programme Spend and forecast by directorate.

Directorate	Budget £000	Actual Spend & Commitments £000	%	Forecast Spend £000	Projected Variance £000
Corporate Services	36,271	725	2%	30,401	(5,871)
Children and Young People	29,818	(269)	-1%	17,366	(12,451)
Adult Social Care	4,826	436	9%	3,582	(1,244)
Place & Economy	69,994	12,684	18%	60,060	(9,935)
Total	140,909	13,577	10%	111,409	(29,500)

The following section provides further information on the scheme progress:

Place & Economy

The Housing capital budget for 24/25 is £13m, of which up to £4.5m may be delayed until borrowing costs reduce. The remaining £8.5m includes spend to date, and the remainder is committed as match funding for grant schemes in connection with the Local Authority Housing

Fund, and Single Homelessness Accommodation programme, and purchases of properties for Temporary Accommodation.

The Towns fund programme shows a budget of £9.9m in this financial year and £12m in future years. As works continue on these schemes £9.1m is now forecast to be spent by March 2025 with £10.6m in 25/26 and £2.4m extending to 26/27.

Milestone Infrastructure, our highways partner, are expected to carry out grant funded works over the next 12 months totalling £6.8 million. This includes the enhancement of roads, bridges and street lighting as well as pothole repairs.

Milestone are also set to deliver three significant projects for a combined £6.5 million this financial year - Cygnet Bridge (within the Towns Fund Programme, and completing in 2025/26), city centre hostile mitigation and extreme weather highways improvements which are required to proceed for reasons of Health & Safety.

Corporate Services

The Corporate Services capital programme includes slippage in respect of redevelopment schemes for both Westcombe Square (-£2.4m) and 4 & 5 Royce Road (£2.15m). Both schemes are forecast to incur £100k in design fees during 24/25, but the significant construction activity will be during 25/26. There is also slippage for the Cremator relining works (£50k), as well as a small forecast slippage on the Strategic Property Portfolio Asset Management Plan of £800k (6% of budget).

Adult Social Care

The Adults capital programme includes £3m for Disabled Facilities Grant (DFG) projects, all fully grant funded and expected to be spent during 24/25.

Children and Young People

The Childrens and Young People capital programme includes £7.6m in 24/25 for the building of a new primary school in the Great Haddon area. The project is currently at the feasibility stage with a proposal for a partial opening of the school in Sep-25. The programme includes a high needs grant of £12m which is profiled over the next two years. Part of this grant is being used to convert the former St Georges Hydro Pool into teaching space for children at Heltwate school and there is on-going work on proposals for use of the remaining grant to provide additional SEND pupil places in Peterborough. The programme also has £3m of schools' condition grant which is being used to improve the condition of maintained schools and any health and safety works required. Survey have been carried out at the schools and works have been identified to be carried out over the summer holidays. Works include re-roofing and remediation works.

Appendix B providing the performance at directorate and scheme level.

Funding

The Council aims to fund the Capital Programme from grants, third-party contributions or capital receipts, with new borrowing only being incurred only when absolutely necessary. Due to the position on the Capital financing programme the Council will be closely reviewing grants to ensure claims are submitted at the earlier possible point, with the property team also reviewing the disposal programme to look at options to bring timelines forward or consider additional assets for sale.

Within the first two weeks of the 2024/25, four rural sales completed totalling £6.2m. Further projected asset sales planned in 2024/25 total £17.1m, of these £6.7m is currently RAG rated as amber and £10.9m as green. This will be achieved via disposal of the rural estate, locality asset review and surplus commercial assets.

5. CORPORATE PRIORITIES

- 5.1 Monitoring the Councils in year forecast outturn is a key part of the Council's performance and improvement framework and aims to demonstrate how the Council manages its finances and expenditure throughout the year. This therefore supports all the council's priorities, but it is strongly geared towards enabling the Council to deliver on the following priority:

Supported by a Sustainable Future City Council - adjust how we work, serve and enable, informed by strong data and insight capability and led by a culture of strong leadership.

6. CONSULTATION

- 6.1 Not Applicable - Performance report, item for information

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 For Cabinet to review and note the Councils current year forecast Outturn Position for 2024/25.

8. REASON FOR THE RECOMMENDATION

- 8.1 To ensure members of the Cabinet are abreast of the Councils current year forecast Outturn Position for 2024/25.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Not Applicable - Performance report, item for information.

10. IMPLICATIONS

Financial Implications

10. Not Applicable - Performance report, item for information.

1

Legal Implications

10. There are no legal implications in respect of what is proposed in the report which is a performance report.

2

Equalities Implications

10. Not Applicable - Performance report, item for information

3

11. BACKGROUND DOCUMENTS

12. APPENDICES

- 12.1
- Appendix A – Departmental Variances
 - Appendix B – Capital Scheme Variance Analysis
 - Appendix C – Council Tax, Business Rates and Debt Performance

Appendix A – Departmental Variances

Budget Group	Budget £000	Forecast Spend £000	Projected Variance £000	Overall Status
Director Place & Economy	20	19	-	On Budget
Infrastructure & Environment - Highways & Transport	5,456	5,569	113	Overspend
Growth & Regeneration - Planning & Building Control	1,602	1,583	(19)	Underspend
Infrastructure & Environment - Environment & Climate Change	8,890	8,890	-	On Budget
Infrastructure & Environment - Westcombe Engineering	34	34	-	On Budget
Housing & Communities - Domestic Abuse Partnership	109	109	-	On Budget
Growth & Regeneration - Growth & Economic Development	69	69	-	On Budget
Housing & Communities - Stronger Communities	3,690	5,971	2,281	Overspend
Housing & Communities - Safer Communities	(1,627)	(1,616)	11	Overspend
Infrastructure & Environment - Regulatory Services	1,189	1,189	-	On Budget
Housing & Communities - Emergency Planning	139	139	-	On Budget
Total Place & Economy	19,571	21,956	2,385	Overspend
Adults - Commissioning	64,203	65,573	1,371	Overspend
Adults and Safeguarding	9,356	9,184	(172)	Underspend
Executive Director Adult Social Care	1,184	1,289	105	Overspend
Performance & Strategic Development	214	200	(13)	Underspend
Principal Social Worker	224	211	(13)	Underspend
Total Adult Social Care	75,180	76,457	1,278	Overspend
Executive Director of Children's Services	957	1,007	50	Overspend
Education	11,443	11,289	(154)	Underspend
Children's - Operations	17,666	18,389	724	Overspend
Children's Commissioning	24,445	27,164	2,720	Overspend
Commercial Operations	719	706	(13)	Underspend
DSG-carry forward (reserve)	-	(6,111)	(6,111)	Underspend
DSG-Central School Services Block	-	38	38	Overspend
DSG-Early Years Block	-	-	-	On Budget
DSG-High Needs Block	-	5,387	5,387	Overspend
DSG-Schools Block	-	686	686	Overspend
Total Childrens and Young People	55,229	58,555	3,327	Overspend
Children 0-5 Health Visitors	3,736	3,736	-	On Budget
Children 5-19 Health Programmes	1,001	1,001	-	On Budget
Sexual Health	2,095	2,007	(88)	Underspend
Substance Misuse	2,407	2,407	-	On Budget
Substance Misuse Grants Expenditure	2,622	2,622	-	On Budget
Smoking and Tobacco	268	262	(6)	Underspend
DPH Office & Intelligence Team and Projects	1,734	1,835	102	Overspend
Health Check Services	155	155	-	On Budget

Budget Group	Budget £000	Forecast Spend £000	Projected Variance £000	Overall Status
Healthy Lifestyles & Publicity	274	274	-	On Budget
Weight Management and Obesity	296	289	(8)	Underspend
Substance Misuse Grants	(2,622)	(2,622)	-	On Budget
Public Health Grant	(12,282)	(12,282)	-	On Budget
Total Public Health	(316)	(316)	-	On Budget
Director of Corporate Services	320	313	(6)	Underspend
HR & Workforce Development	2,902	3,001	99	Overspend
Financial Services	2,349	2,349	-	On Budget
Corporate Items	11,401	11,436	35	Overspend
Operational Services	5,690	5,690	-	On Budget
Digital, Data & Technology Services	7,049	7,049	(1)	Underspend
Cemeteries, Cremation & Registrars	(1,895)	(2,182)	(286)	Underspend
Corporate Property	1,521	1,519	(2)	Underspend
Marketing & Communications	540	548	8	Overspend
Internal Audit and Insurance	1,850	1,843	(7)	Underspend
Chief Executive	330	337	6	Overspend
Director of Legal & Governance	207	231	24	Overspend
Legal Services	2,000	1,937	(63)	Underspend
Information Governance	220	224	4	Overspend
Constitutional Services	2,065	2,075	10	Overspend
Total Corporate Services	36,548	36,368	(180)	Underspend
Capital Financing - MRP	17,954	18,954	1,000	Overspend
Capital Financing - Interest Payable	17,800	20,237	2,436	Overspend
Capital Financing - Interest Receivable	(1,705)	(1,705)	-	On Budget
Capital Financing - Other	51	80	29	Overspend
Total Capital Financing	34,100	37,565	3,465	Overspend
Total Expenditure	220,310	230,585	10,275	Overspend
Funding	(220,310)	(220,310)	-	On Budget
Net	-	10,275	10,275	Overspend

Appendix B – Capital Scheme Variance Analysis

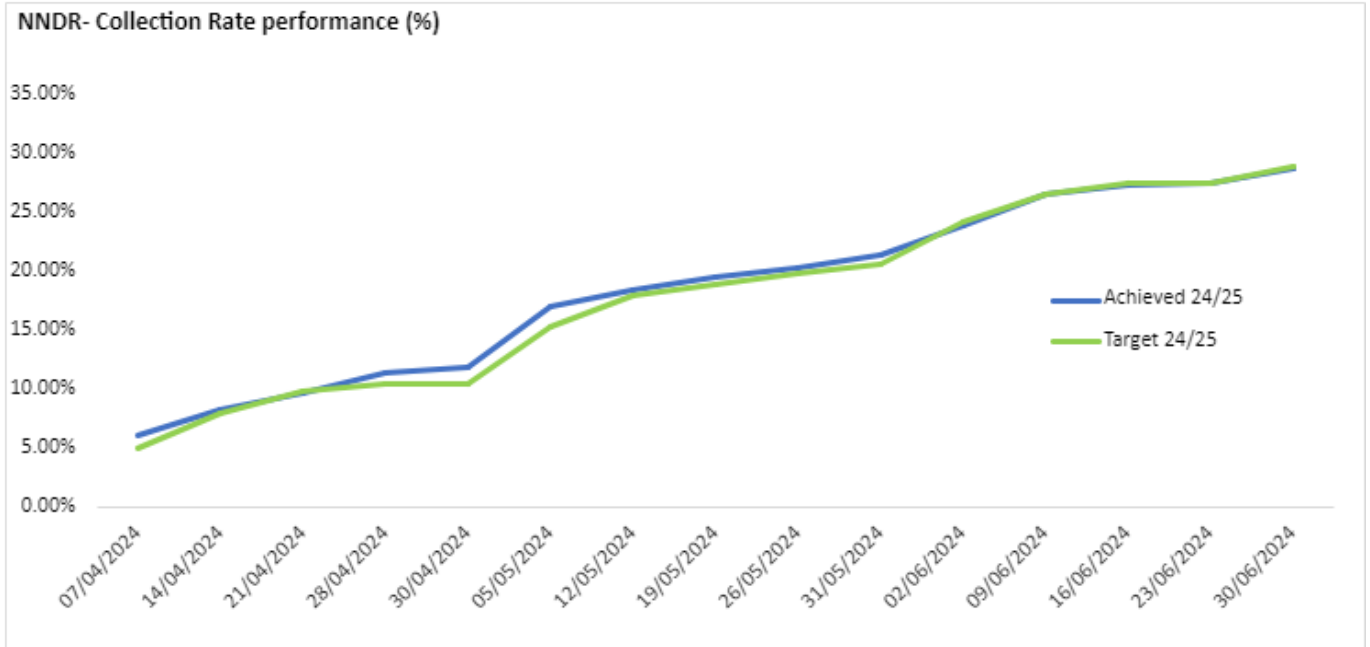
Schemes	Budget £000	Forecast Spend £000	Projected Variance £000
Corporate Services			
Strategic Property Portfolio Asset Management Plan	13,179	12,379	(800)
Leisure Trust - Property	571	571	-
Hilton Hotel Loan	10,120	10,120	-
Cremator Relines	50	50	-
ICT Projects	4,523	4,527	5
Crematoria/Cemeteries Development	1,078	553	(525)
Installing Solar Photovoltaic Capability on Council Buildings	95	95	-
Property Acquisitions	375	375	-
Investment Properties	6,280	1,730	(4,550)
Place & Economy			
Play Area Improvement Programme	487	487	0
LTP - Integrated Transport Improvements	1,326	1,327	1
Highways and Transport minor schemes	-	-	-
Westcombe	139	139	-
A1260 Nene Parkway Improvements	1,605	1,616	11
Eastern Industries Access	2,250	1,709	(541)
A16 Norwood Dualling	916	576	(340)
Peterborough University Access	202	62	(139)
Extreme Weather Network Improvements	1,000	1,000	-
Safety Fencing Network	-	5	5
Allotments & Neighbourhood Parks (Phase 1)	31	31	-
Renewable Energy Projects (PCC)	634	634	-
Green Wheel Improvements	167	121	(46)
Towns Fund - Accelerated Fund	218	218	(0)
Towns Fund	9,753	6,867	(2,885)
Regeneration Masterplan	532	532	-
Aragon Fleet Replacement Programme	4,133	4,133	-
Emergency Active Travel (Grant)	687	167	(520)
Parking	105	105	0
A14 Cambridge to Huntingdon Improvement Scheme	60	60	-
Local Authority Treescape Fund - Forestry Commission	163	163	-
Waste Management Strategy	78	78	-
LUF - University	4,437	4,437	-
City Centre Counter Terrorism Improvement Works	1,176	1,176	-
The Boardwalks Local Nature Reserve Enhancements	120	120	-
LTP - Highway Improvements	584	634	50
LTP - Pothole Prevention Improvements	3,839	2,950	(889)
LTP - Street Lighting Improvements	814	814	-
LTP - Bridges & Structures Improvements	1,267	1,267	-
Housing	12,980	8,480	(4,500)

Schemes	Budget £000	Forecast Spend £000	Projected Variance £000
Communities - Other Infrastructure	269	261	(8)
CCTV	101	-	(101)
LUF - Station Quarter	13,203	13,203	-
Active Travel Funding 4	2,717	2,684	(33)
Growth & Regeneration - Other Infrastructure	4,000	4,000	-
Adult Social Care			
Aids And Adaptations	825	10	(815)
Disables Facilities Grant	2,906	3,306	400
Repair Assistance	69	(9)	(78)
Housing for Vulnerable People	750	-	(750)
Children and Young People			
Capital Maintenance On Schools	3,107	2,969	(138)
Mobiles Purchase/Lease	1,350	1,012	(338)
Heltwate School	500	376	(123)
Other Schools	1,084	712	(371)
PFI Condition Works	3,875	1,262	(2,613)
Manor Drive Schools	-	(421)	(421)
New School Places	7,876	2,300	(5,576)
Eye Primary Expansion	4,000	3,400	(600)
Second extension to Heltwate Special School	4,340	4,340	-
Family Hubs	171	-	(171)
Early Years Expansion	415	415	-
Contact Centre	500	-	(500)
Housing-Children's	2,600	1,000	(1,600)
	140,909	111,409	(29,500)

Appendix C – Council Tax and Business Rates Performance

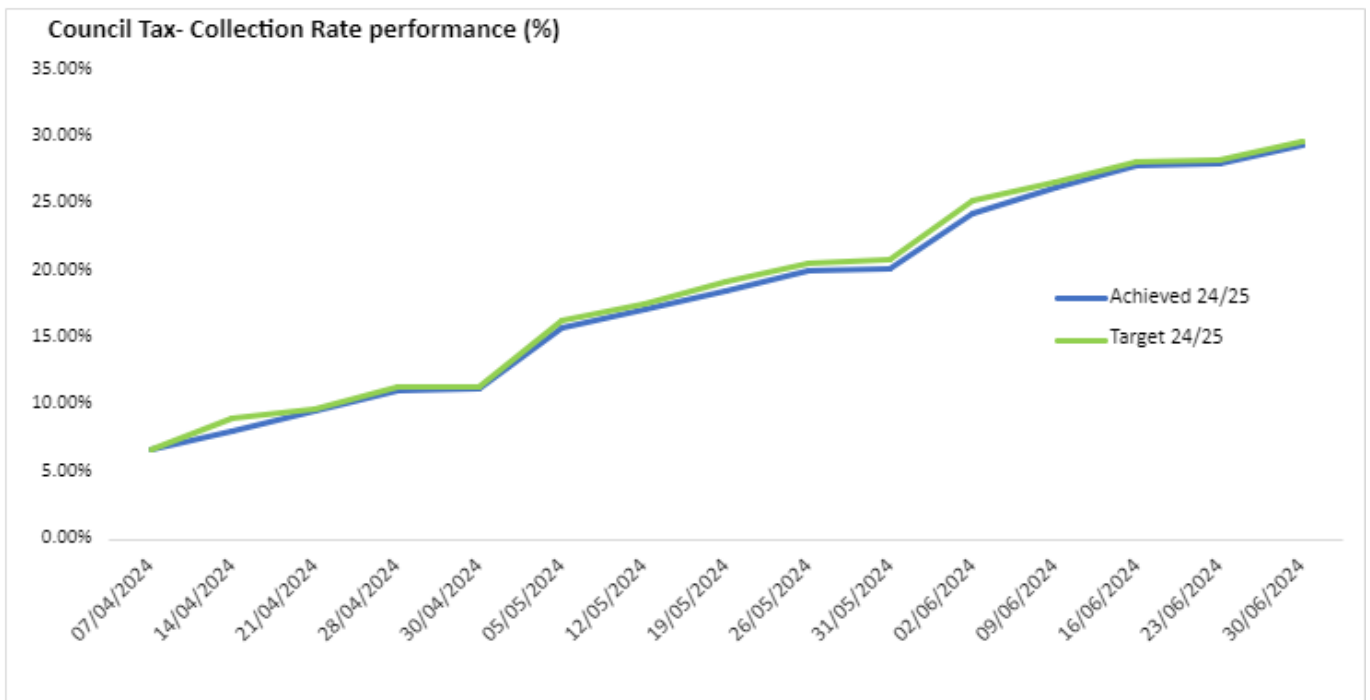
Business Rates

The Council’s collection rate for Business Rates income is 0.05% behind target for 2024/25



Council Tax

Collection rate for Council Tax income collection is 0.38% behind target. This performance will remain under close observation throughout 2024/25 especially in light of the current economic climate.



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CABINET	AGENDA ITEM No. 6
17 September 2024	PUBLIC REPORT

Report of:	Executive Director of Corporate Services and S151 Officer
Cabinet Member(s) responsible:	Councillor Mohammed Jamil, Cabinet Member for Finance and Corporate Governance
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Emma Riding, Service Director Financial Management & Deputy S151 Officer Jill Evans, Service Director Corporate Finance & Deputy S151 Officer

MEDIUM TERM FINANCIAL STRATEGY 2025-2028 QUARTER 1 UPDATE

RECOMMENDATIONS	
FROM: Cabinet Member for Finance and Corporate Governance	Deadline date: 09 September 2024
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> Notes the revised assumptions included within this quarter one Medium-Term Financial Strategy 2025-2028 update as outlined within Appendix A of the report. 	

1.0 ORIGIN OF REPORT

1.1 This report comes to Cabinet as part of the Council's process for developing a Medium Term Financial Strategy (MTFS) and the budget setting process.

2.0 PURPOSE AND REASON FOR REPORT

2.1 Purpose

This report is submitted 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 delivery excellent services."

2.2 Background

The Council's MTFS financial assumptions (funding and expenditure) will be reviewed and updated on a quarterly basis to provide an accurate and up to date position, reflective of the financial challenges facing the Council. It will also set out the national operating context and the strategic direction the Council is taking to transform its services. A full MTFS and associated strategies such as the capital strategy and treasury management strategy will be published in January and will be supported by an annual revenue and capital budget for the following financial year.

The MTFS forms a key part of the Council's Performance and Improvement Framework. This aims to demonstrate that the Council's finances over the medium term are secured to deliver the Council's priorities over the next three years from 2025/26 to 2027/28.

Preparation of an MTFS is good financial practice. It's an important part of understanding the Council's financial challenges and risks, its financial resilience, and sets out the strategy to deliver long term financial sustainability and viability.

The key objectives of the MTFS are:

- To ensure the effective financial planning and management of the Councils finances
- To ensure that the Council is financially resilient - in line with the Councils City Priority 'Sustainable Future City Council'.
- To maximise the income from Council Tax, Business Rates, and Fees and Charges to support the priorities of the Council
- To continue to improve value for money by managing our people and money more effectively and efficiently by streamlining, seeking best practice and driving value from commissioning and procurement exercises. Whilst at the same time seeking to minimise the impact of budget savings on priority services.

2.3 EXECUTIVE SUMMARY

This report (Appendix A) outlines the latest forecast position over the life of the Medium-Term Financial Strategy (MTFS) based on a best- and worst-case scenario position. This is following a review of the assumptions for funding, demand and inflation. It also includes early indicative values relating to the transformation and savings programme or any unavoidable pressures.

The position outlined has changed considerably since the update at [Q4 2024/25](#), where gaps of £3.2m in 2025/26, £6.9m in 2026/27 and £9.7m in 2027/28 were set out. The report set out the scale of the challenge and the risks presenting, and further work has solidified this view.

- The NNDR forecast has been significantly impacted by slower than anticipated growth, much higher levels of empty properties attracting relief and the adverse effect of appeals relating to the 2017 Ratable Value (RV) list.
- The cost of borrowing is much higher than expected. From mid 2022 the base rate rose sharply to 5.25% and has only recently dropped to 5%, it isn't expected to fall to 3.5% until the end of 2027, therefore it will continue to impact the cost of refinancing maturing loans.
- Demand in areas such as Adults, Housing, Children's, Home to School Transport and Special Educational Needs is significantly outstripping the demand assumptions built into budget, in most cases this is not just a trend locally, and replicated on a national scale.

Taking this into account, the Council is currently estimating the budget gap in 2025/26 could range from £13.3m-£24.3m, with table 1 summarising the position in the following years.

Table 1- MTFS Funding Gap	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Best Case Scenario				
Funding	(220,310)	(223,415)	(238,436)	(247,535)
Net Revenue				
Expenditure	220,310	236,689	249,443	258,741
	0	13,274	11,007	11,206

Worst Case Scenario

Funding	(220,310)	(222,715)	(237,736)	(246,835)
Net Revenue				
Expenditure	230,585	246,998	261,378	272,524
	*10,275	24,284	23,642	25,689

**reflects the current pressure reflected within the June BCR*

In the current year reserves are expected to fall to £9m (including the DSG Deficit and ringfenced reserves), leaving the position fragile and with little scope to mitigate any future pressures, emergencies or transformation. For this reason the 2025/26 budget **must** balance without the use of these and the in year position **must** improve otherwise balances will remain insufficient and inadequate.

Actions, as set out in the Quarter 1 Budgetary Control Report (also on this cabinet agenda) have been put in place to ensure savings plans are being delivered, key areas of pressure have additional focus, expenditure is limited, and good financial management is in practise across the organisation.

Work is also ongoing to identify and implement savings and longer-term transformation plans, to ensure the Council can set a balanced budget by 11 March 2025 and have a sustainable MTFS for the years beyond that.

Appendix A outlines further details around the assumptions used in this updated MTFS position.

5. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	10 July 2023
Date for relevant Council meeting	N/A	Date for submission to Government Dept.	N/A

The following timetable outlines the key meeting dates in relation to the MTFS and the Budget for 2025/26

Date	Meeting	Report
17/09/2024	Cabinet	Launch of Consultation- Councils Corporate Priorities and MTS MTFS Q1 update BCR Report Q1 (June BCR)
27/10/2024	Consultation close	Close of Consultation
12/11/2024	Cabinet	BCR Report Q2 (September BCR) - including MTFS update
03/12/2024	Cabinet	Councils Corporate Priorities and MTS-Consultation Feedback Launch Budget Consultation
06/01/2025	Consultation close	Close Budget Consultation
29/01/2025	Joint Scrutiny	To consider the draft MTFS (Q3 update) & Budget Report and recommend any changes to Cabinet

11/02/2025	Cabinet	To approve the Draft MTFS (Q3 update) & Budget Report and recommend to Council BCR Report Q3 (December BCR)
19/02/2025	Council	To approve the Final MTFS & Budget Report including: MTFS Q3 update Treasury Management Capital Strategy Reserves Strategy Asset Management Plan Budget Setting Report, including: * Council Tax Resolution * Any Final amendments as a result of the Final settlement * Revenue and Capital Budgets for 2025/26 * Section 25 (Robustness)Statement

In addition to the timetable above, all budget proposals including savings, investment and revised financial assumptions and consultation feedback are considered within the following groups:

- **Budget- Corporate Leadership Team (CLT)**- made up of the council's corporate directors and finance officers as support.
- **Cabinet Policy Forum (CPF)**- informal meeting of Cabinet.
- **Financial Sustainability Working Group (FSWG)**- Cross-party working group focussed on supporting the delivery of financial sustainability for the council. During the year, this group has convened monthly to consider the Councils financial position and develop proposals to support the Councils budget position.
- **Independent Improvement and Assurance Panel (IIAP)**- who are experts in specific fields of local government to challenge, scrutinise and advise on our budget proposals to ensure they are robust and provide best value.

6 CORPORATE PRIORITIES

The Budget and MTFS form a key part of the Council's Performance and Improvement Framework and aims to demonstrate that the Council's finances over the medium term are secured to deliver the Council's priorities over the next three years from 2025/26 to 2027/28.

This therefore supports all the council's priorities, and forms a key element of the council's budget setting process, it is strongly geared towards enabling the council to deliver on the following priority:

Supported by a Sustainable Future City Council - adjust how we work, serve and enable, informed by strong data and insight capability and led by a culture of strong leadership.

6.0 CONSULTATION

- 6.1 This report seeks to provide Cabinet with an update on the Councils MTFS, and no formal recommendations are being made which require consultation. At this Cabinet meeting (17 September) a consultation is being launched to seek residents views of the Council Corporate

Priorities and allocation of resources.

7.0 ANTICIPATED OUTCOMES OR IMPACT

7.1 For Cabinet to note the revised Medium Term Financial Strategy assumptions outlined within the report.

8.0 REASON FOR THE RECOMMENDATION

8.1 This report provides an update on the Council's Medium Term Financial Strategy and will support the delivery of the Council setting a lawful and balanced budget for 2025/26.

9 ALTERNATIVE OPTIONS CONSIDERED

9.1 No alternative option has been considered.

10.0 IMPLICATIONS

10.1 Legal Implications

At this time there are no legal implications arising from this report. This is an item to note revised MTFS assumptions. When it comes to making a formal budget decision in February 2025, at this point the Council is under a legal duty to meet the full requirements of Section 31A of the Local Government Finance Act 1992, which includes the obligation to produce a balanced budget.

10.2 Human Resources implications

No specific implications in this report.

10.3 Equality Impact Assessments

No specific implications in this report.

10.4 Carbon Impact Assessments

No specific implications in this report.

11.0 BACKGROUND DOCUMENTS

No specific background documents used.

12.0 APPENDICES

12.1 Appendix A – Medium Term Financial Strategy 2025 – 2028 (Q1 update)

Appendix A – Medium Term Financial Strategy 2025 – 2028 (Q1 update)

1. Overview

The updated MTFs position for quarter one 2024/25 is summarised in the following graph and Table 1. This sets out the current best and worst case position based on revised key assumptions for funding, demand and inflation and includes early indicative values relating to the transformation and savings programme.

It should be noted that this is a position update, the budget setting process will continue over the next six months to ensure the Council meets its legal obligation to set a balanced budget therefore as proposals are identified and worked up to address the budget gap, the future years gaps will reduce accordingly.

Budget Gap- Scenario analysis 2025/26- 2027/28

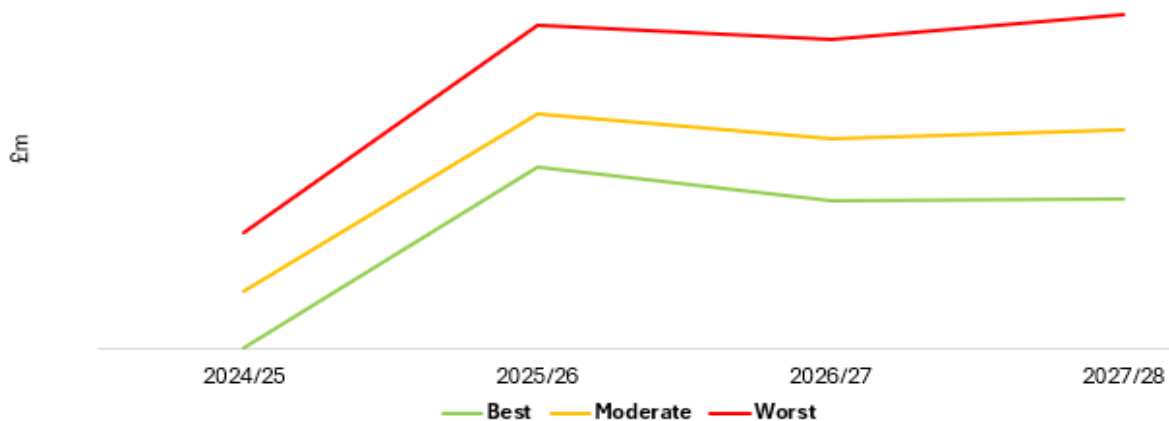


Table 1- Estimated Budget Gap	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Best Case Scenario				
Funding	(220,310)	(223,415)	(238,436)	(247,535)
Net Revenue Expenditure	220,310	236,689	249,443	258,741
	0	13,274	11,007	11,206
Worst Case Scenario				
Funding	(220,310)	(222,715)	(237,736)	(246,835)
Net Revenue Expenditure	230,585	246,998	261,378	272,524
	10,275*	24,284	23,642	25,689

*reflects the current Pressure reflected within the June BCR report.

As set out in the June BCR report (17 June Cabinet) reserve balances are forecast to reduce to c£9m. These are not **adequate and if the financial position does not improve, balances are not sufficient to cover the estimated budget gap in the next financial year.** The 2025/26 budget must balance without the use of reserves, and the in year position must improve for reserve levels to be maintained at a more appropriate level.

2. Key Assumptions

- Pay award as per the employers offer in 2024/25 and 3% pa in years 2025/26 – 2027/28.
- Average Interest Rate - 3.50% in 2025/26 and 3% in 2026/27 and 2027/28
- NNDR – increases based on business growth and CPI as per legislation

- Revenue Support Grant increasing in line with CPI
- Council Tax increase – 4.99% (2.99% general Council Tax and 2.0% Adult Social Care precept) over the life of the MTFS
- Council Tax base - estimated growth of 1,100 homes pa from 2025/26 onwards
- New Homes Bonus – continues at the same level as 2024/25.
- Inflation- based on the Bank of England forecast as a guide. (current CPI- 2.2%)

3. Detailed Expenditure Assumptions

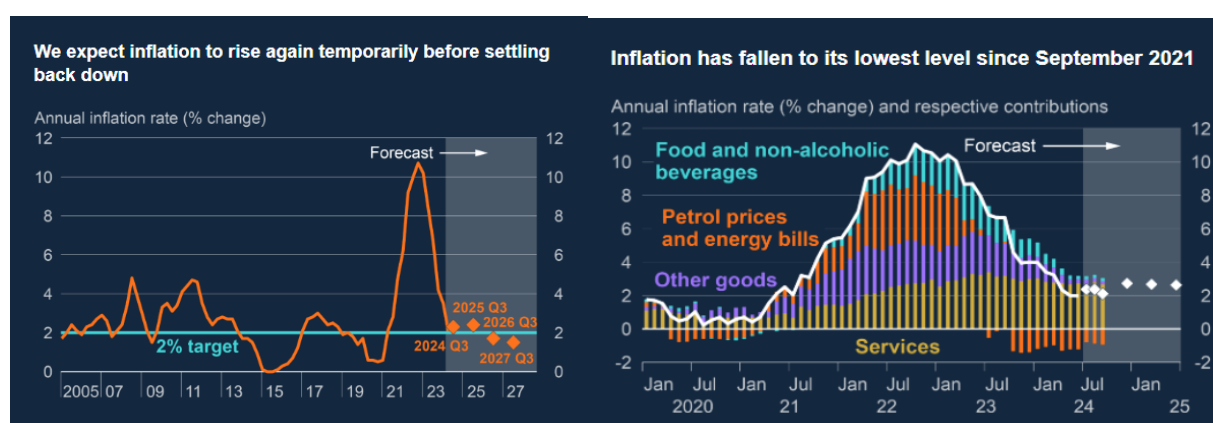
The key financial assumptions over the life of the MTFS have been reviewed and revised where appropriate. The following section summarises the position:

Pay award increase is assumed at 3% over the life of the MTFS. For 2024/25, the pay award is based on the employers offer of a £1,290 rise to all NJC salary SCP's up to 43 and a 2.5% rise to all pay points above this (chief officers agreed at this level). This offer has been accepted by one union but rejected by the others. The pay claim submitted by the unions poses a £4m risk according to initial estimates. Whilst other public sector pay increases for 2024/25 will be fully funded, local government will receive no further funding to cover its pay pressures unless further funding is announced.

National Living Wage (NLW) increased to £11.44 in April 2024 (an increase of 9.8%). Our current modelling assumes a 3.95% increase from April 2025, taking the NLW to £11.89 per hour.

Pensions Contribution Rates: the latest triennial valuation period covers 1 April 2023 to March 2026 and accounted for within the MTFS. This is based on a 17.4% contribution rate and an annual lump sum contribution of £1.955m in each of the years to March 2026. These provide a primary contribution rate of 17.5%. The same rates have been assumed for 2026/27 and 2027/28 as it is difficult to predict the outcome of the next tri-annual valuation, especially given staffing level changes because of insourcing services. This will be reviewed by the actuary in 2025, ahead of the next triennial period.

Inflation: The Bank of England [monetary report](#) (August 2024) has been used to inform the revised MTFS assumptions for our expenditure and income. The report and the following graphs highlight that CPI inflation remains around the 2% target, its lowest level since 2021. According to the [Office for National Statistics](#), CPI was 2.2% in the 12 months to July 2024. The current projections are that inflation is expected to rise again slightly but then to fall again in 2025.



Graphs 1 & 2: BoE Inflation Projection and Drivers of inflation

Energy Costs: Higher energy prices have been contributing to the high rate of inflation in recent years and the Council's energy costs have been significantly higher than budget as a result. However, market

conditions have eased, and for 2024/25, prices have been forecast to reduce by 15% and 25% for gas and electricity respectively. This is part of the forward purchasing process in the Council’s energy contract and the impact lagging behind current conditions. Detailed modelling of energy consumption and pricing across the estate has increased the confidence and accuracy around the forecasts. With actions being taken, as part of an inflation strategy, to mitigate the energy wastage more widely have meant that efficiencies have been achieved on the energy budget.

Contract inflation: Most of the Council’s core contractual arrangements such as highways (Milestone), Waste (Viridor) are index linked and so contractual inflation has been incorporated within the budget on that basis. Social Care contracts are heavily linked to the NLW and CPI forecasts. Where able to, the Council is managing this by controlling expenditure levels, reviewing and renegotiating contracts and implementing the [Market Sustainability Plan](#) for our Social Care contracts, which enable us to move towards implementing a Fair Cost of Care, alongside managing inflationary pressures. Other expenditure is being reviewed on a strict basis using the ONS CPI forecast as a guide. Where pressures are arising as a result of a procurement exercise, managers and Heads of Service are being encouraged to review the level of specification.

4. Service Demand

Peterborough is a growing City, with a 17.5% growth in population since the 2011 census. A review of the Council’s demand led budgets has been completed to assess the demand projections over the life of the MTFs, with this being one of the driving factors behind an increased budget gap. The following table sets out the range of additional demand required over the life of the MTFs. This includes revised assumptions for Children’s Social Care placements, Adult Social Care Packages, Housing (Homelessness) and Home to School Transport. The following section provides more information on each of the areas.

Table 2: Additional Demand	2025/26 £000	2026/27 £000	2027/28 £000
Best Case Scenario	8,027	11,444	15,341
Worst Case Scenario	14,467	19,349	24,916

Children’s Social Care: The Council is currently spending an additional £6m more than last year on care for young people with very complex needs. The number of children under a child protection plan has increased from 242 in November 2023 to 334 in August 24, with the number of children in care also rising, from 414 as of September 2023 to 436 in August 24, representing a 6% increase in children’s care on top of the sharp rise seen in the previous period. Costs are also increasing further due to the complexity of their needs. The demand for placements in 2024/25 has already outstripped the demand within the budget by 18. Within the MTFs it is assumed that increases continue into 2025/26 and then it’s expected that the demand begins to stabilise due to the improvement and transformation of Children’s Services, including implementing Family Group Conferencing, the House Project and increasing the number of foster carers.

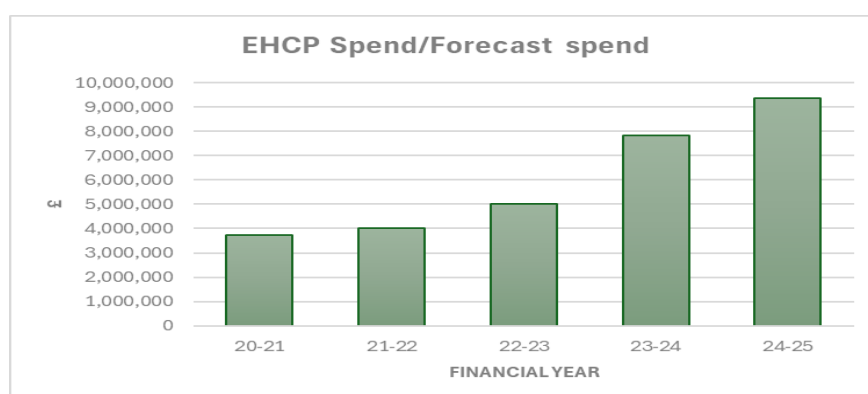
Home to School Transport: Costs are rising for Home to School Transport due to rising demand, inflationary pressures and complexity of need. Transport costs (e.g. cost per mile) are rising in Peterborough and nationally. In addition to inflation and increased demand nationally post Covid, a particular local pressure is availability of Mainstream and SEND school places which has resulted in increased eligibility for transport.

SEND transport to Out of Area Independent has doubled in the last three years. The main causes of this increase are a shortage of In-city Special School Places, or in-city provision not being able to meet the needs of the child. Transport to Out of Area Independent placements are high-cost due to distance and are often solo routes due to only one student attending the setting or complexity of need.

There has been a significant increase in Mainstream school admission and transport applications since 2021. The number of transport applications from children who are new to Peterborough is increasing.

	Mainstream Students Transported	SEND Students Transported	Total	% change (year)
June 19	1281	731	2012	
June 20	1293	735	2028	0.8%
June 21	1209	738	1947	-4.0%
June 22	1336	770	2106	8.2%
June 23	1471	845	2316	10.0%
June 24	1628	893	2521	8.9%
% change (total)	27%	22.1%	25.3%	

Special Educational Needs: The Dedicated Schools Grant High Needs Block is forecast to overspend by £5.4m in the current year. This issue is affecting over 80% of Local Authorities with responsibility for Education Services. The Council has seen a rise in requests from Schools for Education Health Care Plans which has resulted in greater spend in Peterborough Mainstream / Special Schools and Independent School placements. The number of EHCP plans has risen by almost 40% since 2017. In the last year they have increased from 2,213 in 2022/23 to 2,636 at the end of 2023/24, a 19% increase. This rise is having a detrimental impact on the Transport costs set out above.

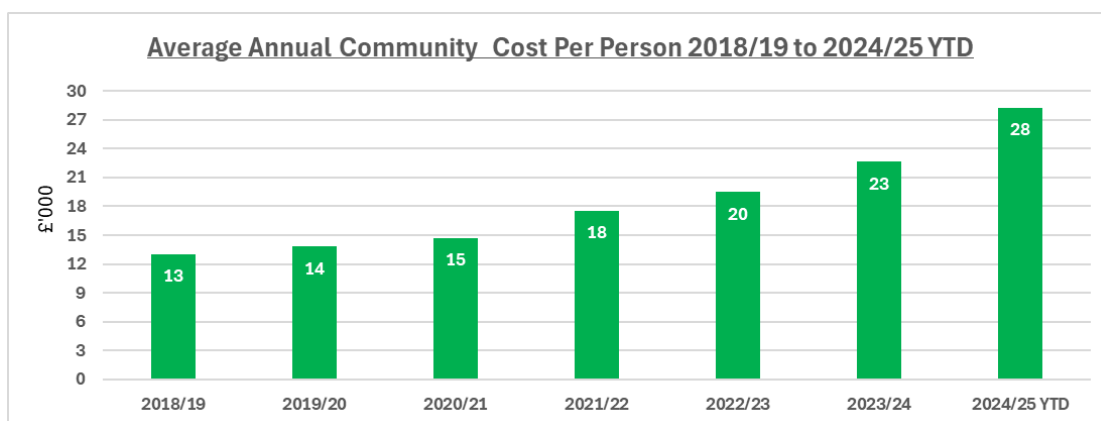
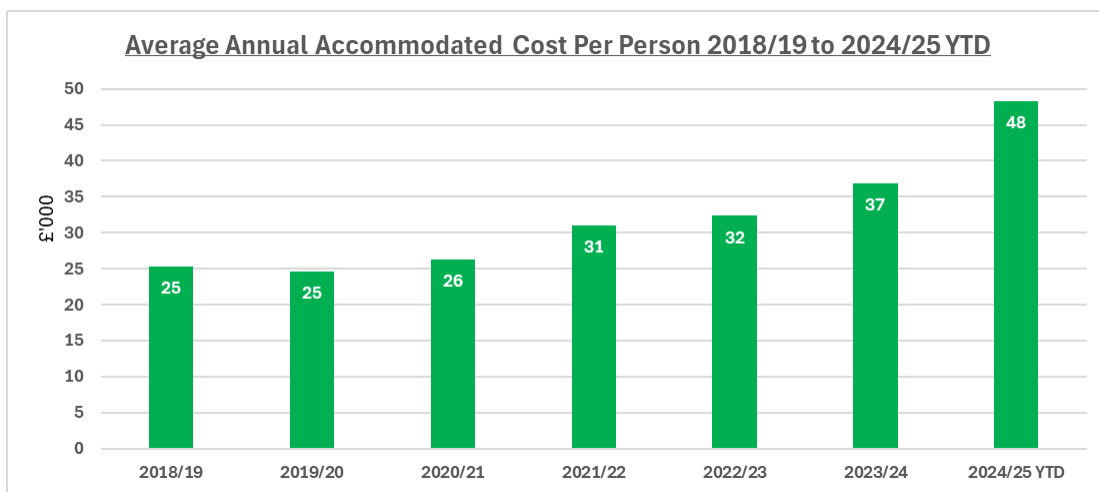


There is insufficient capacity in Peterborough SEND Schools which is resulting in more children being placed in Independent Schools. Feasibility studies are being completed to create additional Special School Capacity. An exercise is underway with Peterborough Schools to determine and promote Ordinarily Available Provision in Schools, which refers to the support that mainstream schools or settings are expected to provide for a child or young person with Special Education Needs through their agreed funding.

Adult Social Care: Demand for Adult Social Care services has been increasing for a number of years and is showing no sign of slowing down. This year, we have received an average of 3,546 contacts per month to our adult early help team with a 16% increase on the number of discharges from hospital.

In addition, Adult Social Care continue to see care required by people being more complex and at a higher cost to the council.

The graphs below show the steady increase in costs for accommodated care, such as residential care or nursing care homes until 2023/2024 then a sharper increase for the current year due to number of cases and the complexity of individuals. Support for those in the community has increased by 45%, over the past three years. This cost increase is predicted to continue over the period of the MTFS.



Housing: The number of households presenting as homeless has increased by 20% in the last 12 months and new demand is outstripping current supply, leading to increased reliance on Bed & Breakfast (B&B) and temporary accommodation. Although the housing needs team work hard to find temporary or permanent accommodation, there has been an average of 79 households in B&B throughout the year, peaking at 115 in early summer (no families are in B&B for over 6 weeks). This is in-excess of the budgeted provision for B&B and it will continue to put strain on the budget in 2024/25.

We have established a cross – organisation transformation programme which is focused on prevention, supply, and improved data use to accurately map and understand future demand. A plan is being progressed which includes purchasing housing for temporary accommodation, working closely with Registered Providers in Peterborough, improving our approach to prevention and reviewing our support offer to increase access to the private rental sector. The Local Housing Allowance (LHA) rates were also increased for 2024/25, after 4 years of being frozen, which should provide some support to households. It is expected that these actions will reduce the current pressure but will still require a level or budget re-baselining to reflect a new level of normal in terms of temporary accommodation demand.

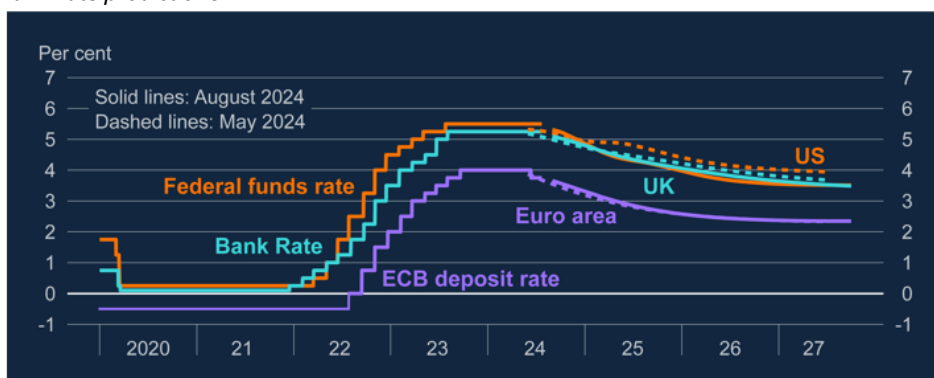
5. Capital Programme & Borrowing

The Council's Capital Programme for 2024/25 is set at £140.9m. The Council aims to fund the Capital Programme from grants, third-party contributions or capital receipts, with new borrowing only being incurred only when absolutely necessary.

The Bank of England made the first cut to interest rates in four years in August 2024 from 5.25% to 5%, with interest rates falling slower than predicted which is causing an adverse impact on the cost of borrowing position. Although the Council's debt portfolio is based on fixed term loans, there are £127.5m loans which will mature in the current year these will be refinanced at higher/similar rates, exposing the Council to a c£2.5m pressure on our borrowing (interest payable) budget.

The following graph sets out the forecast reduction in base rate, which will see interest rates only expected to come down to 3.5% in 2027.

Bank Rate predictions



Source: Bank of England

As a result of this additional pressure the Capital and Invest to Save Board agreed to introduce a Capital Moratorium until the Bank of England (BoE) base interest rates reduce to an acceptable level. This moratorium applies to all capital schemes apart from those that are:

- externally funded (i.e. by grant),
- absolutely required for Health and Safety, or
- Invest to Save (cashable revenue savings above the cost of borrowing).

The financial position will also rely on capital receipts being generated from asset sales and effective treasury management activity to maximise the Council's cashflow. Therefore, we will be accelerating the progress of the asset disposal programme for those assets which do not provide value for money or where assets could be put to better use. Receipts from asset disposals will be used to reduce borrowing costs or to invest in other council assets if required. Early this financial year, four rural sales completed totalling £6.2m. Further projected asset sales planned in 2024/25 total £17.99m, of these £7.03m is currently RAG rated as amber and £10.96m as green. This will be achieved via disposal of the rural estate, locality asset review and surplus commercial assets.

6. Detailed Funding Assumptions

Table 3 outlines the Council's estimated core funding levels in the current year and over the life of the MTFS. The majority of funding continues to come from Council Tax and NNDR, comprising 79% of the total core funding.

Table 3: Funding	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
NNDR	(70,765)	(64,813)	(73,174)	(74,640)

Table 3: Funding	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
Revenue Support Grant	(12,920)	(13,178)	(13,442)	(13,711)
Council Tax	(104,266)	(111,120)	(118,242)	(125,607)
New Homes Bonus	(1,268)	(1,325)	(1,325)	(1,325)
Business Rate Pool	(1,894)	(1,894)	(1,894)	(1,894)
Services Grant	(293)	(293)	(293)	(293)
Improved Better Care Fund	(7,480)	(7,480)	(7,480)	(7,480)
Social Care Grant	(16,204)	(16,340)	(16,487)	(16,488)
ASC Market Sustainability & Improvement Fund	(3,472)	(3,553)	(3,582)	(3,582)
Discharge Support Grant ringfenced	(1,748)	(1,799)	(1,817)	(1,817)
Reserves	0	(919)	0	0
Funding	(220,310)	(222,714)	(237,736)	(246,835)

Council Tax:

- Assumed annual Council Tax increase of 4.99% in all years (2.99% general Council Tax and 2.0% Adult Social Care precept).
- Band D rate will increase from £1,666.27 in 2024/25, to £1,749.42 in 2025/26, £1,836.72 in 2026/27 and finally £1,928.37 in 2027/28.
- The Council Tax base for 2024/25 was set at 62,103.69, as outlined within a report to [Cabinet](#) on 18 December 2023 and the projected growth is on track. The projections over the life of the MTFS assume an average increase of 1,100 houses per year.
- The Strategy reflects the limitations on the ability of local authorities to raise local funding. The Council is currently restricted to a 4.99% total increase on Council Tax, before the requirement for a city-wide referendum.

NNDR (Business Rates):

Growth

The assumptions for Business Rates growth have in the past been based on the trend for increases seen in previous years, however these significantly slowed during 2023/24 due to:

- The current adopted [local plan](#) (2019) has seen most of the allocated employment land utilized in the first 3 years, and so the trend has slowed.
- Some properties missing the deadline for the ratings list, due to the Valuations Office Agency's (VOA) lag in adding new properties or the sites' failure to complete on time. The VOA made a decision to close the 2017 list, without completing the outstanding changes which resulted in a loss of c£1.3m of business rates yield.
- An increased change of use of buildings to residential, particularly in the Town Centre whilst this has increased the council tax due, the loss to business rates in the whole has been greater.

The Council is bringing forward development plans for several sites across the city, including the Station Quarter and the area known as Middleholme as outlined in the Council's [new investment prospectus](#) launched in January. We are also continuing to develop our new Local Plan, which will set out our strategy and policies to deliver growth, and identify further employment land, therefore we expect to see growth in Business Rates return to previous levels in the future.

Empty Property Relief

There has been a large increase in empty properties, which has led to an increase in the cost of empty property relief. Businesses have also been using tax avoidance methods (commonly referred to as 'box

shifting'), to avoid paying business rates by claiming empty property relief which exempts them from paying rates for a certain period. However, this relief is intended to help businesses that are genuinely struggling to find tenants or buyers. Therefore, the government has introduced measures to prevent business rates avoidance using empty property relief, such as imposing penalties for providing false information, increasing inspections and audits, and limiting the duration of the relief for certain types of properties, and we therefore anticipate a reduction in the cost of empty property relief from 2024/25 onwards.

Appeals

The closure of the 2023 valuations listing triggered a wave of appeals as businesses sought to reduce their Ratable Value. Although all of the appeals submitted were reviewed and an estimate made based on what historic success rates, the outcomes of these have been significantly worse than anticipated. Some of the adverse movement is driven by the VOA making decisions on groups or sectors to speed up processing. Due to the volatility and complexity of this the Council has commissioned a rating expert to complete an assessment of this forecast.

The above factors have led to a negative impact one-off c£6m impact on the forecast collection fund position in 2025/26, with assumptions in the future years having been reassessed. Despite this the collection of business rates remains robust, last year we were in the 2nd quartile for collection and are currently ahead of our tracking target for 2024-25. This position is included in table 3.

Grants

Overall given the recent change in Government it is difficult to predict current changes in forecasts. Some sources indicate strongly that a rollover settlement is the most likely outcome. Any far-reaching changes in funding would need a full consultation, which is very unlikely for 2025-26 settlement.

7. Future Sustainable Council – Strategic Direction

As the previous sections summarise, pressure on the Councils demand led budgets and the increased cost of borrowing is having a detrimental impact on the Councils financial position in the current and future years. The Quarter 1 Budgetary control report sets out actions which are being taken in the current year to minimise the impact and protect the shrinking reserves balances. In addition to these, Heads of Service have been challenged to set out what a 10% and 20% reduction in service would look like, in order to drive quick, short term budget reductions.

Analysis is underway to identify high area of spend, cross cutting opportunities or where the Council is an outlier in comparison to other local authorities. This work is expected to be progressed throughout September, outlining areas or opportunity and further investigation. This will include reaching out to those Councils that are best in class or if required seeking targeted external support.

It's recognised that focus needs to be placed firmly on long term, sustainable transformation of services. The portfolio boards are developing business cases for change. Some of the key themes cutting across those boards include:

- Improving Workforce Productivity, creating a sustainable workforce and reviewing the spans of control.
- Economic Growth within the City- encouraging regeneration, external investment and improving the City Centre.
- Digital and automation – driving efficiency in processes.
- Preventing and managing demand in key areas.

- Improving practise across Children’s Services (in light of the Ofsted report)

The following provides an overview of the key programmes within each portfolio board:

Prevention, Independence and Resilience – to help & support our residents early on in their lives and prevent them from slipping into crisis. Key projects being progressed include:

- **Integrated Neighbourhood** - This programme is focused on reducing demand and long-term care needs by working together across health, social care and housing.
- **Digital and Assistive Technology** - This programme is focused on utilising technology to help manage demand, create efficiencies, empower our communities and empower our workforce.
- **Preparing and Enabling Independency in Adulthood** - This programme consists of Transitions to Adulthood, Continuing Healthcare and Improving Education and Skills for people with Mental Health and Learning Disabilities.

Economy and Inclusive Growth – to maximise economic growth and prosperity in an inclusive and environmentally sustainable way. Key projects being progressed include:

- **Climate Change**– The aim of this programme is to achieve net zero carbon as an organisation and support the city to become net zero. This will be achieved through a reduction of emissions produced, local energy generation and an increase in carbon capture whilst ensuring the city adapts to the inevitable impact's climate change will bring.
- **Major Growth and Regeneration projects** – This programme aims to enable Peterborough to grow through major growth and regeneration projects
- **Skills and Employment** – This programme aims to enable the delivery of extraordinary learning experiences, producing a high quality and productive local workforce, through our motivated residents, that have been inspired by our city, our employers and our learning and skills providers.
- **Economic Development** - The aim of this programme is to drive sustainable and inclusive economic growth across the Peterborough UA, raising its profile as an attractive location for investors, businesses, and visitors, and ensuring that all residents have access to the opportunities that presents.
- **City Centre Transformation** - This programme is focused on creating safe, clean and green spaces for residents, business and visitors to live, work and enjoy
- **Peterborough Limited**- to ensure the councils Latco operates in the most efficient and commercial manner, including finalising the contract for the provision of Culture and Leisure services which will yield financial benefits.
- **Housing and Homelessness**- a new cross-council Housing and Homelessness Programme Board has been formed to implement proposals to prevent homelessness and support the delivery of supply.

Sustainable Future City Council – to adjust how we work, serve and enable, informed by strong data and insight capability. Key projects being progressed include:

- **Service Integration** - This programme is focused on ensuring future service models are fit for purpose and in line with the Council's ambitions, following the insourcing of services previously provided by Serco.
- **People and Culture** - This programme focuses on redefining our approach to people and culture to improve how we identify, attract, retain, develop and grow the workforce to support short term and long term goals
- **Localities Asset Review** - This programme aims for a fit for purpose estate where the services are delivered from appropriate buildings that are properly funded and maintained
- **Companies** - This programme entails the detailed review and assessment of companies ensuring dormant companies are closed and the right governance structure and arrangement are in place to effectively manage our fit for purpose corporate entities.

- **Constitutional Governance** - This project ensures we put good governance at the heart of everything we do by ensuring fit for purpose governance arrangements, easy to use constitution and confidence from members and officers on the mechanisms of how decisions are to be made within the council
- **Digital, Data and Analytics** - Actively using data and digital solutions to inform, deliver and develop services to meet the needs of residents today and help plan for tomorrow.

Transforming Childrens Services- to improve the quality of practise and outcomes for children:

- **International Recruitment & Social Work Academy** – to support the recruitment of a permanent and stable workforce, allowing us to reduce our reliance on agency workers.
- **The House Project** –to effectively improve outcomes for young people that are willing and able to live independently with support.
- **Step into Fostering** - will enable young people to make the transition from living in often expensive residential placements to a family environment.
- **Fostering**- following the decoupling from Cambridgeshire, this programme will see the launch of a refreshed service and offer to create more local places to meet need and provide better outcomes for more children living in local stable family environment

8. National Context

The general election called on 4 July, resulted in the end the Conservative government, after eight years, with a new Labour Government and their leader Keir Starmer becoming Prime Minister. Labour have promised to invest in public services, raise the minimum wage, and implement a green new deal, appealing to a broad coalition of voters across the country.

One of the first acts of the new Labour government was to publish a plan to fix the foundations of the UK economy. The plan, titled "Fixing the Foundations: Building Back Better and Greener", outlined a series of measures to boost productivity, innovation, skills, and infrastructure, while also addressing the urgent challenges of climate change, social inequality, and regional disparities.

A “rapid audit of public spending” was also commissioned by the Chancellor shortly after the General Election. It found that there were £22bn of unfunded spending pressures. To part-fund the shortfall, the Chancellor announced savings of £5.5bn in the current year, rising to £8.1bn next year. It was also announced by the new chancellor that the social care reform would no longer be going ahead.

The Local Government sector has been anticipating the implementation of major structural changes within the funding system, to reflect changes in relative need, resources and the continuing pressures, such as those most noticeable within Adults and Children’s Social Care budgets. The 2021 census data demonstrates this with the population in Peterborough having increased by 17.5% since 2011, much higher than the national picture at 6.6% and this growth is not being reflected in our current grant funding allocation.

The arrival of a new government introduces uncertainties regarding any future funding reforms, particularly those grants that are set to conclude in 2025 and beyond. This lack of clarity about the continuity of funding creates significant challenges when trying to set a balanced budget as the gap between funding levels and need grows increasingly wider.

Local government is facing the most challenging financial environment for many decades. Many councils are overspending and depleting their reserves, most are experiencing the adverse effects of high inflation, high interest rates and significant increases in demand due to demographic changes and concerns about future levels of government funding are widespread.

The ongoing one-year settlements for local authorities continues to hamper financial planning and achieving financial sustainability. Only with adequate long-term resources, certainty and freedoms, including a multi-year settlement, can councils deliver on their priorities.

Giving local authorities more certainty through multi-year settlements has been a prominent commitment from Labour in both their General Election manifesto and in the recent audit from the Treasury.

There will be a Budget (1 year Spending Review) on 30 October 2024, which will announce the Government's taxation and spending plans. Departmental expenditure allocations for 2025-26 will be announced on the same day, with a full multi-year spending review (covering at least 3 years from 2026-27) to be announced in Spring 2025.

9. Strategic Risks

The Council assesses the strategic risks to cover the MTFs period as part of its budget setting process. The Council also invested in a dedicated Risk Manager who oversees this and chairs a Risk Management Board, which is set up to challenge and support risk management across the Council and partner organisations. The output from this Board is considered regularly at Audit Committee. Some of the key risks identified will inevitably have an impact on the Council's financial position. These include:

- **Inflation:** In recent years inflation has been high. In the current year and within the proposed budget the Council has reviewed its inflationary assumptions and taken measures to manage expenditure. Although rates are now forecast in the right trajectory there is still a risk that the reduction slows, or the economy continues to influence costs such pay.
- **Funding:** The Council is becoming increasingly reliant on local taxation, with Council Tax and NNDR now equating to 80% of the Council's core funding. This means in challenging economic times, where businesses and households are struggling with the cost of living, the Council bears the greater risk of reduced income levels. There is a risk that the national deficit and £22bn of unfunded spending pressures identified by the current government could mean further cuts in local government if funding were to be prioritised for other public bodies
- **Rising Service Demand:** As mentioned within the report the Council is facing rising demand across a number of services including Adults, Children's, Education and Housing. Assumptions for increasing demand have been incorporated within the proposed budget, however there is still a risk demand may outstrip this and put further pressure on the budget.
- **Funding uncertainty** – there is significant uncertainty around funding with the continuing single year settlements. Multi-year settlements unlikely to be brought in until after 2025/26.
- **NHS integration** - Integrated Care System (ICS) and the risk resulting from health service who are also looking to make savings.
- **Climate Change**- balancing the need to reduce the Council's carbon footprint and deliver financial sustainability.
- **Interest Rate risk** - the risk of the Council's budget being affected by changes in interest rates when refinancing maturing debt.

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CABINET	AGENDA ITEM No. 7
17 September 2024	PUBLIC REPORT

Report of:	Executive Director of Corporate Services and S151 Officer
Cabinet Member(s) responsible:	Councillor Mohammed Jamil, Cabinet Member for Finance and Corporate Governance
Contact Officer(s):	Emma Riding, Service Director Financial Management & Deputy S151 Officer Amanda Rose, Head of Communications Rachel Blake, Head of CDU, EDI and Transformation

SHAPING OUR CITY - CONSULTATION LAUNCH

RECOMMENDATIONS	
FROM: Cabinet Member for Finance and Corporate Governance	Deadline date: 09 September 2024
It is recommended that Cabinet approves the launch of the Shaping Our City public consultation, which covers a refresh to the Corporate Strategy and budget position. This will run from 18 September 2024 for a period of 6 weeks, closing on 27 October 2024.	

1.0 ORIGIN OF REPORT

- 1.1 This report comes to Cabinet as part of the council's process for developing the Corporate Strategy and a balanced budget for 2025/26.

2.0 PURPOSE AND REASON FOR REPORT

2.1 Purpose

This report is submitted 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 delivery excellent services."

2.2 EXECUTIVE SUMMARY

Over recent years the council has come a long way and made improvements to the way it delivers services, its governance arrangements and financial position, the latter being demonstrated by reducing a huge overspend position in the last two financial years.

However, our financial position has considerably changed, due to demand for services such as adult's, children's, housing and special educational needs continuing to outstrip our current assumptions and interest rates expected to remain higher for much longer. Taking this into account the council is currently estimating the budget gap in 2025/26 could range between £13.3m and £24.3m. (further detail included within the Medium-Term Financial Strategy also on this Cabinet agenda).

This means that the council needs to be more precise about how it spends its limited budget and be really clear with staff and residents on where our focus will be placed over the next three years. This also must be achievable, so that we can deliver what we are aiming to. (Our priorities must be in the right areas and must be affordable)

We know that the Corporate Strategy agreed in 2022 commits the council to more than we can deliver with the resources that we have available, and as a council we need to be adaptable to the ever-changing needs of the city. Therefore, our priorities need to reflect these changes.

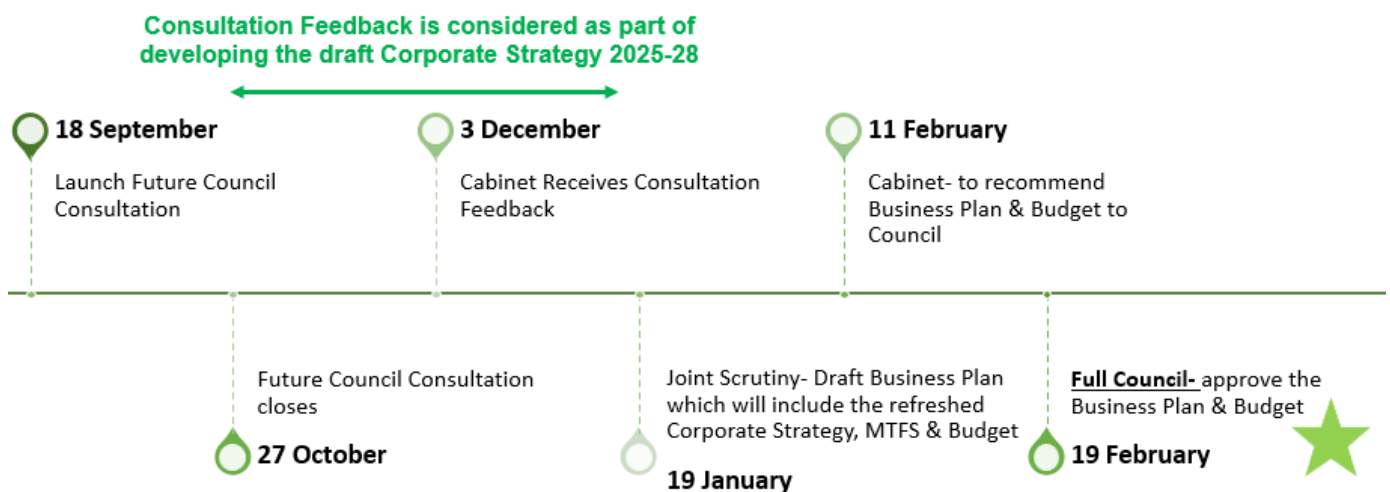
Appendix A- Shaping Our City Consultation - sets out what we think those priorities should be and how they will benefit our residents, both now and in the future. The consultation will be launched on 18 September to gather feedback from our key stakeholders to shape this.

5. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
Date for relevant Council meeting	N/A	Date for submission to Government Dept.	N/A

This is the starting point for the development of a refreshed Corporate Strategy 2025-28, and Medium Term Financial Strategy (MTFS) covering the same period and the Budget for 2025/26.

The following timeline sets out the key dates for this. The MTFS report also on this Cabinet agenda sets out in more detail the key finance reporting dates.



6 CORPORATE PRIORITIES

This report seeks to refresh and focus the council's Corporate Priorities so we can ensure they are current and reflect the needs of the city, whilst at the same time being delivered within the financial envelope available.

6.0 CONSULTATION

6.1 The Shaping Our City Consultation will be open for a 6-week period from 18 September. In recent years the council has tried different methods of consultation to maximise engagement, with growing input being received each year. Building on this success, the council will be taking the consultation out into the community with a series of sessions across the city as outlined in the following table:

Date and time	Location
24 September, 6pm to 8pm.	Arthur Mellows Village College Ginton
2 October, 7pm to 9pm.	ARU Peterborough
3 October, 6pm to 8pm	Online session
7 October, 7pm to 9pm.	Wellsprings Community Church The Alpha Centre Bretton
8 October, 7pm to 9pm.	CSK Hampton Church Silver Hill Hampton Centre
14 October, 7pm to 9pm.	Focus Community Centre Chestnut Avenue Dogsthorpe
21 October, 7pm to 9pm.	Salvation Army Citadel 1203 Bourges Boulevard New England
23 October, 7pm to 9pm	Stanground Academy Peterborough Road Stanground
22 October, 7pm to 9pm	Ormiston Bushfield Academy Orton

In addition to the above, council representatives will be attending community and partner meetings across the city to talk about the Shaping Our City Consultation, to encourage participation and feedback.

Over the course of the consultation the council will be engaging with, and hoping to receive responses from the following key stakeholders:

- Residents
- Council staff
- City Councillors and Members of Parliament
- Parish Councillors
- Community groups
- Businesses and business forums
- ARU Peterborough and other education partners.
- Partner organisations such as the NHS, registered housing providers, Police and Fire
- Government departments.

The consultation will have a dedicated page on the council's website, with a survey which will allow people to respond to a series of questions and share their views. Appendix A also sets out the questions forming part of that survey.

This will help the council to understand what people believe is a priority and shape which services are to be delivered within the financial envelope available. More importantly this should raise awareness of the challenges the council, and more widely local government, faces.

The results of the consultation will be published in November, ahead of the Cabinet meeting on 3 December.

7.0 ANTICIPATED OUTCOMES OR IMPACT

7.1 For Cabinet to approve the launch of the Shaping Our City consultation.

8.0 REASON FOR THE RECOMMENDATION

8.1 To gather views of the public to support the development of a refreshed Corporate Strategy, MTFS 2025-28 and Budget for 2025/26, noting that the council's financial challenges means prioritisation of services will be required.

9 ALTERNATIVE OPTIONS CONSIDERED

9.1 No alternative option has been considered.

10.0 IMPLICATIONS

10.1 Legal Implications

There are no legal implications in respect of what is proposed which at this stage to consult with members of the public in respect of the development of a refreshed Corporate Strategy, MTFS 2025-28 and Budget for 2025/26.

10.2 Human Resources implications

No specific implications in this report.

10.3 Equality Impact Assessments

No specific implications in this report.

10.4 Carbon Impact Assessments

No specific implications in this report.

11.0 BACKGROUND DOCUMENTS

No specific background documents used.

12.0 APPENDICES

12.1 Appendix A – [Corporate Strategy refresh.docx](#)

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Corporate Strategy 2024 - 2027

DRAFT



Draft Corporate Strategy – 2024 to 2027

Peterborough is a city of opportunity with a bright future.

We are one of the fastest-growing cities in the UK, and our role in the continued development of the university coupled with our ambitious growth and regeneration programme will keep us there.

Although our city centre has its challenges, it has bounced back from recession and the pandemic much faster than most, and we anticipate continued improvement as some major retailers and operators open in the coming months.

Investment in our city is at a high. The Station Quarter redevelopment is due to begin next year, Fletton Quays and our riverside is much transformed, with more set to come. And we have had so much interest from potential investors, we launched an Investment Prospectus setting out key regeneration and development sites.

We are also youthful, multi-cultural, connected and vibrant – the average age of our residents is just 35. We are diverse and have a high number of families living here - with children who are set to flourish in the next 10-20 years.

We now have an established university with phase three of ARU Peterborough now open. This provider, together with Peterborough College and City College Peterborough, is now driving forward the upskilling of our residents with a strong focus on higher paid careers, including those in science, technology, engineering, mathematics and green technology.

Like any organisation, we must continually modernise and adapt how we deliver services to meet current demands – this is why we are now revisiting our Corporate Strategy.

Our core priorities for the next three years are:

1. Economy and Inclusive Growth
2. Creating a Sustainable Future
3. Prevention, Independence and Resilience
4. Children and Young People

Like all local authorities, we continue to face ongoing financial pressures, and it is essential that we reach and maintain a position of financial sustainability.

Our net revenue budget is in the region of £220m per annum, but the demand for services in the current year and over the life of the Medium Term Financial Strategy are

significantly higher, which means there is a constant challenge to deliver services within budget.

It is therefore essential that we continue to find ways to transform our services and deliver savings wherever possible. Our workforce is integral in this transformation process, and it is important that all our stakeholders understand and accept that we cannot continue to provide everything we have provided in the past.

As reflected in our values, we are committed to being bold and innovative, we respect our people and communities, and we keep our promises. In fact, we will be as bold to say that due to our funding pressures, we cannot deliver everything we used to.

This is why we need your help in making sure our Corporate Strategy priorities are chosen wisely. The consultation will take place between 18 September and 27 October.

Economy and Inclusive Growth

1. **Create more and better paid permanent jobs across a broad range of sectors**

Give residents access to stable employment in sectors such as green technology, that pay well. This will give residents more money in their pockets and ensure there is more money in the local economy.

2. **Provide better opportunities for people to gain new skills.**

Support to either enter the workplace or progress into more highly skilled/paid work. This could be through City College, or our new ARU Peterborough. As well as reducing the number of residents out of work and claiming benefits, this will attract new businesses to invest here as they will have access to a skilled local workforce.

3. **Enable more homes of all sizes and across all tenures to be built, including genuinely affordable housing.**

If more of our residents can find suitable homes, whether for purchase or rental, it will reduce the number who are homeless or in temporary accommodation.

4. **Continue to work towards achieving a net-zero council and city.**

Implement initiatives to reduce our carbon footprint. Kickstart infrastructure projects (such as the PIRI project) that can transport converted lost heat/energy generated by our Energy Recovery Facility to businesses - and potentially homes.

5. **Drive forward major growth and regeneration projects to create more jobs, boost the local economy and make our city a better place to live, work and visit**

We will deliver the Peterborough Station Quarter, the continued expansion of our university, ARU Peterborough, and the regeneration of the former TK Maxx building. We will kickstart the long-awaited North Westgate development and the redevelopment of the river frontage to create a destination for the day and night-time economy.

6. **Create a safer, cleaner, more vibrant city centre.**

We want to transform our city centre, working closely with local residents, stakeholders and businesses. This will include revitalising our Cathedral Square, our tourism offering and promoting our city centre both regionally and nationally as a place of choice for day trips, weekend breaks, nights out and as a place to live.

7. **Adopt a new Local Plan, ensuring growth - including jobs and homes – are planned and our services respond well**

Growth needs to happen in a managed way, providing homes, employment land, a built environment that encourages healthy behaviours, and community services (such as schools and health care) where it is needed, as is happening at Great Haddon. Our new Local Plan will also help deliver the other objectives in this Corporate Strategy, including providing more homes of all sizes and tenures and more and better paid permanent jobs.

Sustainable Future City Council

1. **Financial sustainability.**

We will continue to ensure we can deliver services within the budget we have available, making tough decisions when needed. This includes reducing debt and strengthening reserves levels to achieve and maintain financial sustainability. We will maximise our collection rates (council tax and business rates) and deliver the services our residents tell us they need within the funds we have available.

2. **Maximising the use of our land and buildings.**

We will manage our land, buildings and facilities, ensuring that taxpayers' money is being spent in the most efficient way and that buildings are fit for purpose. We will do this by investing in those assets that support our corporate priorities and dispose of those that don't.

3. Investing in our people and developing our culture.

We need good people to deliver our priorities. We will invest in developing and retaining staff to better respond to the demands of our service by implementing a new Leadership and Management programme. By doing this we will become a more attractive employer enabling us to pick the best people to serve our residents.

4. Reintegrating services back into the council.

By bringing services (such as Opportunity Peterborough and Serco services) back in house we improve value for money and efficiency with services that are more closely aligned to our priorities.

5. Improving our use of digital, data and analytics.

We commit to streamlining our systems and ensure the right digital support is in place – including AI where appropriate - to make services as accessible and efficient as possible. We will also review the way we collect data and how we use this to improve the services that we offer.

Prevention, Independence and Resilience

1. Modernise our services

We will focus our efforts on working with residents at an early stage to prevent ill health and make our services easier to access. This will help keep residents well and in their own homes for longer. We will do this by embracing new and emerging technology including talking devices, mats with sensors and smart speakers.

2. Helping our residents stay healthy, independent and active

We will focus on improving the quality of services we provide to keep people healthy, independent and active, including enhanced support for carers, young people transitioning to adulthood and our reablement offer. We will seek advice from people with real life experience on how we deliver our services. For example, our Carer's Strategy has been co-produced and will be rolled out with advice from carers in our city. We will also team up with students from ARU Peterborough to carry out research we can use to pinpoint those in need. Artificial intelligence will be used to better predict residents at risk and in need of intervention.

3. Embed Public Health in every service of the council

We will focus on tackling health inequalities, so everyone in our city has the chance to live well for longer. This will be done alongside the Local Plan, so our built environment enables healthy options to be easy choices, such as walking and cycling. We will work with local communities and partners to deliver increased take-up of health checks, support Family Hubs and reduce damp and mould in homes.

4. Developing an inclusive and diverse workforce.

In order for us to best serve our community, we need to have a workforce that is truly reflective of our city.

Children and Young People

1. Provide the best support possible for vulnerable children and young people.

We will respond quickly and effectively to consistently safeguard from harm. We will establish an academy to support newly qualified social workers. Where possible, services for children with disabilities/complex needs will be individually tailored. Children and young people will be supported to live with their family when safe to do so, and high-quality care will be given to those who cannot. This could include more children's homes and more foster care. We will support children and young people to enjoy life to their full potential.

2. Provide the best education possible for all our children and young people, including those with special education needs (SEND).

We want to ensure every child and young person reaches their full potential. We will do this by building four new schools in areas of need (eg Great Haddon), working with schools, academy trusts and the DfE to increase the number of schools rated good or better by Ofsted and offering improved outcomes for children and young people with SEND.

3. Work closely with our partners to ensure the best support for children and young people

We will work closely with our partners, such as health services, to focus on the social, emotional, mental health and wellbeing of our children and young people. We will continue to provide a universal public health nursing service for all children and young people, targeting those most in need.

4. Establish a multi-agency safeguarding hub in the city

We want to ensure that children in need of help and protection in the city receive timely and informed multi-agency decision making and responses, in keeping

with legislative and statutory requirements. A Peterborough focused hub will ensure children in need get the best support possible.

5. Provide the best opportunities for young people in care and leaving care

We will ensure every child in our care receives the same high-quality support and opportunities that we would all strive to achieve for our own children. As they move towards adulthood, we will support them to become independent at a pace which is right for them. We will develop, in partnership with the National House Project Charity, a scheme to support children when they leave the care system, including opening a day facility at Chauffeurs Cottage in the city centre.

6. Support children and young people known to Youth Justice to reduce re-offending and be supported within their community.

We will support children involved with the Youth Justice Service to make positive changes, so that they can go on to lead positive adult lives. We will work with children and young people to reduce reoffending and support those who have been harmed by crime. We will engage children in education, training, and employment opportunities, seek to remove barriers to their involvement, and consider diversity and disproportionality in all aspects of our work.

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CABINET	AGENDA ITEM No. 8
17 September 2024	PUBLIC REPORT

Report of:	Dr Mike Robinson, Interim Director for Public Health	
Cabinet Member(s) responsible:	Councillor Shabina Qayyum, Cabinet Member for Adults and Health	
Contact Officer(s):	Saurabh Gupta, Public Health Consultant	Tel. 07950143524

HEALTHY CHILD PROGRAMME RECOMMISSIONING APPROACH

RECOMMENDATIONS	
FROM: <i>Interim Director for Public Health</i>	Deadline date: Sep 2024

The Cabinet is asked to approve the following recommendations:

1. To commission a Universal 0-19 Healthy Child Programme including Health Visiting and School Nursing that follows national commissioning guidance, has a focus on improving outcomes and reducing inequalities and allows flexibility to adapt to local needs by working in place-based integrated teams with other Local Authority (Education, Social Care and Community), Public Health and NHS services.
2. For Peterborough City Council to enter into a Section 75 Partnering Agreement with Cambridgeshire Community Services for delivery of this service starting on 1st April 2025 for a duration of 2 years with the option to extend for 2+2 years (Total 6 years).
3. To agree the annual budget of £4,092,144.00 p.a.
4. To delegate authority to the Director of Public Health to exercise the option to extend the Section 75 Partnering Agreement after each 2-year period. Additionally, grant the discretion to the Director of Public Health to amend the extension period into shorter durations based on service requirements.

1. ORIGIN OF REPORT

1.1 This report follows an initial paper that came to Cabinet in March 2024 where agreement was granted to commission an integrated Healthy Child Programme (HCP) across both Cambridgeshire and Peterborough Local Authority areas (a copy of this Cabinet report can be found via the link at - [Agenda for Cabinet on Monday 11th March, 2024, 4.00 pm | Peterborough City Council](#)). A lot of the Background information and current commissioning arrangements are discussed in that paper.

The recommendation was:

For Peterborough City Council to jointly recommission the Healthy Child Programme as an integrated service with Cambridgeshire County Council, across Peterborough and Cambridgeshire. The parties shall collaborate for the duration of the joint commission of this service, which shall result in each local authority entering into separate contracts with the successful service provider(s).

The subsequent contractual arrangements, which shall commence on 1 April 2025, between Peterborough City Council and a successful service provider(s), including duration and value, will be presented to Cabinet for approval in advance of the new arrangement commencing.

This report is submitted to Cabinet following consultation with the Peterborough City Council (PCC) and Cambridgeshire County Council (CCC) Directors of Children' Services, Procurement, Legal and Finance Teams.

This content of this report (for consideration by Cabinet on 17 Sep 2024 was reviewed by PCC Corporate Leadership Team (CLT) on 27 August 2024 and Cabinet Policy Forum on 3 September 2024.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is to agree for the integrated Healthy Child Programme (HCP):

a. The service model and key elements included in the 0-5 and 5-19 elements of this programme and

b. The recommissioning approach, financial envelope and contract duration.

2.2 *This report is for Cabinet to consider under its Terms of Reference No. 3.2.5:*

To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	17 Sep 2024
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4. BACKGROUND AND KEY ISSUES

4.1 CURRENT COMMISSIONING ARRANGEMENTS

As per the previous Cabinet report dated 11 March 2024, please find the key points below:

The Healthy Child Programme (HCP) which includes Health Visiting 0-5 and School Nursing 5-19, is a national public health programme with an overarching ambition to achieve good outcomes for all children from pregnancy through to 19 years of age. It is

delivered at 4 levels-community, universal, targeted and specialist. It is 'Universal in Reach and Personalised in Response'.

Delivery of the Healthy Child Programme is funded through the Public Health Grant, and therefore Local Authorities are subject to the Public Health Grant conditions, which include prescribed (mandated) and non-prescribed (non-mandated) functions.

A single Section 75 Agreement has been in place as of 1st October 2019 between Cambridgeshire County Council (CCC), Cambridgeshire Community Services (CCS) and Cambridgeshire and Peterborough Foundation Trust (CPFT) for delivery of an integrated 0-19 HCP service covering Peterborough and Cambridgeshire, with the two NHS trusts working together delivering this service under a 'Joint Venture' agreement. Peterborough City Council (PCC) delegated the function to CCC by way of a Delegation and Partnering Agreement and CCC is the lead authority for purposes of the Section 75 Agreement.

The existing arrangements are in place until 31st March 2025.

The current 23/24 contract value for Peterborough is £4,092,144 per annum.

4.2 OVERVIEW OF THE HEALTHY CHILD PROGRAMME

4.2.1 The Healthy Child Programme (HCP) which includes Health Visiting 0-5 and School Nursing 5-19, is a national public health programme with an overarching ambition to achieve good outcomes for all children from pregnancy through to 19 years of age. It is funded through the Public Health Grant, and therefore Local Authorities are subject to the Public Health Grant conditions, which include prescribed (mandated) and non-prescribed (nonmandated) functions.

4.2.2 The national guidance relating to the Healthy Child Programme which was released in June 2023 has undergone modernisation ([Commissioning health visitors and school nurses for public health services for children aged 0 to 19 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/commissioning-health-visitors-and-school-nurses-for-public-health-services-for-children-aged-0-to-19)). Whilst remaining universal in reach, it is personalised in response and continues to set out a range of interventions to improve outcomes for all children, reducing inequalities by providing extra support for vulnerable groups. This includes a schedule of interventions ([Healthy Child Programme Schedule of Interventions Guide - DHSC \(e-lfh.org.uk\)](https://www.gov.uk/government/publications/healthy-child-programme-schedule-of-interventions-guide)) which range from community, universal, targeted and specialist support.

The updated model emphasises the health visiting and school nursing roles as leaders of the Healthy Child Programme, whilst acknowledging the important contribution of a range of delivery partners, encouraging collaborative work and more integrated delivery, across health, early years & education, children's services and community and voluntary sector partners.

4.2.3 Our local vision 'To improve health outcomes and reduce inequalities for Children and Young people by providing high quality, safe and accessible services' is outlined in Appendix 1. The National high-impact areas and Local Outcomes Framework are summarised below.

Early years high impact areas are:

School-aged high impact areas are:

- supporting transition to parenthood and the early weeks
- supporting maternal and infant mental health
- supporting breastfeeding (initiation and duration)
- supporting healthy weight and healthy nutrition
- improving health literacy; reducing accidents and minor illnesses
- supporting health, wellbeing and development. Ready to learn, narrowing the 'word gap'
- supporting resilience and wellbeing
- improving health behaviours and reducing risk taking
- supporting healthy lifestyles
- supporting vulnerable young people and improving health inequalities
- supporting complex and additional health and wellbeing needs
- promoting self-care and improving health literacy

[Health visiting and school nursing service delivery model - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Cambridgeshire and Peterborough CYP Outcomes Framework with Key Domains	
1. Maternity	3. Children & Young People are safe from harm
1.1 Increase prevalence of Healthy birth weight	3.1 Intervene earlier and more effectively to support children and families at risk
1.2 Reduce Smoking in pregnancy	3.2 Reduce the number of children experiencing harm
1.3 Increase Breastfeeding prevalence	3.3 Fewer new child protection plans starting in the year per 10,000 population
2. Children & Young People lead healthy lives	3.4 Reduce teenage pregnancies
2.1. Reduce hospital admissions for specific conditions that could be managed in the community	3.5 Reduce Relative Child poverty
2.2 Increase the percentage of children who are a healthy weight and have good oral health	4. Children and young people are confident, resilient, thrive in their learning and are prepared for adulthood
2.3. Improve the emotional wellbeing of children and young people	4.1 Increase access to and take up of high-quality childcare
2.4. Improve the emotional health and wellbeing of new parents	4.2 Increase the percentage of children who are developing well at age 2.5 yrs
2.5. Protect children from infectious diseases	4.3 Increase the percentage of children who are 'school ready' and have a Good Level of Development at the end of Reception
2.6 Reduce hospital admissions for children and young people due to mental health conditions or self-harm	5. Children and Young People engage actively in their communities as young adults
2.7 Increase percentage of young people who report that they are in good health	5.1. Reduce the number of first-time entrants to and reoffending in the youth justice system
	5.2. Reduce proportion of 16- and 17-year-olds who are NEET (Not in Employment, Education or Training)

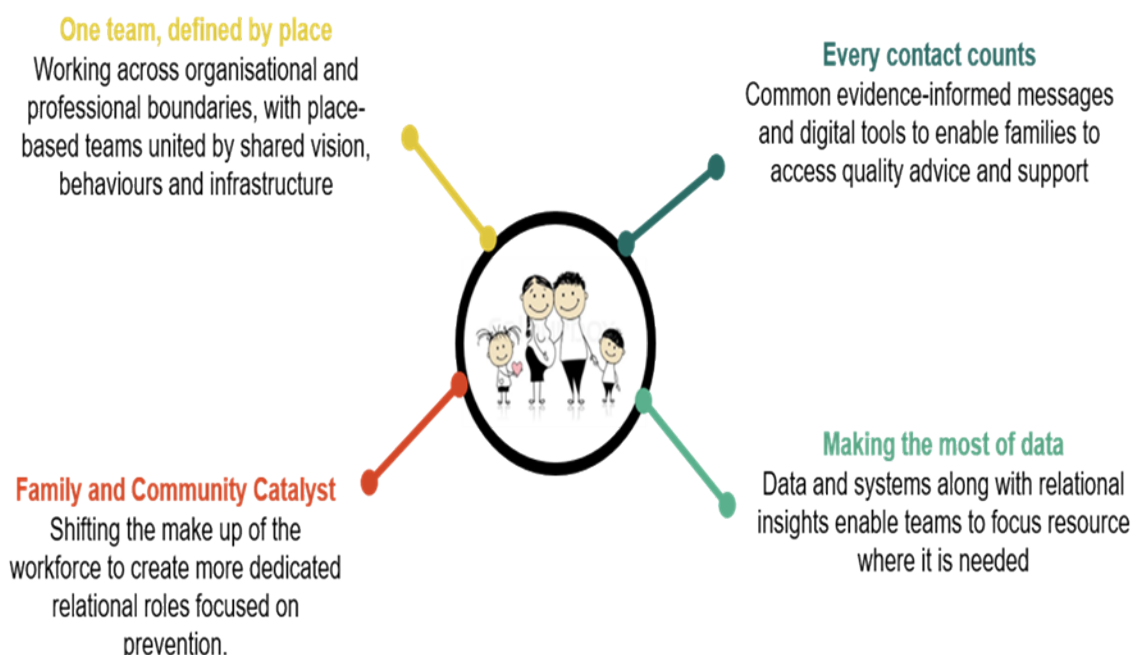
[CYP-Outcomes Sept2023-Cambs-Insight.2.xlsx \(live.com\)](http://live.com)

4.4 Locally the Healthy Child Programme supports the delivery of the Health and Wellbeing Integrated Care System Strategy and contributes to improving outcomes

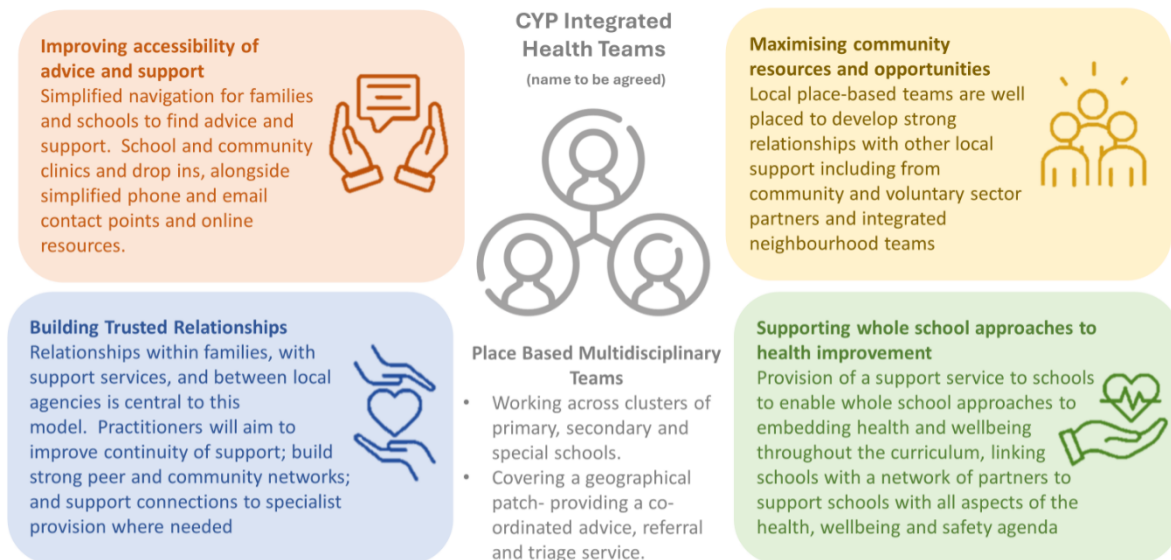
outlined in the Cambridgeshire and Peterborough CYP Outcomes framework. It also supports the Peterborough City Council's strategic priority of prevention, independence and resilience [Peterborough City Council - Our City Priorities - October 2022](#).

4.3 Healthy Child Programme- Model of integrated place-based delivery

4.3.1 Best Start in Life/ Family hubs Programme: This programme commenced in 2019 to co-ordinate action for the prebirth to 5years age group. The health visiting service (HCP 0-5) works closely with Family hubs/Child and Family Centres, Early Years settings, Local Authority targeted support teams, Voluntary Sector organisations, Midwives, GPs, and other NHS services. The ethos is for a 'one-team, making every contact count, consistent messaging (shared training and language), making community connections' approach. Several successful place-based pilots have been implemented through this programme.



4.3.2 School-aged Health Improvement Partnership: Set up in 2023 to co-ordinate action and make best use of collective resources (Local Authority, NHS, Schools, Communities and Families) for the 5-19 year olds (25yrs for children with SEND). The school nursing service (HCP 5-19) works closely with schools, other public health commissioned services (Behaviour Change, Sexual Health, Substance Misuse), NHS services (Mental Health Support Teams & Emotional Health and Wellbeing Teams, Immunisation teams) and Local Authority Children's services (details in Appendix 2). A parallel paper explores how this model could work by expanding the remit of the current Healthy Schools Service to become an overarching School-aged Health Improvement and Prevention Service. The advantages of this are set out below.



4.3.3 The model aligns with the updated guidance on ‘Working together to safeguard children 2023’ which emphasises that successful outcomes for children depend on keeping a clear child-centred focus in strong multi-agency partnership working across the whole system of help, support and protection and effective work from all agencies with parents, carers, and families.

4.4 **Service offer and interventions to be included in updated service specification.**

4.4.1 The interventions delivered by the Healthy Child Programme in collaboration with system partners aim to:

- help parents, carers or guardians develop and sustain a strong bond with children
- support parents, carers, or guardians in keeping children healthy and safe and reaching their full potential
- protect children from serious disease, through screening and immunisation
- reduce childhood obesity by promoting healthy eating and physical activity
- promote oral health
- support resilience and positive maternal and family mental health
- support the development of healthy relationships and good sexual and reproductive health
- identify health and wellbeing issues early, so support and early interventions can be provided in a timely manner
- ensure children are prepared for and supported in all childcare, early years and education settings and are especially supported to be ‘ready to learn at 2 and ready for school by 5.

4.4.2 They are delivered at 4 levels- Community, Universal, Targeted and Specialist. These are summarised in Appendix 3 and 4. A new service specification will be developed in consultation with Local Authority and NHS Children’s services to avoid siloed working and provide a coherent offer to early years settings, schools, children, and families.

5. **Re-commissioning approach options and recommendations**

5.1 Currently a single Section 75 Partnering Arrangement between Cambridgeshire County Council and the 2 local NHS Trusts, Cambridgeshire Community Services (CCS) and Cambridgeshire and Peterborough Foundation Trust (CPFT) is in place. PCC currently delegates this function to CCC, and it is CCC as lead

authority that partners with the NHS Bodies for arrangements to deliver the local authorities' prescribed health related functions. A delegation and partnering agreement operates between PCC and CCC, setting out clear roles and responsibilities for both councils, including (but not limited to) liabilities, financial arrangements, information governance, data protection and performance management

5.2 There are 3 main options for recommissioning with differing approaches within these:

Option 1: Section 75 partnering arrangement between both local authorities, or single local authority, and one or both NHS trusts (CCS and/or CPFT).

Option 2: Using the provider selection regime (PSR) to select a provider either via direct award (route C) or Competitive procedure.

Option 3: Bring the Healthy Child programme in-house.

The options are summarised below:

Option	Advantages/benefits	Disadvantages/risks
<p>Separate S75 Partnering Arrangements for each Local Authority (i.e., a s75 agreement between PCC and NHS Body, and a s75 agreement between CCC and NHS Body)</p>	<ul style="list-style-type: none"> • Each LA maintains separate s75 partnering arrangements, contractual and financial risks with the NHS Body/Bodies • Shared risk management as neither LA will be lead local authority for the purposes of the local authority health related function. • Efficiencies identified from a cessation of internal monetary transfers between the two LAs. • Continuity of service delivery and provision in the recommissioning process • Continuation of strong partnership working between LAs & NHS Provider/s • S75 arrangements can only be formed if it is likely to lead to an improvement in the way in which the functions are exercised, which can be demonstrated. This expectation supports a developmental approach to improvement. 	<p>Risks to continuity of service provision, service user impact and geographical disparities should if the local authority wishes to change arrangements during the contract term.</p>
<p>Single S75 Partnering Arrangement(Tri-partite between PCC, CCC and a NHS Body/NHS Bodies)</p>	<ul style="list-style-type: none"> • Similar to above apart from the efficiencies from a cessation of monetary transfers between the two LAs. 	<ul style="list-style-type: none"> • More complex tri-partite arrangements between two local authorities and a NHS Body. • Added levels of complexities compared to 2 separate s75 agreements, as each LA will need to agree carefully how they will exercise any rights or obligations they have under the

		single agreement and will need to ensure the relationship from commencement is governed in such a manner to enable the collective discharge of rights and obligations under the single agreement/contract. Participant authorities may be jointly and severally liable to the NHS trust/s for their obligations under the agreement.
PSR – direct award C	N/A – option rejected as the current service has not been procured through a competitive process. Section 75 approach is more suited	N/A – option rejected as the current service has not been procured through a competitive process. Section 75 approach is more suited
PSR – competitive procedure	<ul style="list-style-type: none"> • Holds the potential to drive down costs and increase transformation/innovation (although this cannot be guaranteed) 	<ul style="list-style-type: none"> • Likelihood is the outcome of this exercise would be to continue with existing provider/s due to the 5 evaluation criteria under PSR (quality and innovation; value; integration, collaboration & service sustainability; improving access, reducing health inequalities, and facilitating choice; social value) • Any change of provider/s could result in significant service disruption. • Time intensive to complete full competitive tender process within available timescales
In-house provision	<ul style="list-style-type: none"> • More integrated service with Early Help/Targeted Support, Children's Social Care, Education • More transformation possible (although we have been able to transform the service through the term of the current Section 75) • More control over the service provision but that comes with more risks 	<ul style="list-style-type: none"> • Requires significant change management with the local authority teams and structures. Lack of appetite from CLT for this option when discussed with earlier paper. • Neither LA holds the necessary infrastructure for clinical oversight at present. • Risk of losing specialist workforce as there is a national shortage of health visitors and school nurses. <p>Risks of delivering a mandated Public Health service would transfer to the Local Authority</p>

5.3 Where Section 75 partnering arrangements are likely to lead to an improvement in the way in which the function can be exercised, and consultation with interested parties has been fulfilled, then a local authorities may exercise power to enter into Section 75 Partnering Arrangements.

- 5.4 The recommendation is to move forward with a Section 75 Partnering Arrangement with the CCS for the following reasons:
- CCS are the leading regional provider of HCP services, with a strong track record and can draw on learning and practice from other areas.
 - CCS already have the necessary infrastructure in place to effectively deliver the functions – for example the website and digital offer.
 - A greater proportion of the leadership team are already CCS employees.
 - CCS lead on providing the required contract monitoring information and have the informatics systems in place to work with Commissioners around reporting development requirements.
 - CCS provide the Emotional Wellbeing Service and Mental Health Support Teams in Schools [Cambridgeshire and Peterborough Mental Health Support Team \(cambspborochildrenshealth.nhs.uk\)](https://www.cambspborochildrenshealth.nhs.uk) which is funded nationally and the HCP 5-19 team works closely with them.
- 5.5 **In adopting two separate but parallel Section 75 Partnering Arrangements with the NHS trust and the two Councils** each Local Authority will maintain separate partnering, contractual and financial arrangements (by way of S75 Agreement) with the NHS trust and it reduces risk as neither organisation will be the 'Lead Authority' for the purposes of the partnering arrangement. It also allows for efficiencies identified from a cessation of internal monetary transfers between the two Authorities.
- 5.6 As we will be looking to embed significant new practices aligned to place based models described above, and acknowledging the changing landscape as the Public Health directorate in the two local authorities separate, it is recommended that we consider this a developmental period and support with **a duration of 2+2+2 years (total 6 years)**. Additionally, grant the discretion to the Director of Public Health to amend the extension period into shorter durations based on service requirements. This would give the option to make any changes, including responding to any new national guidance and local priorities.
- 5.7 The current annual funding envelope for the Healthy Child programme is **£4,092,144 p.a.** This is split between the 0-5 programme with £3,314,637 and the 5-19 programme with £777,507. It is important to note that many of the posts work across the 0-19 age range and increasingly the workforce is dually accredited. This budget envelope reflects a new skill mix model agreed with the provider (which will improve recruitment and release savings) and incorporates all NHS pay awards and Agenda for Change uplifts to date.
- 5.8 The annual budget in 2020_21 when the service was initially commissioned was £4,017,144 p.a. This was increased by £75,000 to £4,092,144 p.a. in 23_24 which is a 1.8% increase. This is much lower than the overall % NHS pay award increases over that period and lower than the cumulative change in CPI over the same period suggesting that it provides good value for money.

6. CORPORATE PRIORITIES

6.1 *Consider how the recommendation links to the Council's Corporate Priorities:*

1. *The Economy & Inclusive Growth*
 - *Environment*

- *Carbon Impact Assessment (copy and paste the summary section from the approved Carbon Impact Assessment form)*
- *Homes and Workplaces*
- *Jobs and Money*

Giving every child the Best Start in Life and improving outcomes for children will provide a healthy workforce for the future. The current Providers are local NHS Community Trusts providing a range of services and attend career fairs at the Local University to publicise employment opportunities.

2. *Our Places & Communities*

- *Places and Safety (including any rural implications)*
- *Lives and Work*
- *Health and Wellbeing*

Subject to the outcome of the decision being taken, future reports outlining the impact of the decision will be presented detailing this in more depth. This decision directly corresponds to the following promise to improve outcomes for children:

Together we will create a healthier future – we will ensure our children are ready to enter education and exit, preparing them for the next phase of their lives while creating an environment that gives everyone the opportunity to be as healthy as they can be. We will reduce poverty through better employment and better housing and promoting early intervention and prevention measures to improve mental health and wellbeing and be part of the integrated care system work with primary care, the NHS and the voluntary sector to develop an integrated neighbourhoods approach.

3. *Prevention, Independence & Resilience*

- *Educations and Skills for All*
- *Adults*
- *Children*

This decision this service relates to will impact on the following promises:

We will ensure every Child gets the best start in life – with more children and young people in care finding permanent, safe and stable homes and where all care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs.

We see Safeguarding of our most vulnerable residents as a priority – the young and adults at risk are safeguarded in the context of their families, peers, schools and communities. Our children, young people, and their communities benefit from a whole system approach to tackling the impact of crime. We have zero tolerance to domestic abuse and will drive local action that tackles underlying causes, challenges perpetrators, and empowers survivors.

We will support individuals and families during the cost-of-living crisis – by providing them with the required breathing space, so they can plan their finances without the pressures of overdue debt. We will reduce levels of debt and associated money issues in our communities through the adoption of an ethical, joined up and data driven approach to the collection, management and prevention of debt. This means making better use of data and insight to support proactive outreach and working more closely in partnership with civil society.

4. *Sustainable Future City Council*

- *How we Work*
- *How we Serve*
- *How we Enable*

The HCP at its core is a service that enables and empowers families, children and young people to lead healthy, independent lives prioritising the most vulnerable in society.

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

7. **RECOMMENDATION/DECISION REQUIRED**

7.1 To commission a Universal 0-19 Healthy Child Programme including Health Visiting and School Nursing that follows national commissioning guidance, focuses on improving outcomes and reducing inequalities while allowing flexibility to adapt to local needs by working in place-based integrated teams with other Local Authority (Education, Social Care and Community), Public Health and NHS services.

7.2 For Peterborough City Council to enter into a Section 75 Partnering Arrangement with Cambridgeshire Community Services for delivery of this service starting on 1st April 2025 for a duration of 2 years with the option to extend for 2+2 years (Total 6 years).

7.3 To delegate authority to the Director of Public Health to exercise the option to extend the Arrangement after each 2-year period. Additionally, grant the discretion to the Director of Public Health to amend the extension period into shorter durations based on service requirements.

8. **CONSULTATION**

8.1 Details about the Healthy Child Programme and the Annual Report have been discussed with the Cabinet Portfolio holders for Children and Young People during briefing sessions with the children's public health team. The HCP employ a co-production lead and the service model is continuously being updated to reflect changing needs. A number of co-production reports are available on request.

8.2 The Children and Young Peoples Needs Assessment which has been completed includes the relevant data and stakeholder engagement work. This will be published following ratification by the Health & Wellbeing Board expected in October 2024.

8.3 This report was presented to CLT on 26 Aug 2024 and incorporates changes requested by CLT.

9. **ANTICIPATED OUTCOMES OR IMPACT**

9.1 It is anticipated that the outcomes of the decisions made will impact the commissioning direction officers move forward with the recommissioning of the HCP including the service model ('what to include' in the 0-5 and 5-19 elements of the HCP) and the approach to commissioning (i.e. Section 75 Partnering Arrangement with CCS).

10. **REASON FOR THE RECOMMENDATION**

- 10.1 Delivery of the Healthy Child Programme is funded through the Public Health Grant, and therefore the Local Authorities are subject to the Public Health Grant conditions and are required to deliver the HCP across Peterborough and Cambridgeshire.

The current arrangements are due to end on the 31st March 2025, therefore a decision is required to determine future commissioning arrangements in order to allow officers to proceed with the recommissioning process, finalising the service specification and Key Performance Indicators.

11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 No alternative options are required at this time as this report is for Cabinet members to decide which option to proceed with. To continue with the status quo is not viable as contractual arrangements are planned to end on the 31st March 2025 with no option to extend.

12. IMPLICATIONS

Financial Implications

- 12.1 The HCP is funded from the Public Health Grant, Annual budget for 24/25 is £4,092,144 p.a. A detailed quarterly finance and staffing monitoring schedule is submitted, and any underspends are returned to the council and overspends dealt with in year. These clauses will be strengthened in the new arrangements.

Legal Implications

- 12.2 A local authority may exercise its statutory power to arrange services in scope of Section 75 of the NHS Act 2006. A Partnering Arrangement made under Section 75 NHS Act 2006 for partnership arrangements between NHS bodies and local authorities can include making arrangements for the exercise of certain NHS and local authority health-related functions by the partner.

Section 75 NHS Act 2006 enables NHS bodies and local authorities to enter into arrangements which are prescribed in secondary legislation. The NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000, as amended, is the relevant secondary legislation that sets out details of the permitted arrangements, i.e., that NHS bodies can carry out local authorities' health-related functions together with their NHS functions. Such arrangements can only be formed if it is likely to lead to an improvement in the way in which the functions are exercised.

Equalities Implications

- 12.3 The HCP is universal in Reach and Personalised in Response. A large part of their work is linked to safeguarding, SEND and supporting other vulnerable groups such as young parents, young carers, young offenders, parents with learning difficulties, physical or mental ill-health, substance misuse issues.

13. BACKGROUND DOCUMENTS

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

- 13.1 *List any documents and other information used to write this report. DO NOT include exempt items. Be specific as anything you list here must be available for public inspection for several years after the committee meeting.*

[Healthy child programme schedule of interventions - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Healthy child programme: health visitor and school nurse commissioning - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Previous Cabinet paper - Agenda for Cabinet on Monday 11th March, 2024, 4.00 pm | Peterborough City Council](#)

14. APPENDICES

14.1 Appendix 1- Cambridgeshire and Peterborough Healthy Child Programme Vision statement

Vision Statement: To improve health outcomes and reduce inequalities for Children and Young people by providing high quality, safe and accessible services.

Fundamental principles:

Universal in reach

- Ensuring staff feel **safe, motivated, valued, and supported** with access to effective clinical supervision, opportunities for professional development and a stronger sense of identity within roles, to provide enable them to deliver a **high-quality, safe, and effective service to families.**
- Specialist Community Public Health Nurse-led (SCPHNs) services which adopt a skill mixed approach to delivery, **recognising the skills of employees above qualification bandings**, to best respond to the needs of our communities and deliver an effective service.
- Maximising resource through working collaboratively with broader system partners and effective **utilisation of wider community assets.**
- A service which is **accessible and flexible**, using a range of digital, virtual, group and face-to-face support, including a robust self-help offer with easy access to health & wellbeing information and advice.
- Staff **make every contact count** by using **clinical judgement and public health expertise** to seek out and identify perceived, expressed, and assessed needs and vulnerabilities to improve outcomes.

Personalised in response.

- Delivered on days, at times, and in places that are **convenient for our families and young people.**
- Interventions will be **needs-led and targeted to meet needs** of different communities and vulnerabilities, using the principles of single session thinking wherever possible to reduce unnecessary referrals and waits for support.
- Where possible the service will introduce **continuity of carer.**
- **Champion relational working**, with our families and system partners.
- **Coproduction will underpin all aspects** of user-facing service improvements.

Enablers to achieving our vision:

One-team approach

- **Integrated 0-19 years HCP service** across Cambridgeshire and Peterborough, using a place-based model and takes a **'whole family' approach** for children of mixed ages.
- **Strong partnership working** with Early Years settings, Child & Family Centres, Voluntary organisations, Schools, Children's services, Children's Mental Health Services and other NHS services such as primary care, specialist therapies and community paediatrics.

- **Robust antenatal and postnatal pathways that include maternity and primary care** alongside community health service provision of the Healthy Child Programme
- **Works alongside other models** of the Integrated Care System such as Integrated Neighbourhood teams and Primary Care Networks.
- Make every contact count [Making Every Contact Count - eLearning for healthcare \(e-lfh.org.uk\)](#) and utilise consistent messaging across the system.

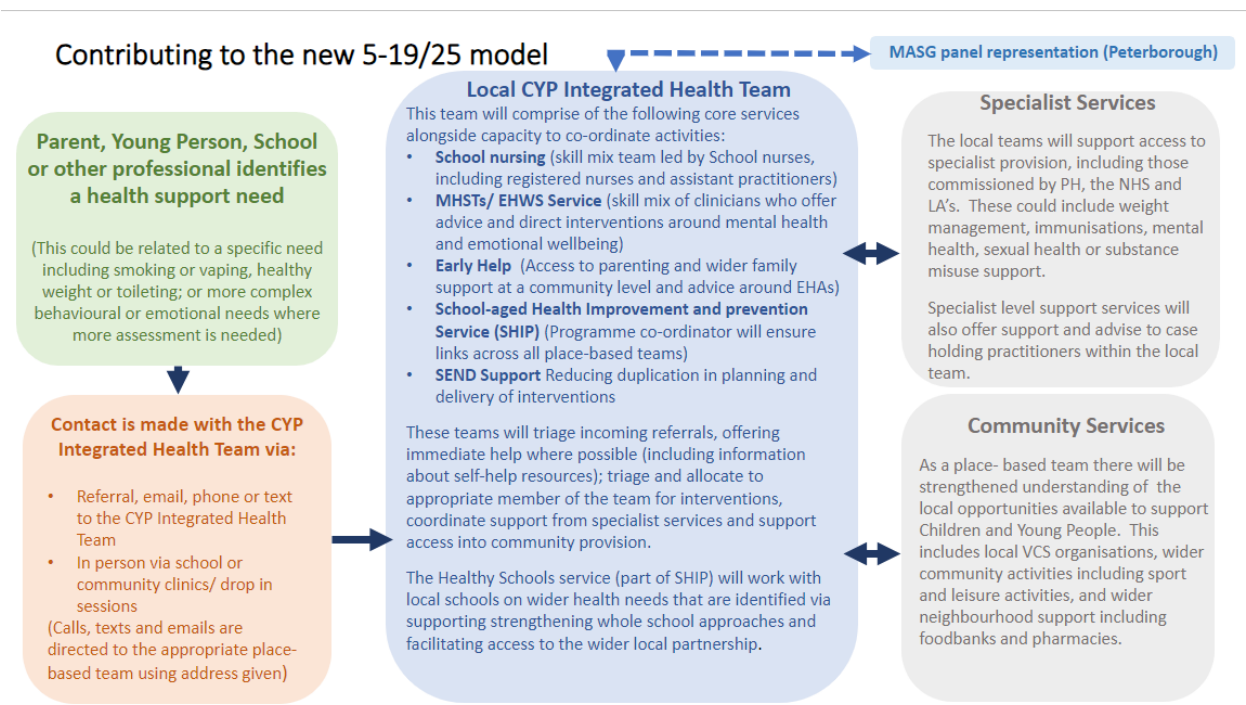
Outcomes-focused

- Service model will support the delivery of the Cambridgeshire and Peterborough Children and Young Peoples (CYP) Outcomes. [CYP-Outcomes Sept2023-Cambs-Insight.2.xlsx \(live.com\)](#)
- Delivery of outcomes at an individual, family and population level is central to the service.

Evidence-based

- Makes use of evidence from the Office of Health Inequalities and Disparities (OHID), National Institute for Care Excellence (NICE), Early Intervention Foundation (EIF) and other National resources
- Focus on health promotion, prevention, early intervention.

14.2 Appendix 2: Model of delivery for integrated place-based teams (5-19/25 yrs)



14.3 Appendix 3- Interventions underpinning 0-5 Healthy Child Programme

Community	Universal
<ul style="list-style-type: none"> • Deliver place-based support, basing services from accessible community venues. • Use the most up to date local needs assessment data and local service mapping to ensure the best use of local assets to support families. • Promote local services and encourage community connections, being aware of the impact of wider determinants of health including poverty, housing, employment and education. • Use available communication channels to promote healthy lifestyles. This will include healthy diet and physical activity, oral health, immunisations, and emotional wellbeing. 	<p>In addition to core contact points (antenatal health promoting review, new baby review, 6–8-week review, 1 year review, 2-2.5 year review) the following elements will be universally available to all families:</p> <ul style="list-style-type: none"> • A variety of thematic clinics (e.g., weighing, infant feeding, sleep). • Health reviews for children transferring into the area from another country and screening of records for children transferring into the area from within the UK. • Screening of A&E attendance notifications. • Access to 1:1 advice from a clinician in a Single Point of Access, either by phone, text, or chatbot. • A digital platform (website) which offers information, advice and signposting.
Targeted	Specialist
<ul style="list-style-type: none"> • Behavioural and development support. • Nutritional support (including infant feeding). • Support for maternal/perinatal mental health concerns. • Care of Next Infant following a death of a baby/infant. • Sleep & excessive crying. • Health Reviews for children transferring into the county following screening process. 	<ul style="list-style-type: none"> • Support the identification and addressing of health needs for children on Child Protection pathways. • Undertake Early Help Assessments, working as part of the team around the family and acting as lead professional when appropriate. • Enhanced support for vulnerable families (learning difficulties, Mental health, substance misuse). • Family Nurse Partnership programme for our most vulnerable teenage parents.

14.4 Appendix 4- Interventions underpinning 5-19 Healthy Child Programme

Community	Universal
<ul style="list-style-type: none"> • Collect and analyse data to ensure that Service understands local priorities and works across the wider system to build community capacity. • Have a broad knowledge of community needs and resources for the 5-19 age group. • Where possible support co-production of appropriate services with young people and families 	<ul style="list-style-type: none"> • Use community profiling to liaise with schools to agree support. • Health screening – Promote and review responses to ‘Getteing Ready for Change’ digital health questionnaires at key transition points i.e. Reception, Year 6, Year 9 and post 16. • Delivery of School clinics (prioritising secondary schools) to be planned using local knowledge and health profiling data.

<ul style="list-style-type: none"> • Signpost children and young people to other sources of health and wellbeing advice and information and/or to other services that already exist locally as needed. • Influence other agencies and sectors to improve health outcomes. • Use available communication channels to promote healthy lifestyles. • Promotion of the service within schools and community spaces, and with those educated at home or in other provisions. 	<ul style="list-style-type: none"> • Reception aged vision screening programme. • Health reviews for children transferring into the area from another country and screening of records for children transferring into the area from within the UK. • Screening of A&E attendance notifications. • Access for parents and CYP to same day, 1:1 advice from a clinician in a Single Point of Access, either by phone, text or online option. • Online Medication Management training for schools covering asthma, Type 1 diabetes, Epilepsy, Anaphylaxis.
Targeted	Specialist
<ul style="list-style-type: none"> • Accept referrals (including self-referrals from parents and young people) to offer support, advice, and signposting around the following topics: <ul style="list-style-type: none"> • Concerns relating to child or young person's health. • Being healthy and making positive choices including supporting maintaining a healthy weight. • Relationships and sexual health. • School transition. • Healthy bladder and bowel advice, including continence support. • Support with health needs (SEND, long-term conditions) • Vulnerabilities impacting health or education. • 1:1 work to include Health Needs Assessment and provide appropriate interventions. Impact evaluated using appropriate goal-based outcome tool, evaluated at each contact. • Provision of clinics to support with toileting issues such as bed-wetting and constipation. • Support the development of Educational Health Care Plans as appropriate. 	<ul style="list-style-type: none"> • Support Safeguarding processes and undertake work addressing the health needs for children on Child Protection pathways. <ul style="list-style-type: none"> • Attendance at Child Protection Case conferences if practitioner is the most appropriate health representative. • Health Needs Assessments offered if clinically valuable as part of the Child Protection process. • Undertaking Early Help Assessments, working as part of the team around the family and acting as lead professional when appropriate.

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CABINET	AGENDA ITEM No. 9
17 SEPTEMBER 2024	PUBLIC REPORT

Report of:	John Gregg, Director of Children’s Services Isabel Clark, Interim Head of School Place Planning	
Cabinet Member(s) responsible:	Councillor Katy Cole, Cabinet Member for Children’s Services	
Contact Officer(s):	Isabel Clark Interim Head of School Place Planning	Tel: 07711804965

ACADEMY CONVERSION OF A SCHOOL

RECOMMENDATIONS	
FROM: Interim Head of School Place Planning	Deadline date: N/A

It is recommended that Cabinet:

1. Authorises the Council to enter into the following:
 - a. A Commercial Transfer Agreement (CTA) between the Council, the Governing Body of Newborough Church of England Primary School (the “School”) and Peterborough Diocese Education Trust (“PDET”).
 - b. Deeds of Novation/Assignment between the Council, PDET and (if applicable) the relevant third-party contractors including any building/constructions contracts, for the Council’s interest in the contract entered into by the Council for the purpose of operating the school to be novated or assigned to PDET.

2. Authorises the Council to enter into the following:
 - a. A lease of 125 years of the playing fields occupied by the School, at a peppercorn rent granted by the Council to PDET
 - b. A statutory transfer of hardstanding areas and built land on the school site from the Council to Peterborough Diocesan Board of Finance (“Diocese”)

the main terms of which are set out in Appendix 1 (or such alternative terms as the Executive Director for Children’s Services, in consultation with the Director for Legal and Governance and the Executive Director for Corporate Services, determines are necessary to facilitate the academy conversion of the School).

3. Delegate authority to the Executive Director for Children’s Services, in consultation with the Director for Legal and Governance and the Executive Director for Corporate Services to negotiate and enter into any documentation reasonably required to facilitate the academy conversion of the school.

1. ORIGIN OF REPORT

1.1 This report is presented to Cabinet following receipt of an Academy Order in relation to the School.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is for Cabinet to authorise the documentation necessary to facilitate the conversion of the School to an academy.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.2, *'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'*

3. TIMESCALES

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

4.1 Newborough Church of England Primary School (the "school") is currently a maintained voluntary aided (VA) school which is undergoing conversion to academy status by virtue of an Academy Order made by the Secretary of State under the Academies Act 2010. Once converted to an academy, the School will be operated by an academy trust (the "Trust"). The "Trust" in this case is envisaged to be PDET.

4.2 As part of conversion to an Academy, Department for Education guidance specifies that if the land is held by the Local Authority, then it is to be leased to academy trusts on a 125-year lease, for a peppercorn rent. In this case, this consists of the playing fields of the school, as authorised by recommendation 2.

4.3 For Voluntary Aided schools, any built areas and hard surfaces of the school which are owned by the Local Authority, should be transferred to the Diocese pursuant to Schedule 3 paragraph 9 of the Schools Standards and Framework Act 1998. Any outstanding statutory transfers to the Diocese will be dealt with and authorised by separate governance (as these are required irrespective of academy conversion). The Diocese (Ely Diocesan Board of Finance) will then enter into their own arrangements with the Trust to make this land available to the Trust.

4.4 In addition to the lease and any statutory transfers required, Local Authorities also enter into a Commercial Transfer Agreement ("CTA") as part of the conversion, to set out the respective obligations of the parties in relation to the conversion (including in relation to employees, the transfer of assets (other than land), contracts and liabilities). The CTA is authorised by recommendation 1a.

4.5 Under the terms of the Council's standard CTA, the Council is obliged to assign and/or novate the benefit of contracts entered into by the Council for the purpose of operating the school, to the Trust. If the Council has previously entered into contracts in relation to building/construction works carried out at the School, the Council will be entering into the Deeds of Novation/Assignment in relation to those contracts (as detailed within recommendation 1b), which will enable the Trust to have the benefit of those contracts (and any claims arising out of the building/construction works), instead of the Council. The novation/assignment does not involve a change of contractor, and therefore, the reference in the Council's Contract Rules for reference to have been made to the assignment in the tender documents, do not arise.

- 4.6 Depending upon the circumstances of the conversion, it may transpire that additional documentation is required to facilitate the conversion, specific to the school or site. This is reflected in recommendations 3 of this report.
- 4.7 The Trust will be responsible for the operation of the Academy upon conversion and will be the employer of school staff. As the School is Voluntary Aided, the Governing Body is the current employer of the school staff, who will therefore transfer to the Trust under the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 4.8 The anticipated conversion date is 1 October 2024; however, this is subject to change.

5. CONSULTATION

- 5.1 Once an Academy Order has been obtained, the Governing Body of the school is obliged to carry out the DfE required consultations with stakeholders including staff and parents of children on roll at the School.
- 5.2 As part of the academy process Council officers in finance, insurance, property and education, together with the relevant Ward Councillors, will be informed of the proposed conversion.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The anticipated outcome is that the school will close as a maintained school and re-open as an Academy operated by a Trust. The playing fields currently occupied by the school (owned by the Council) will be leased to the Trust; the hardstanding areas will be transferred to the Diocese, and the staff, assets and contracts relating to the school will be transferred to the Trust to enable it to operate the Academy from the conversion date.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Council is obliged under the Academies Act 2010 to cease maintaining a school on the date it opens as an Academy and must take all reasonable steps to facilitate the conversion of a school into an Academy once an Academy Order has been made.
- 7.2 The Council's consent is not required for a school to convert to an Academy and if the Council does not cooperate with the conversion process by negotiating and entering into lease and property arrangements and also the CTA, it would be in breach of its statutory obligations to facilitate the conversion.
- 7.3 The Secretary of State has the power to make transfer schemes under the Academies Act 2010 in relation to property, land, rights and liabilities (including rights and liabilities in relation to staff) which would be binding on the Council. It is, therefore, preferable for the Council to reach agreement with the Governing Body of the School and the Trust and enter into the CTA, lease and associated documents in respect of these matters, rather than be subject to transfer schemes made by the Secretary of State.
- 7.4 In the early stages of an academy conversion, it is not possible to confirm, with certainty, what documentation will be required and the provisions which will be contained within such documentation, as this is subject to the relevant due diligence being carried out (such as looking into the circumstances of the site, for example) and subsequent negotiation with the Trust and Governing Body of the School. Accordingly, although the main proposed terms of the lease and statutory transfer are detailed in Appendix 1, recommendation 2 contains a delegation for the Executive Director for Children's Services (in consultation with the Director for Legal and Governance and the Executive Director for Corporate Services) to amend these proposed terms if necessary, to facilitate the academy conversion of the School. Similarly, recommendation 3 contains a delegation to negotiate and enter into any further documentation reasonably required to facilitate the academy conversion.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Refuse the closure of the school and the conversion to academy status and not enter into a CTA or lease:
Once a school has been accepted for academy status by the Secretary of State, the Council is required to support the decision and take reasonable steps to facilitate the conversion. Failure to cooperate or negotiate a CTA and lease could result in the Secretary of State making transfer schemes which would be binding on the Council and would be in breach of the Council's statutory obligations under the Academies Act 2010.
- 8.2 Not to novate/assign the benefit of the Council's building contracts relating to the school, to the Trust. This option was rejected because, if the Council retained the benefit of the contracts, if any claim in relation to those works/services in respect of the school were to arise, it is likely that the Council would then have to become involved or take action on behalf of the Trust. novating/assigning the benefit of the contract allows the Trust to deal with any such claims directly.
- 8.3 Sell the playing fields to the Trust: This option was rejected because there is no requirement for the Trust to buy land (for which no funding has been made available) and the Council would prefer to retain ownership.

9. IMPLICATIONS

Property Implications

- 9.1 The freehold title of the playing fields will remain under the ownership of the Council. A 125-year lease of the playing fields will be granted to the Trust subject to any termination clause (s) within the lease.

Financial Implications

- 9.2 The Academy Trust will receive its funding direct from the Department for Education. Government funding for Peterborough schools will be reduced proportionately.

When a school transfers to an academy on a 125 year lease the value of the asset is written out of the balance sheet, the carrying value of Newborough school on the Councils balance sheet is £22.3K. If the Council has previously borrowed money to fund building works at Newborough school this liability remains with the Council.

Legal Implications

- 9.3 As detailed within paragraph 7.1 of this report, the Council is obliged under the Academies Act 2010 to cease maintaining a school on the date it opens as an Academy and to take all reasonable steps to facilitate conversion to academy status. Paragraph 7 of this report sets out the implications if the Council fails to cooperate.

Equalities Implications

- 9.4 There are no equalities implications arising from this decision.

Carbon Impact Assessment

- 9.5 The proposed academy conversion of Newborough C of E Primary School is anticipated to have a neutral impact.

Admissions Implications

- 9.6 The Trust will continue to be its own admissions authority and will determine its own admissions arrangements. Places will continue to be allocated using the co-ordinated admissions process.

10. BACKGROUND DOCUMENTS

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

10.1 None.

11. APPENDICES

11.1 Appendix 1 – Proposed Main Property Terms

Appendix 1 - Proposed Main Property Terms

Lease of Playing Fields:

Lease of Playing Fields:

	Task (to be completed by Officer)	Lease Out Outside the security of tenure provisions of the Landlord and Tenant Act 1954.
	by City Council for (scheme/purpose)	For the grant of an Academy Lease of land at Newborough Church of England Primary School
1	Property Tenure (Council's)	Freehold
2	Proposed Tenant	Peterborough Diocese Education Trust Bouverie Court, 6 The Lakes, Bedford Road, Northampton, NN4 7YD FAO: [NAME] Tel: [NUMBER] Email: [EMAIL]
3	Tenant's Solicitors	TBC Contact: Tel: Email:
4	Previous Tenancies and Passing Rent	N/A
5	New Term	125 Years from 1 st September 2024
6	Rental Figure	A peppercorn (if demanded) per annum
12	Repairs	The tenant is to be directly responsible for all repairs
13	Deed No.	Part Deed 8475cc, Registered Title CB317276
16	Proposed Use	For education purposes and for community, fundraising and recreational purposes which are ancillary to educational purposes
18	Other information	Tenancy at Will to be entered in to if lease does not complete by 1 st September 2024 See Lease Plan

Statutory Transfer:

Task to be completed	Transfer of remaining developed areas to the Diocese prior to academisation	
by City Council for (scheme/purpose)	Newborough Church of England Primary School	
1.	Property Tenure (Council's)	Freehold
2.	Proposed Transferee	Peterborough Diocesan Board of Finance, The Palace, Minster Precincts, Peterborough PE1 1YB
3.	Transferee's Solicitors	TBC
4.	Consideration	nil
5.	Deed No.	Part Deed 8475cc, Registered Title CB317276
6.	Proposed Use	For education purposes and for community, fundraising and recreational purposes which are ancillary to educational purposes
8.	Other information	Transfer of developed land to Diocese required as part of Academisation of the school See Statutory Transfer Plan