

CABINET

20 JANUARY 2012

MEDIUM TERM FINANCIAL STRATEGY

**BUDGET 2012/13 AND
MEDIUM TERM FINANCIAL PLAN TO 2021/22**

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Growing the right way for
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PETERBOROUGH

CITY COUNCIL

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CABINET	AGENDA ITEM No 3
20 January 2012	PUBLIC REPORT

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BUDGET 2012/13 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) TO 2021/22

R E C O M M E N D A T I O N S	
FROM : Cllr David Seaton	Deadline date: Council Meeting 22 February 2012
<p>1. Cabinet is recommended to agree the following as the basis for the next stage of the budget consultation and in light of the announcement of the local government provisional settlement for 2012/13:</p> <ul style="list-style-type: none"> a) That the MTFS is set in the context of the council priorities. b) The Budget monitoring report as the latest probable outturn position for 2011/12, noting the use of reserves to deliver a balanced budget. c) The draft revenue budget for 2012/13 and indicative figures for 2013/14 to 2021/22 (including the capacity bids and saving proposals). d) The draft capital programme for 2012/13 to 2021/22 associated capital strategy, treasury strategy and asset management plan. e) The medium term financial plan for 2012/13 to 2021/22, extended to a ten year plan so that the key challenges around delivery of growth can be adequately captured and financial challenges arising from significant local government funding changes be modelled. f) The proposed council tax increase of 2.95% for 2012/13 and indicative increases of 2.95% for 2013/14 to 2016/17 and return to 2.50% for 2017/18 to 2021/22. g) To spend at the level of the Dedicated Schools Grant for 2012/13 to 2021/22. h) The proposals for reserves and balances. <p>2. That Cabinet approve the budget proposals as the basis to consult with Scrutiny, Staff, Unions, Stakeholders and the public.</p> <p>3. That Cabinet note and have regard for the continuing uncertainty of national public finances from 2013/14 onwards following the recent government consultations on funding arrangements and the Chancellor's Autumn budget statement immediately preceding the announcement of the local government provisional finance settlement.</p>	

1. ORIGIN OF REPORT

- 1.1 The report is submitted to the Cabinet as part of the council's agreed process for integrated finance and business planning including the changes approved at Full Council meeting of 7 December 2011.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to present budget proposals for 2012/13 through to 2016/17, extending the budget to a ten year view in line with the provisional local government finance settlement for 2012/13 and the possible outcome for future local government funding arrangements from 2013/14 onwards. The report contains three key sections:
- Cabinet report and summary of council funding implications, including proposals on council tax;
 - The budget consultation document to enable scrutiny, stakeholder and public consultation.
 - The draft MTFS, including capital strategy, asset management plan and Treasury Strategy. This will allow consultation to take place on these elements; and
- 2.2 The proposals set out in this report are to enable recommendations to be made to the meeting of Full Council on 22 February 2012.
- 2.3 The report is for Cabinet to consider under its Terms of Reference no.3.2.7 *“to be responsible for the Council’s overall budget and determine action required to ensure that the overall budget remains within the total cash limit.”*
- 2.4 In addition, the report also has regard to the revised budget timetable and process as approved by Full Council at the meeting of 7 December under the council constitution Part 4, Section 6 – Budget and Policy Framework Rules.

TIMESCALE

Is this a Major Policy Item/Statutory Plan?	YES	If Yes, date for relevant Cabinet Meeting	10 Feb 2012
Date for relevant Council Meeting	22 February 2012	Date for submission to Government department	Communities and Local Government (CLG) March 2012

3. FUTURE BUDGET PROSPECTS AND BUDGET PROPOSALS 2012/13 TO 2016/17 EXTENDING TO A TEN YEAR VIEW

- 3.1 Cabinet firmly believe that sustainable budgets over the medium term that support the council's priorities should be put forward.
- 3.2 This report covers a range of issues in setting the council's budget in the medium term plan, outlining the probable outturn for 2011/12 and how the council intends to deal with the resultant pressure through a series of measures and the national funding arrangements implications beyond 2012/13. This will enable effective and transparent budget consultation with scrutiny, stakeholders and the public based upon the most readily available information to Cabinet whilst still enabling an overall budget consultation of nearly six weeks before Full Council considers the budget on 22 February 2012.

Priorities and approach

3.3 The Cabinet has been working on these proposals for some time. It has based its work on the following principles, actions and priorities:

- Continuing to reduce costs and bureaucracy by robustly pursuing its efficiency agenda through the business transformation programme and other council departments.
- Further reducing its dependence on consultancy where it is appropriate to do so and up-skilling its own workforce.
- Considering other ways of delivering the best services to our residents that place less of a financial burden on the tax payer including working with voluntary organisations and businesses to secure value for money and improvements in performance.
- Reviewing all the buildings the council owns and uses and ensuring they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.
- Continuing to secure savings by ensuring services provide the best value for money for our residents.
- Only making reductions in services where there is still not enough money available to deliver them when other savings have been accounted for.

3.4 The proposals put forward in this paper maintain our commitment to:

- Improving educational attainment and skills for our children and young people. A key part of this vision is bringing established universities to deliver courses to students in Peterborough. It will enable people to study a wider choice of higher education courses without having to leave the city.
- Safeguarding children and vulnerable adults.
- Growth, regeneration and economic development of the city to bring new investment and jobs.
- Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments.
- Delivering services at a neighbourhood level.
- Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

4. 2011/12 BUDGET AND PROBABLE OUTTURN

Overview

4.1 The original MTFs outlined that the budget for 2011/12 was an extremely challenging one. Cabinet received an update on the position at their meeting in late September outlining some of the financial risks that were emerging during the course of the financial year. This included the following comment on Adult Social Care:

- *Adult Social Care is delivered for the Council in partnership with the PCT. The PCT are currently indicating that there are pressures due to additional demand for services from clients who have a statutory entitlement to services, and that savings plans are at risk. As a result, this budgetary control report incorporates this risk into the forecast, ensuring that the Council takes a prudent approach to its in-year financial management. The Council is currently considering options to see how these pressures can be managed, and how savings might be achieved.*

4.2 As the financial year has progressed, the risk materialised. There are significant pressures in adult social care, mainly through increases in the numbers of people requiring our

support, or through increased need. This issue and how we intend to tackle it in the future is outlined in more detail in the budget consultation document.

- 4.3 The Council has taken action to minimise the impact through savings across departments, and the use of the corporate contingency. Despite this, it has not proved possible to completely close the gap. It is considered that any other short term savings in the current financial year will have an unacceptable impact on services. As such it will be necessary to use some reserves to balance the position. The impact of this approach on the level of reserves is included in the MTFS, and specifically commented on in the Chief Finance Officers report. A summary of the changes since the published MTFS to the latest forecast are outlined below.

Department	Probable Outturn £k
Surplus Carry Forward as per MTFS 2011	2,918
Adult Social Care	-8,357
Chief Executive	1,103
Legal and Democratic Services	347
Children Services	0
Operations	218
Strategic Resources	344
Corporate contingency	1,000
REVISED TOTAL – surplus (+) / deficit (-)	-2,427
Use of Reserves	2,427
Probable Outturn	0

- 4.4 The capital programme is currently forecast to be fully spent on all capital projects underway with any slippage from project delay or deferral through the budget setting process being reallocated to future financial years following an in depth review and robust challenge for every project within the capital programme.
- 4.5 The budget monitoring report later in MTFS provides additional information.

5 MTFS 2012/13 to 2021/22 EXTENDING TO A TEN YEAR VIEW

FINANCIAL SETTLEMENT 2012/13

- 5.1 The provisional local government finance settlement was announced on 8 December 2011 for 2012/13 being the second year of the Spending Review 2010. There has been no confirmation of the financial years 2013/14 and 2014/15 also covered within the Spending Review 2010 other than there remains financial uncertainty of local government funding arrangements from 2013/14 onwards.
- 5.2 The outline of the settlement is as follows:
- Formula grant has been provisionally set at £74m including the confirmed council tax freeze grant of £1.5m announced last year for the council freezing council tax in 2011/12. This is consistent with the council's estimates representing a £5.6m grant reduction in 2012/13 (7.8% grant reduction). This will mean that the council has had £15m formula grant reduction over two financial years.
 - Grant claw back removes £2.5m from the council's settlement in 2012/13 (£4.8m in 2011/12) and passes it to other council's to reduce their grant cuts. The council will again be lobbying government over the approach to claw back, particularly as the

council have concerns over the population data used in the current formula grant distribution nationally and the census is likely to show an increased population rise.

- The New Homes Bonus provisional settlement was also announced although the national scheme is over subscribed by £7m. This will be clawed back through a reduction in the local government funding settlement in 2013/14. The council's provisional settlement is £2.3m which includes £1.1m year two payment from the 2011/12 scheme.

5.3 Prior to the provisional settlement announcement, the Chancellors autumn statement 2011 included the following and the financial implications have been factored into the budget proposals accordingly:

- The government has announced that it will invest a further £380 million a year by 2014/15 to extend its offer of 15 hours of free education and care a week for disadvantaged two year olds. Additional funding to be paid through the Early Intervention Grant to support vulnerable two year olds early education. The council will receive an additional £235k in 2012/13 and further grant funding in 2013/14 and 2014/15.
- The government has set aside additional capital investment in schools to alleviate pressure on school places and increase the number of free schools available. Although the council grant entitlement has provisionally improved, it is unclear whether this includes academy allocations.
- The statement also references that local government funding may be adjusted accordingly from 2013 to reflect further austerity measures that the government announced across the public sector, particularly around public sector pay capping albeit local government pay is determined through national local government schemes and locally. There is no further detail forthcoming within the statement on potential funding implications for council's. This is therefore, being managed as a risk on future financial years and does not impact on 2013/13 financial year.

5.4 As previously reported to September Cabinet, the government consulted on local government funding arrangements such as the ability for council's to retain a proportion of business rate growth and localising council tax benefit. The government aims through these funding reviews to provide local authorities greater financial autonomy and strengthen the incentives to support growth in the private sector and regeneration of local economies. Government issued their response to both consultations last month, referencing that further consultation on detailed aspects of the scheme would need to be consulted on during Spring / Summer 2012 before implementing changes to funding arrangements proposed from April 2013.

5.5 The council's forecasts for formula grant for the remainder of the MTFs continue to be in line with the current Spending Review (a 28% reduction over four years) and then a freeze thereafter. There is insufficient information available from both the autumn statement and the local government funding consultations to revise funding estimates from 2013/14 onwards.

5.6 The settlement is provisional at this stage, and will be confirmed over the next few weeks. The consultation period on the provisional settlement runs until 16 January 2012 and the council will be submitting a response to the consultation. The main issue for the council remains the claw back of formula grant from Peterborough's funding.

BUDGET SUMMARY

5.7 The summary figures underpinning the council tax proposals are:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Funding					
Dedicated Schools Grant	140,292	140,292	140,292	140,292	140,292
Formula Grant	72,550	71,930	68,463	68,463	68,463
Other Council Grant	18,959	17,445	17,158	17,158	17,158
Benefit Grant	71,766	71,766	71,766	71,766	71,766
Parish Precepts	397	397	397	397	397
Council Tax	63,903	66,447	69,091	71,841	74,700
Total Funding	367,867	368,277	367,167	369,917	372,776
Total Expenditure	370,454	365,899	373,605	382,665	390,708
Budget Surplus(+)/ Deficit(-)	-2,587	2,378	-6,438	-12,748	-17,932

- 5.8 At the same time that the council is experiencing unprecedented reductions in funding, the council is also experiencing significant cost increases. The council has a range of statutory duties to provide services, and if demand for these services increases the council has a legal duty to provide them. There are significant demand pressures within Adult Social Care and Children Services budgets and also the costs associated with implementing the necessary infrastructure to support growth and regeneration within Peterborough. Further detail on these issues has been laid out in the budget consultation following this report.
- 5.9 The budget proposals Cabinet will be consulting upon therefore consider both the continuing grant reduction and the pressures through cost increases whilst demonstrating the Cabinet's commitment to the principles, actions and priorities which are to protect, as far as possible, front-line services and its vision for the city through reducing bureaucracy and costs, and improving efficiency to ensure value for money.
- 5.10 The following table highlights that whilst the council has made significant savings proposals for 2012/13, it has not been possible to deliver a balanced budget for 2012/13 as it is considered that further savings would have an unacceptable impact on services and therefore the council intends to use reserves to balance the budget in that year.
- 5.11 In 2013/14, the council are able to bring forward and deliver further savings that will move to the council having a budget surplus. This surplus will be utilised during 2014/15 to help close the forecast gap.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Deficit	-2,587		-6,438	-12,748	-17,932
Less: Use of Reserves	2,587		2,378		
Surplus		2,378			
Less: Transfer of Reserves		-2,378			
Cumulative Position	0	0	-4,060	-12,748	-17,932

- 5.12 This approach means that the council has the capacity to deliver a sustainable budget over the next two financial years and provides opportunity to review a longer term approach to meet the sizeable deficits going forward. For the first time, the council has extended the usual five year MTFs to a ten year financial plan. Furthermore the council will be able to model future funding scenarios once detailed information becomes available during 2012.

5.7 Capacity Bids

In preparing a Medium Term Financial forecast it is important to ensure unavoidable spending pressures are accurately reflected in future budgets. A summary of these items are shown below, with full detail outlined in the MTFs.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Inescapable	16,342	18,841	20,880	23,069	25,682
Essential	1,100	1,733	3,486	5,602	8,251
	17,442	20,574	24,366	28,671	33,933

The items are a mix of pressures that the council cannot avoid or has a legal duty to meet, as well as investments in delivering our priorities and improved services.

5.8 Savings

The Council's approach is still founded on the basis of the council being efficient, effective and accessible. The draft medium term plan is once again based around the philosophy of:

“Minimising overheads, reducing bureaucracy and improving value for money to ensure that resources are available to improve front line service outcomes to the community whilst ensuring the impact on council tax levels is as low as possible”

The scale of the financial challenge facing the Council, along with the fact that many transformational savings have been achieved, mean that the Council has to consider some service reductions. The new savings proposals are set out in the MTFs and can be summarised as follows:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Service Reductions	1,244	2,444	2,474	2,505	2,537
New savings and efficiencies	10,631	17,373	20,917	21,117	20,563
Additional Income	1,862	3,718	3,771	4,266	4,761
Terms and Conditions	0	666	666	666	666
Corporate Contingency	1,000	1,000	1,000	1,000	1,000
Total	14,737	25,201	28,828	29,554	29,527

6. CAPITAL PROGRAMME 2012/13 TO 2021/22 and extending to a ten year view to 2021/22

- 6.1 The capital programme is driven by the Council's contribution to the sustainable community strategy. In addition, it is based around the Capital Strategy that is integrated with the Council's Asset Management Plan. These are included in the MTFs attached.
- 6.2 In summary, the programme is as below, the first table covering the financial years 2012/13 to 2016/17 and the second table extending the summary for a further five years to 2021/22.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Total Capital Expenditure	244,579	84,917	56,029	48,305	23,709
Financed by:					
Grants & Third Party Contributions	33,676	7,768	9,351	12,382	5,882
Capital Receipts	15,495	2,425	6,975	850	900
Capital Financing Requirement (Borrowing)	195,408	74,724	39,703	35,073	16,927
Total Capital Financing	244,579	84,917	56,029	48,305	23,709

Capital Programme 2017/18 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Total Capital Expenditure	18,950	19,449	16,386	15,288	16,288
Financed by:					
Grants & Third Party Contributions	5,882	5,882	5,882	5,882	5,882
Capital Receipts	6,450	2,000	1,000	-	-
Capital Financing Requirement (Borrowing)	6,618	11,567	9,504	9,406	10,406
Total Capital Financing	18,950	19,449	16,386	15,288	16,288

- 6.3 Members should also be aware that the programme is reliant on capital receipts generated through asset disposal. Hence some capital schemes will only be initiated if resources are actually achieved. The whole programme has been re-assessed in the current economic climate and schemes re-profiled based upon expectations of likely levels of capital financing available.
- 6.4 Capital schemes will not progress until the following requirements have been satisfied:
- External funding secured where supporting a scheme.
 - A full business case has been approved through the Councils project gateway process.
- 6.5 The revenue impact of borrowing has been factored into the budget. The impact of this, including the report on the Prudential Code, Treasury Management Strategy and Minimum Revenue Provision (MRP) Policy are included in the MTFs attached.

7. COUNCIL TAX

- 7.1 Peterborough continues to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the fifth lowest council tax (£114 per year lower than the average, and £335 lower than the highest). In the last financial year there was no increase in council tax in Peterborough. In the last financial year there was no increase in council tax in Peterborough.
- 7.2 The proposals for Council Tax during 2011/12 enabled the council to freeze council tax levels and take advantage of the pot of money offered by the government to fund the equivalent of up to 2.5% council tax increase being £1.5m for Peterborough, thereby being cost neutral for the tax payer. The council took advantage of this money available as government have made this funding available for four years until 2015/16 when the council

will then need to find £1.5m in savings to cover the loss of funding from government thereafter.

7.3 On 3 October 2011 the Chancellor of the Exchequer announced that the government will pay a grant to authorities which freeze their council tax for 2012/13. The grant is a one year only grant with the maximum grant claimable for local authorities being the equivalent of 2.5% council tax increase. If the authority decided to take the government's offer and froze council tax again, it would take four years – and increase in council tax of at least 3.5 per cent per annum in subsequent years to make up the shortfall.

7.4 The Cabinet recognises these are challenging times for council tax payers but after careful consideration believes the best option is to decline the government's offer and, instead, increase council tax by 2.95 per cent for 2012/13 which is under the 3.5% increase in council tax requirement for initiating a local referendum on setting council tax as enacted within the Localism Act 2011. The final procedures for council tax requirements and local referendums will be published alongside the final local government settlement in the next few weeks.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£k	£k	£k	£k	£k
Council Tax increase	2.95%	2.95%	2.95%	2.95%	2.95%
Council Tax Band D	£1,128	£1,161	£1,196	£1,231	£1,267
Council Tax Base - Band Ds	56,650	57,217	57,789	58,367	58,951
Council amount raised (£m)	63.9	66.4	69.1	71.8	74.7

The equivalent Band D Council Tax figure for 2011/12 is £1,096 for the Council, not including the precepts from the Fire and Police Authorities and Parishes. This is currently one of the lowest levels in the country.

7.5 The impact is that for 2012/13:

- 2012/13 – 2.95% council tax increase (or the equivalent of 62 pence per week increase for Band D properties)
- 2013/ to 2016/17 – a maximum increase of 2.95%
- 2017/18 to 2021/22 – a maximum increase of 2.50%

Council tax bills are not only made up of council charges but also charges from other public bodies to fund their services. The remainder of the council tax bill is made up from charges from:

- Police and fire – they have been offered a similar incentive grant enabling them to potentially levy no increase in council tax if they can contain expenditure.
- Parish Councils – they do not receive any direct funding from the Government so no grant is available for them.

7.6 The Cabinet believe this proposal strikes the right balance between investing in our city, delivering efficiencies and keeping council tax as low as possible.

8. RESERVES AND BALANCES & ROBUSTNESS OF ESTIMATES

8.1 The Local Government Act 2003 requires the Chief Finance officer to report on the adequacy of reserves and provisions and the robustness of budget estimates as part of the annual

budget setting process. A full analysis of possible budget risks as well as the forecasts for levels of reserves are included in the MTFS within the report of the Chief Financial Officer.

9. CONSULTATION

9.1 The budget consultation will be launched on 13 January 2012 and will run until the Full Council meeting of 22 February 2012 to provide opportunity for debate with residents, staff, businesses and partners. All consultation events and activity have been re-arranged to fit with the new timetable. Cabinet wanted to ensure that residents, partner organisations, businesses and other interested parties have the chance to comment all of the savings, efficiencies, service reductions and investments they plan to make to enable the city to continue to grow and give residents the best quality of life.

- A web-based consultation;
- Copies of proposal documents placed in all libraries and receptions at Council buildings;
- Copies of proposal documents are available on request and once completed will need to be returned to the council;
- A range of meetings with partners and stakeholders, including:
 - Greater Peterborough Partnership
 - Youth Council and Youth MP
 - Churches Together
 - Voluntary Sector through Peterborough Council for Voluntary Service
- Sustainable growth scrutiny committee
- Joint Meeting of the Scrutiny Committees and Commissions
- Neighbourhood Councils
- Trades Unions
- Staff briefings and feedback
- Discussions with the business community
- Discussion with Parish Councils

10. ANTICIPATED OUTCOMES

10.1 The Sustainable Community Strategy and the Local Area Agreement targets can only be achieved by ensuring that resources are aligned with these priorities. The MTFS delivers this and also ensures that a balanced budget will be set.

11. REASONS FOR RECOMMENDATIONS

11.1 The Council must set a lawful and balanced budget.

11.2 The Council is required to set a Council Tax for 2012/13 within statutory prescribed timescales and in accordance with the local referendum requirements contained within the Localism Act 2011.

11.3 Before setting the level of Council Tax, the Council must have agreed a balanced budget.

12. ALTERNATIVE OPTIONS CONSIDERED

12.1 Alternative levels of Council Tax increase and areas for growth/savings can be considered but this must be seen in the context of the Sustainable Community Strategy and other constraints, along with the loss of council tax freeze grant that any increase would lead to.

13. IMPLICATIONS

13.1 Elected Members

- 13.1.1 Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.
- 13.1.2 It is an offence for any Members with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made, unless the Members concerned declare at the outset of the meeting they are in arrears and will not be voting on the decision for that reason.

13.2 Legal Implications

- 13.2.1 These are considered within the main body of the report. However, further evaluation of the detail contained within the Localism Act 2011 and draft Local Government Finance Bill is continuing.

13.3 Human Resources

- 13.3.1 During the course of the next financial year, we envisage undertaking a number of re-organisations which may result in a number of posts being made redundant. Whilst it is difficult to predict the exact number of posts affected, we believe this is likely to be in the region of 70 (which equates to roughly 60 FTE). This does not include the current restructures of education and resources, or the second and third phase of the restructure in Children's Services, which commenced as a result of last year's budget proposals and is currently underway. Our approach to minimising any compulsory redundancies will be the one adopted in previous years, including deleting vacant posts, redeployment of affected staff, and seeking voluntary redundancies where we are able to do so. The details of the voluntary redundancy programme is likely to be announced in late January.

13.4 Equality Impact Assessments

- 13.4.1 The overall budget setting process is supported by an overarching equality impact assessment. Additionally, each saving proposal being consulted upon has been considered with regards to equality issues and where appropriate separate equality impact assessments has been completed.

13.5 Future Service Delivery

- 13.5.1 As part of setting a ten year financial plan, further work is continuing on the future service delivery of services provided by the council. The council has developed a business plan that provides the council with a baseline to plan for the future of the city.

14. BACKGROUND DOCUMENTS

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

Budget Consultation

Medium-Term Financial Plan Proposals Document from Cabinet February 2012

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1. INTRODUCTION

This is a comprehensive document setting out, as far as is possible, the Cabinet's continued proposals to meet the challenges of the Government's Spending Review first outlined in October 2010.

As expected, funding from Central Government – the Local Government Provisional Formula Grant which was announced in early December – was £5.6 million lower than last year. The council will receive just over £74 million pounds from the Department of Communities and Local Government. This grant, alongside your council tax, funds the services we provide. These figures present another challenge for the council over how services can be delivered for the years ahead with shrinking resources.

This document aims to be open and transparent over proposed spending plans and is published at this time to give residents, partner organisations, businesses and other interested parties the chance to give their comments. It sets out all of the savings, efficiencies, and service reductions while also balancing the need to continue to invest in plans which will provide the city with continued growth.

2. CONTEXT AND OVERVIEW

When the Government's Spending Review was revealed in October 2010, it meant unprecedented cuts in public sector spending, including the money given to local authorities to run services. As a result, councils were told they would receive an overall reduction in funding of 28 per cent over four years. It was also established that the cuts would be "front-ended" meaning that authorities would face greater reductions in the first year than over the following three. In addition, in his recent Autumn statement, the Chancellor announced that the current economic outlook means that this squeeze on public sector expenditure is likely to continue beyond the period originally outlined.

In the budget documents last year, the council put in place extensive plans to deal with the initial grant reduction. This is now the second year of the four year cycle. As already mentioned, the Government settlement given to Peterborough has been – as expected – £5.6 million lower than the previous 12 months. Included in that figure is £2.5 million which is given to other authorities as part of the Government's "claw back" scheme. The system is a complex one and is based on giving money to authorities based on their size and current population, but the claw back scheme then caps grant reductions, meaning grant from Peterborough is passed to other councils. Given that Peterborough has expanded rapidly over the last decade and that the next census is expected to show a large population rise, there are plans to appeal this reduction in funding.

Our strong financial management has placed the council in a strong position to deal with the national challenges. Cabinet has been involved in detailed meetings, examining every line of expenditure in the authority's budget.

Peterborough City Council continues to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the fifth lowest council tax. In the last financial year there was no increase in council tax in Peterborough.

Information gained during the consultation process last year clearly guided thinking surrounding the delivery of services. The Cabinet again extends the invitation for people who live and work in Peterborough to comment on the proposals set out in this document, the scale of the reductions we face, and to feedback ideas on delivering continued future growth.

3. PRIORITIES

The Cabinet has been working on these proposals for some time. It has based its work on the following principles, actions and priorities:

- Continuing to reduce costs and bureaucracy by robustly pursuing its efficiency agenda through the business transformation programme and other council departments.
- Further reducing its dependence on consultancy where it is appropriate to do so and up-skilling its own workforce.
- Considering other ways of delivering the best services to our residents that place less of a financial burden on the tax payer including working with voluntary organisations and businesses to secure value for money and improvements in performance.
- Reviewing all the buildings the council owns and uses and ensuring they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.
- Continuing to secure savings by ensuring services provide the best value for money for our residents.
- Exploring new ways to maximise our income generation.
- Only making reductions in services where there is still not enough money available to deliver them when other savings have been accounted for.

The proposals put forward in this paper maintain our commitment to:

- Improving educational attainment and skills for our children and young people. A key part of this vision is bringing established universities to deliver courses to students in Peterborough. It will enable people to study a wider choice of higher education courses without having to leave the city.
- Safeguarding children and vulnerable adults.
- Growth, regeneration and economic development of the city to bring new investment and jobs.
- The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments.
- Delivering services at a neighbourhood level.
- Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

4. COST INCREASES

At the same time that the council is experiencing unprecedented reductions in funding, we are also experiencing significant cost increases. The council has a range of statutory duties to provide services, and if demand for these services increases the council has a legal duty to provide them.

This paper outlines all the cost increases we are facing and need to fund. Some of the most significant are also outlined below:

4.1 Adult Social Care

Significant pressures have been placed on adult social care services nationwide, largely due to people living longer and developing more complex needs. Peterborough is no exception. This considerable increase in the demand for services has had a major impact on our budget plans for future years.

Over the last six months, the council and NHS Peterborough (NHSP) have brought in additional resources to assess the scale of the issue. The council has a statutory duty to meet the needs of the elderly and vulnerable and, with the partnership agreement with NHSP coming to an end in February 2012; the council will take over the direct running of services.

The financial pressure for adult social care for 2011-12 is currently forecast to be around £9m. This will continue into 2012-13, offset by any revised plans for delivery of savings which are set out below. A more detailed explanation of the pressures facing adult social care provision and the proposals set out by the council to tackle the provision of services can be found in Appendix 3 – Service Implications (Investment/Reductions) – Adult Social Care.

4.2 Children's Services

In order to address some of the challenges identified within an Ofsted Safeguarding inspection of August 2011, a number of areas within children's social care have been reviewed to ensure a safe, sustainable service is provided.

The number of "looked after children" currently exceeds 325. The current budget for 2011/12 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system.

However, it is expected as Peterborough continues to grow demographically, that the numbers of children in care and the complexity of their needs will continue to increase. This is reflected through an estimated five per cent change year-on-year in the cost of supporting these most vulnerable children.

One of the key weaknesses identified in the inspection was around the casework numbers each social worker held. The number of social workers required to support the department's activity was last reviewed in 2006 and can no longer support the number - or complexity of cases - currently being held by workers. Proposed investment will enable further social workers to be recruited.

4.3 Capital Financing

The council remains fully committed to the growth, regeneration and economic development of the city to bring new investment and jobs. To support this, and to provide the necessary infrastructure to drive forward growth and provide the services that additional residents require, this budget includes a significant capital investment programme.

New investment is included in each section of the report, and the full capital programme can be found in the Medium Term Financial Strategy (MTFS). Examples of where we will be investing include the following:

- Affordable housing - £16m over the next five years
- Transport Infrastructure - £5.5m per year
- Junction 1-2 Fletton parkway - £13m
- Childrens - £73m next year, includes:
 - Primary programme – provision of places
 - Secondary schools
- Waste strategy
- Invest to save – developing schemes that will save the council money, such as in renewable energy schemes

4.4 Overall impact of pressures on the budget position

These pressures, combined with the reduction in grant the council is facing, create a budget gap that has to be tackled. This gap is outlined below:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Budget gap after grant reductions and pressures	-17,324	-22,823	-35,266	-42,302	-47,459

The next section outlines how we will tackle these budget gaps to deliver a balanced, sustainable budget.

5. PROPOSALS TO CLOSE THE GAP

The majority of this consultation document outlines the Cabinet proposals for how we will tackle these budget gaps to deliver a balanced sustainable budget. These proposals demonstrate the Cabinet's commitment to the principles, actions and priorities set out in Section 3 which are to protect, as far as possible, front-line services and its vision for the city through reducing bureaucracy and costs, and improving efficiency to ensure value for money.

5.1 Department proposals

Each appendix outlines the proposals in detail for each department, but in summary these are:

Children's Services

These savings proposals focus on reviewing back office functions, how grants are used and how complex childcare packages are provided with the NHS. The department will also deliver the restructure outlined in last year's budget proposals.

Operations

A review of the directorate is being considered. This will include the majority of services across the department, including community cohesion, neighbourhoods, planning and emergency planning. Opportunities to increase income through selling services such as CCTV, care and repair and trading standards will also be implemented

Adult Social Care

The council intends to apply its successful business transformation approach to these services (working with Serco on business cases for savings and efficiency). Key to these plans is support and intervention, such as "re-ablement" to reduce the need for services in the future. The provision of services will also be reviewed to ensure it provides suitable, effective and efficient care. It is expected that these plans will deliver savings of £4.1m in 2012-13, rising to £7.3m in three year's time to reduce the overall pressure.

Chief Executive's

The department will deliver a range of efficiencies, including income generation, across the chief executive's office, legal and governance and communications. The resources of the growth function will be aligned to the key growth priorities being progressed.

Strategic Resources

The departmental budget includes the costs of the services delivered in partnership, including Vivacity (leisure and culture) and Enterprise Peterborough (street cleansing, parks and open spaces and waste collection). The council will work with these partners to develop proposals to reduce the cost of these services.

The department will also work with Serco and the rest of the council to deliver an organisation-wide transformation programme. This is outlined in more detail in the next section.

5.2 Efficiency and business transformation

The council's business transformation team together with service departments have delivered year-on-year annual savings. In summary, savings were reported in the scrutiny review in this area. The overall transformation programme has been delivering savings since 2006. The cumulative repeatable savings (excluding one-off savings delivered in each year) achieved over this period are:

<i>Year</i>	<i>Cumulative Total Savings</i>
2007/2008	£5.779m
2008/2009	£12.987m
2009/2010	£21.649m
2010/2011	£27.735m
2011/2012	£29.158m

The cumulative savings figures shown above are all recurring savings. That means we do not now need to take additional cost to achieve them in future years so the return on investment improves significantly every year.

The team has transferred to Serco under the strategic partnership, and will work alongside colleagues in Serco and the council to deliver a transformation programme over the lifetime of that partnership. This programme will review all areas of the council to see where services can be provided more effectively and efficiently, leading to improved services for residents as well as financial savings.

5.3 Property Rationalisation

The council occupies a large number of buildings throughout the city. The council continually reviews all the buildings it owns and uses to ensure they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.

This process will continue as part of this budget round. The council has identified £36m of potential disposals over the next ten years.

The efficient use of property will be based on the following key principles:

- Maximise the use of the town hall for civic, democratic and office accommodation uses
- Outside of the town hall, seek to rationalise accommodation used across the city, including plans to centralise in a modern, energy efficient property. Ideally this will act as a catalyst for growth in the city

5.4 Income and Fees and Charges

The council will continue to exhaust all opportunities to gain further income. In many cases this will be because we are selling more services.

In some cases it will be necessary to increase the level of fees and charges. We try to keep this to a minimum. We have identified some of the larger and more sensitive increases in fees and charges later in this document in the appendices, under the individual service areas.

These include changes to charges to residents parking permits and implementing the charging policy in adult social care originally approved in last year's budget.

6. IMPLICATIONS FOR COUNCIL TAX

Council tax bills are made up of council charges and charges from other public bodies to fund their services. The remainder of the bill paid by Peterborough residents funds police, fire and parish councils

Peterborough City Council continues to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the fifth lowest council tax (some £114 per year lower than the average, and £335 lower than the highest). In the last financial year there was no increase in council tax in Peterborough.

We were able to freeze council tax as our prudent budget plans enabled us to take advantage of the grant offered by the Government for this purpose as we kept our council tax increases below 2.5 per cent. Last year this was worth £1.5 million to Peterborough which is now part of the council's budget for the next four years. In four years the council will need to make savings to cover the fact that this grant will stop.

There has been a lot of publicity surrounding the Government's plans to offer grants to freeze council tax again. However, the Government's offer for 2012/2013 is different. This time the offer of funding to councils that freeze council tax is a one-off grant, and will only be provided for one year. Councils that accept the grant will be left with a shortfall in funding in every year after this one. For Peterborough that would be over £8m over five years. Councils would have to make up this shortfall through further savings and cuts or higher increases in council tax.

If the authority decided to take the Government's offer and froze council tax again, it would take four years - and increases in council tax of at least 3.5 per cent in subsequent years - to make up the shortfall. There is also a risk that the Government could impose a capping limit of less than 3.5 per cent which would mean a longer period to make up the shortfall.

The Cabinet recognises these are challenging times for council taxpayers but after careful consideration believes the best option is to decline the Government's offer and, instead, increase council tax by 2.95 per cent for 2012/2013. This means the authority would not have to increase council tax by at least 3.5 per cent in subsequent years and not have to put in place the kinds of cuts in services that taking the Government's grant offer would prompt.

This increase equates to £32 for a Band D property per year, and would mean that council tax in Peterborough would remain one of the lowest in the country. For people in receipt of council tax benefit, this increase will be fully funded from increased benefit entitlement.

We believe this proposal strikes the right balance between investing in our city, delivering efficiencies and keeping council tax as low as we can. We look forward to receiving the views of our residents before we make the final decision.

7. OVERALL BUDGET POSITION

The introductory sections have so far outlined the following:

- The impact of grant reductions on the council's finances
- The pressures the council is facing
- The overall budget gap that these two issues create
- The savings proposals to close the gap
- The implications for council tax

All of these issues combine to form our overall budget position. The impact of our savings proposals, compared to the gap outlined in section 4 above are outlined below:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Budget gap from section 4 above	-17,324	-22,823	-35,266	-42,302	-47,459
Efficiencies	10,631	17,373	20,917	21,117	20,563
Additional Income	1,862	3,718	3,771	4,266	4,761
Service Reductions	1,244	2,444	2,474	2,505	2,537
Terms and Conditions	0	666	666	666	666
Corporate Contingency	1,000	1,000	1,000	1,000	1,000
Deficit	-2,587		-6,438	-12,748	-17,932
Less : use of reserves	2,587		2,378		
Surplus		2,378			
Less : Transfer to reserves		-2,378			
Cumulative position	0	0	-4,060	-12,748	-17,932

Whilst the council has made significant savings proposals for 2012-13, we have not been able to close the budget gap we face completely. We consider that further savings would have an unacceptable impact on services. As such we intend to use some of our reserves to balance the budget in that year.

In 2013-14, we are able to bring forward and deliver further savings that will move the council to having a budget surplus. We will use this surplus to help us tackle the challenges in 2014-15.

As a result we have been able to reduce the gap in 2014-15 to £4m. This is much smaller than the gap we had in this year in the last MTFS, and shows good progress in tackling the financial challenges ahead.

Beyond this the council has developed a business plan that forecasts ten years ahead and provides the council with a baseline to plan for the future of the city. Further details are included in the MTFS.

**APPENDIX 1 -
SERVICE IMPLICATIONS (INVESTMENTS / REDUCTIONS) – CHILDREN’S SERVICES**

Children’s services is responsible for overseeing and providing services for families and children in Peterborough. Our vision is that all children and young people in Peterborough have the right to be safe, to be healthy and happy and to be given the opportunity to achieve their aspirations.

The department is divided into three service areas:

- Education and Resources
- Safeguarding Families and Communities
- Commissioning and Early Intervention

(i) Education and Resources

This division supports schools and colleges to provide the best possible education for children and young people. It covers school improvement, special educational needs, skills agenda, Universities@Peterborough project, school place planning and asset management. The division also provides a range of support services across the department including finance, performance and project management.

(ii) Safeguarding - Family and Communities

This division is responsible for protecting Peterborough’s most vulnerable children and families, including those who need protection from significant harm, young offenders and children in care. The service also recruits and supports foster carers and adoptive parents.

(iii) Commissioning and Early Intervention

This division is responsible for leading on strategic commissioning, partnerships and early intervention. The service commissions all external residential and independent fostering agency placements and manages all the in-house residential units. It also covers the youth service, Connexions and play.

The overall cost of the children’s services department to the council is £26.2m.

The proposals below have increased the department’s spend by £3m. However, prior years savings agreed in previous budget setting rounds are £4.4m creating a net reduction within the department’s budget of £1.4m from 2011/12.

SAVINGS – REVENUE

**Clare Lodge
Current budget = £2.9m (gross)**

Clare Lodge is the leading national provider of secure placements for young women in the UK. The unit has 16 beds with placements sold to other authorities throughout England. In 2010/11 and early in 2011/12, the financial pressures on local authorities saw the number of referrals from other authorities decline.

However, since the summer, the numbers of referrals have increase significantly and it is expected through better efficiency and marketing, profits will increase by £100k per annum.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Clare Lodge – increasing	100	100	100	100	100

occupancy					
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Continuing Care

Current budget = circa £1.3m

The complexity of needs for particular children in the city can at times require a multi-agency response with organisations such as the NHS and the Police providing support for children and their families.

These needs generally arise from congenital conditions, long-term deteriorating conditions, accidents or the after effects of serious illness or injury.

Under the National Framework for Children and Young People's Continuing Care, there is a requirement upon the NHS to assess the needs of this group of children needs and deliver bespoke packages of care for them.

There are a number of care packages that children's services department is currently financially supporting and it is expected that once further assessments are complete, these cases may become the financial responsibility of the NHS rather than children's services

In addition, a number of cases will move from being funded by children's services to being funded by the adult social care department.

Overall, it's anticipated that a budget saving of around £200k will be forthcoming.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Continuing Care	200	200	200	200	200

Review of Back Office Functions/Austerity Measures

A major reorganisation of back office functions will continue to ensure savings are made to protect frontline delivery. However, the structure will be regularly reviewed to ensure the department provides effective support to front line staff.

Austerity measures have been put in place to examine support budgets in children's services for the likes of ICT, stationery, vehicle mileage payments and room hire. These will deliver a saving of £100k.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Review of Back Office Functions	200	200	200	200	200
Austerity Measures	100	100	100	100	100

Review of grant expenditure

Current budget = £21m

Children's services still receive a significant amount of funding from grants paid direct to the local authority principally from the Dedicated Schools Grant and the Early Intervention Grant. It is proposed to review how this money could support activities currently funded by council resources. A full review will be undertaken to examine the impact all externally-funded services currently have on improving outcomes for children and young people.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
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Review of Grant Expenditure	150	150	150	150	150
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INVESTMENT – CAPITAL

School Place Planning

The local authority is responsible for ensuring that there are sufficient school places within its area to meet the needs of the population. Local authorities are also responsible for providing transport where children have to access schools which are some distance from their home. The council has some clear objectives in terms of school place planning:

- Local places for local children with the aim to meet parental preferences for catchment schools.
- High quality learning environments, high educational outcomes
- Avoiding significant changes to catchment areas
- Limited and temporary use only of mobile accommodation.

Peterborough has seen exceptional growth in children in recent years due to a number of issues:

- Birth rates have increased by 30 per cent in the last five years (2005 – 2010) in comparison to only 12 per cent nationally
- Migration continues, local, regional and international. There are now 96 distinct languages in schools
- The economic stability and in some sectors growth in employment has stopped people leaving the city unlike in many other cities in the UK
- The success of our schools both in terms of Ofsted ratings and standards has attracted students from other local authorities

The significant pressures are within the primary phase where the number of four year olds in the city has risen from 2,165 in 2006 to an expected 3,013 in 2013. This has meant significant investment is required to meet basic numbers issues.

The capital programme for schools has grown hugely in recent years. This bid provides additional funding of around £7m to support further projects over the next five years. As well as meeting the authority's statutory requirement for delivering school places, the funding signals the council's commitment to education and investment in schools.

It is proposed that the consolidated capital programme will undertake the following:

Existing/Proposed Scheme	Description
All Saints Primary	The Diocese of Peterborough will build a new primary school for ages four to 11 to replace the junior school (ages 7 to 11), which will provide an additional 180 schools places by September 2013.
Enlargement of the Beeches Primary School	Replacement and expansion of existing school, which will create an extra 210 school places by September 2012.
Welland Primary School	Replacement and expansion of existing school, which will create an extra 210 school places by September 2012.
St Michaels – Stanground South	The Diocese of Ely will build a new primary school, which will provide an additional 210 schools places by September 2012.
Longthorpe	Addressing the poor suitability and condition of teaching spaces, lighting and corridors. (Funded by government grant)
Condition Works/Asset Maintenance Programme	Programme of planned capital maintenance, which is reviewed and refreshed annually for Schools, Children's Centres and Pupil Referral Services. This will ensure that all sites are kept at a sufficient standard

	and meet all Health and Safety Requirements. Including rewiring, boiler replacement, pipe work refreshment, roofing, replacing mobile classrooms.
Eye Primary School	Expansion of existing school building to create an additional 84 school places by September 2012.
Discovery Primary	Two phase school expansion for five additional classrooms create 210 additional places by September 2013 and also a covered courtyard and boiler replacement.
Paston Ridings Primary	Expansion of existing school building to create an additional 210 school places by September 2012 and the replacement of the boiler.
Hampton College	Expansion of existing schools building to construct a two storey buildings and a gym which will create 550 new school places.
City of Peterborough Academy (Secondary)	Refurbishment of closed Hereward college to reopen as a free school. The Free School bid has been agreed by the Department for Education.
City of Peterborough Academy (Special School)	A new build is proposed for the former Hereward College site to open a 90 place autistic school. It is hoped this could be opened in the existing buildings in September 2012 with the new build complete in September 2013.
Hampton Community Primary	Creation of a new primary school which will create 420 new school places by September 2013 and also the provision of community facilities (library & sports facilities).
Heltwate Special School	Expansion of existing school site to build four new classrooms which will create 30 (approx) special school places by September 2012.
Abbotsmede	Expansion of existing school site to build two new classrooms which will create 105 school places by September 2012.
Thomas Deacon Academy	Thomas Deacon Academy will extend its age range to take 360 KS2 (junior) pupils through the construction of a new building by September 2013.
West Town Primary	Replace existing school which has some significant suitability and condition issues with a larger school creating an additional 105 places.
Queens Drive	Expansion of existing school by 60 places to match the capacity at the proposed new Junior School at Thomas Deacon Academy.
Expansion to places in Bretton (Primary)	Creation of a further 210 places through extending/re-utilising space in existing schools.
Newark Hill	Continue development of school in light of recent temporary expansion of space.
Expansion to places in the Ortons (Primary)	Create an additional 260 places in the Ortons area through extensions to existing schools.
PE1 / City Centre provision	Potential provision for a further 800 places within the central area of the city to meet increasing demand. A number of sites are currently under feasibility review.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Schools Capital Programme (including additional funding)	72,911	20,270	14,494	6,458	3,458

INVESTMENT – REVENUE

Social Care

Current budget = £16.3m

In order to address some of the challenges identified within an Ofsted Safeguarding inspection (August 2011), a number of areas within children social care have been reviewed to ensure a safe, sustainable service is provided.

The number of looked after children currently exceeds 325. The current budget for 2011/12 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system.

However, it is expected as Peterborough continues to grow demographically, that the numbers of children in care and the complexity of their needs will continue to increase. This is reflected through an estimated five per cent change year-on-year in the cost of supporting these most vulnerable children.

One of the key weaknesses identified in the inspection was around the casework numbers each social worker held. The number of social workers required to support the department's activity was last reviewed in 2006 and can no longer support the number - or complexity of cases - currently being held by workers. The proposed investment will enable further social workers to be recruited.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Placement costs	1,687	1,544	1,352	1210	1,068
Demography	260	358	418	618	715
Staffing Requirements	1,100	1,100	1,100	1,100	1,100

Transport

Current budget = £2.5m

The budget for home to school transport is under significant pressure due to the need to transport more mainstream school pupils as a result of a lack of school places within particular areas of the city.

Although birth rates continue to increase, the council's plans will see more local places being created and the need for transport reduced.

The recent review of the home to school transport policy will remove the discretionary elements of the transport policy. It will come into force in September 2012.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Home to School Transport (mainstream)	204	200	189	172	133

Vulnerable 2 year old supported nursery places

The Government is planning to introduce supported nursery places for some vulnerable two year olds. It is expected that this proposal will be funded by Government grant.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vulnerable two year old supported nursery places	235	402	402	402	402

APPENDIX 2 SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – OPERATIONS

The operations directorate oversees most of the council's front-line services from building and maintaining the city's roads to running major events such as the annual Perkins Great Eastern Run.

Services include:

(i) Planning, transport and engineering service

Whether you are an individual wanting to build an extension on your home or a multi-million pound developer, our surveyors, planners and other technical teams will work with you to turn your plans into reality.

From repairing and maintaining existing roads to building new ones, this department is responsible for planning the future of transport in Peterborough and its surrounding villages.

(ii) Neighbourhood services

Brings together all of those services who are working down your street to improve the whole of our community. From the neighbourhood managers who deal with resolving issues such as anti-social behaviour to licensing enforcement staff who make sure businesses are operating within the law.

(iii) Commercial operations

Looks after your city centre from CCTV cameras, overseeing bus services and car parks to running events such as the Perkins Great Eastern Run, the Olympic Torch celebration on 3 July 2012, the annual Christmas lights switch on and a wide variety of street markets. They also ensure that the city is ready and able to deal with a major emergency and supports city-wide business and tourism.

The overall revenue cost of the operations directorate is £20.4m.

The revenue proposals below reduces that spend by £1m by 2016/17

The gross budget for operations is £36.2

The proposed capital budget for 2012/13 is £19.4m

SAVINGS - REVENUE

Restructure of services within Operations

A review of the directorate is being considered which may result in some staffing reductions in order that we may work differently and more efficiently.

The community cohesion work has continued to develop over the past year with much stronger participation from the voluntary sector. It is therefore intended to alter and reduce the number of grants provided. The prevention of violent extremism work nationally has also shifted to a more police focused approach and in order to support this we will make the appropriate changes to our delivery.

There is a fundamental review of the work conducted by children's services and neighbourhoods which will deliver more efficient and effective services. This will be achieved by seeking to integrate neighbourhood and locality services into a single service resulting in efficiencies.

The emergency planning office at Lynchwood will be closed saving utility and rates costs. The staff will be relocated into existing buildings. The work conducted by the team will be reviewed and delivered differently across a number of departments within operations. An example of this could be items of emergency planning work being delivered within the planning department.

The planning department will conduct a review of its enforcement work with a view to delivering a more effective service utilising skills across the whole department.

After the successful introduction of a voluntary school crossing patrol at one school, it is proposed to offer the training and equipment to all schools wishing to participate in the voluntary programme.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Community Cohesion	250	250	250	250	250
Restructure of Neighbourhoods with Children's Services	250	250	250	250	250
Emergency Planning office	204	204	204	204	204
Planning Department	57	57	57	57	57
School crossing services	43	43	43	43	43

Parking permits and additional income through the selling of services

It is proposed the price of parking permits should be increased in line with increased enforcement patrols.

The council's CCTV system is now so comprehensive businesses can be offered 24-hour security monitoring.

Improvements to the services offered by the care and repair team are proposed. The team identifies how the homes of the elderly and the disabled could be upgraded to help increase living standards.

The trading standards team has been set new targets. For every illegal trader successfully prosecuted, a proportion of the criminal's financial assets are given to the local authority to help fund future activities.

It is also proposed that sales of the authority's building control consultancy to private firms is improved to generate new income.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Increase cost of residents' first parking permit by £5 for 2012/13. Further increases of £5 for first permit in 2013/2014 and 2014/2015 will follow. Cost of residents' other annual parking permits to remain unchanged.	6	15	23	23	23
CCTV services - diversify and sell service to others	75	75	75	75	75
Care And Repair - diversify and sell service to others	100	100	100	100	100
Trading Standards increased income target from proceeds of crime and other areas	50	50	50	50	50
Building Control Consultancy Services	15	15	15	15	15

Christmas Park and Ride

It is proposed to end the Christmas Park and Ride service because of the success of city centre car parks and lack of take up in the service.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Remove Christmas Park and Ride	34	34	34	34	34

Safety camera partnership

The council currently contributes £130k to the Cambridgeshire Safety Camera Partnership. It is intended to remove this sum but to continue working with the partnership to support the police who can now charge for speed awareness courses. There is no anticipated reduction in service or removal of safety cameras.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Reduction in safety camera partnership funding	130	130	130	130	130

Destination and Travel Choice Centres

New sales targets are proposed to improve income and reduce overall running costs

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Destination and Travel Choice Centres	40	80	120	120	120

INVESTMENT - CAPITAL

Bridges

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Queensgate Footbridge Ramp	-	-	-	-	100
Longthorpe Bridge (A1260) - pier strengthening and bearing replacement	-	-	-	-	1,200
Longthorpe Footbridge (A1260)	-	-	-	-	300
Maxey Cut Footbridge replacement	200	-	-	-	-
Nene Bridge (A1139) – bearing replacement	-	-	-	4,000	-
Orton Bridleway Bridge (A1139 - east of junction 1)	-	-	200	-	-
Replacement of Gurnard Leys Footbridge (Bretton Way) with an at grade signalised crossing	375	-	-	-	-

Public Realm and regeneration

The following are regeneration proposals for the Cabinet to consider.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Public Realm scheme to Crescent Bridge subway/main commuter link to City Centre via Cowgate - Landscaping and enhancement works.	100	-	-	-	-
Fellowes gardens regeneration This is partnership funded to the sum of £356k	712	-	-	-	-
Re-design of parking around school and shopping parade in Central Avenue, Dogsthorpe.	125	-	-	-	-

Bourges Boulevard Subway at Russell Street

The replacement of the Russell Street subway with a crossing will provide a safer route across Bourges Boulevard to Mayor's Walk for pedestrians and cyclists. Problems of anti-social behaviour and crime have occurred at the subway although some recent improvements have been made through Operation Can-do – a joint initiative between the council and the police. The scheme will bring the added benefit of slowing traffic speeds on this section of Bourges Boulevard.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Replace Bourges Boulevard Subway at Russell St with a level crossing	400	500	2	-	-

Fletton Parkway A1139 up to Junction 2

The Fletton Parkway is one of the city's major routes but the carriageway is failing and major works will need to be carried out between junctions one and two as traffic flow increases. This will include carriageway widening from the A1M junction.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Replacement of carriageway Fletton Parkway A1139 It is anticipated that some of the £13m will be funded from developer and Government bids.	-	-	50	13,000	-

Street Lighting Columns

Further funding towards existing programme

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Street Lighting column replacement programme	870	870	870	870	870

Civil Enforcement Officers vehicles

The replacement of the current fleet of vehicles. These vehicles have now reached the end of their viable life span and need to be replaced.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Civil Enforcement Officers vehicles	48	-	-	-	-

Disabled Facility Grants

This funding is to enable improved life choices for the elderly and vulnerable allowing them to remain in their own homes as self sufficient as possible. It has been recognised through the work done on the adult social care budget that a reduction in this grant, as in the previous year's budget, would merely shift the cost back on to increasing adult care funding.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Disabled Facility Grants	-	350	350	350	350

Improved Facilities at Hampton

The provision of facilities for young people in our newest township at Hampton which lacks such amenities and has seen an increase in anti-social behaviour (supported by a recent petition from 720 young people).

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Improved facilities at Hampton	100	-	-	-	-

INVESTMENT - REVENUE

Bridge maintenance

Rhubarb Bridge – 30 year-old structure is now in a very poor condition. It is proposed to spend future funding on concrete repairs, bearing and parapet replacement to ensure the bridge continues to be fit for purpose

Lincoln Road footbridge – this is the red bridge close to the junction with Marholm Road. The bridge is now in a poor state of repair so it is proposed it is removed which will save on future costs. There is a pedestrian crossing less than 70ft away which means the bridge is now rarely used.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Maintenance at Rhubarb Bridge	0	100	0	150	0
Remove Lincoln Road Footbridge	175	0	0	0	0

Street Lights

Increased maintenance proposals

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Electrical testing of street lighting columns	50	50	50	50	50
Street Light cable testing/mapping/replacement	100	100	100	100	100

Olympic Torch

The visit of the Olympic torch on 3 and 4 July 2012 will be an event which will provide Peterborough with local, national and international coverage. To ensure the celebrations can be successfully managed, funding is needed for staging the event, security and infrastructure. Vivacity will also be supporting this programme with a distinctive artistic performance and will be working with schools across the city on art work to help maintain a lasting legacy from the Olympics.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Olympic torch	93	0	0	0	0

Queen's Diamond Jubilee

The council is proposing setting aside £30,000 to support our communities in celebrating the Queen's Diamond Jubilee. Councillors will also have the opportunity to use their Community Leadership funding to help support local events.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Queen's Diamond Jubilee	30	0	0	0	0

Neighbourhoods

Extra funding is required to:

- Improve the service to identify the needs of people who require disability living facilities
- Enhance the service surrounding removal of illegal camps
- Invest further in the trial scheme working with troubled Peterborough families – in line with Government agenda.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Increase in medical assessments required relating to housing needs	15	15	15	15	15
Travellers - Management of illegal encampments	50	50	50	50	50
Family Recovery Project	100	0	0	0	0

City Centre

Proposed extra funding to improve the look of facilities for street market traders and to repeat the success of 2011 Christmas lights switch on event.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Investment in street markets – new canopies.	25	25	0	0	0
City Centre Christmas illuminations	50	50	50	50	50

Local Development

Peterborough's growth target is to build 26,000 homes by 2026. Funding is required for the expected public inquiries - and to cover fees to the planning Inspectorate - to meet those targets.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Local Development framework - Inspection cost of review of documents	0	0	0	75	75

Bio fuel feasibility study

Proposed funding is required to carry out a study within schools and council building to identify opportunities to fit bio fuel boilers.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Bio fuel feasibility study	5	0	0	0	0

APPENDIX 3 - SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – ADULT SOCIAL CARE

In July 2010 the Department of Health published the White Paper Equity and Excellence – Liberating the NHS which has become the Health and Social Care Bill. This bill sets out the Government's vision for the future of health services in England and proposes radical changes to the commissioning and management arrangements for the NHS.

Local authorities remain the statutory body responsible for adult social care, which, under the current Peterborough Partnership Agreement has been delegated to NHS Peterborough (NHSP). However, the partnership agreement with NHSP comes to an end at the end of February 2012 when the council will take back the direct running of these services. This will enable the council to work with the new local commissioning groups of GPs to integrate adult social care services with health services in these new arrangements more effectively.

Adult social care services include:

(i) Community Care Assessments, Support Planning and Reviews

We assess care needs and support people to complete self-assessments. We calculate how much money is available to meet people's needs using a resource allocation system and help people develop a plan to meet their needs. We carry out regular reviews of people's needs to ensure that their plan continues to meet their needs. We also assess the needs of carers and support them with services which give them a break from caring.

(ii) Safeguarding

We work to prevent the abuse of adults at risk and we investigate when there are concerns that someone is at risk of or has been abused or harmed. We then work with them to safeguard them from further abuse.

(iii) Learning Disability Services

We work with people with learning disabilities to support them to live independently whenever possible. We provide some day care services which aim to give people opportunities for social activities, training and support them to use services in the community. We also help people obtain employment and support them in their working life.

(iv) Services for Older People

We provide services to help older people remain independent. We commission most of these services from the independent sector. We provide some day care services and also some residential homes.

(v) Mental Health Services

We help people with mental health problems to live independently whenever possible and we also provide support around employment. We also have approved mental health practitioners who are social workers who work with people with very serious mental illness and who can, if absolutely necessary, arrange the compulsory admission into hospital under the provisions of the Mental Health Act or support people who need other very intensive mental health services.

(vi) Services for people with physical disabilities and sensory needs

We provide services to help people remain independent and get on with their lives. Some services are provided by the independent sector and voluntary organisations. We also provide

some day care. We have a specialist team that supports people with sight and hearing disabilities.

(vii) Other specialist services

We provide other specialist services including the hospital social work service and a team which supports people who are living with HIV.

Adult Social Care Pressures

There has been a significant amount of recent media coverage regarding pressures in the care system which has been referred to earlier in this document. A combination of an increasingly elderly population, with people living longer, and other adults developing more complex needs, is placing significant pressure on the adult social care services. Peterborough is no exception to this, and it is clear that in the last year we have experienced significant increases in demand for our services. This impacts on our budget plans for the coming years.

It has been necessary over the summer and autumn to undertake the work to assess the scale of these pressures. Both the council and NHS Peterborough (NHSP) have brought in additional resources to get a clear picture of the position.

While the delivery of adult social care is provided by NHSP, the partnership agreement outlines how such pressures in the system should be dealt with.

The issues are outlined in more detail below:

Additional clients and increasing need

The council has a statutory duty to meet the needs of vulnerable people who require support. During the last year we have seen increases in demand for these services across all areas of our services. This includes older people, people with physical or sensory disabilities and people with learning disabilities. This takes two main forms:

- Where new clients need our services e.g. an elderly person who can no longer totally support themselves
- Increased levels of need – this is where an existing client may become more frail, or the severity of their condition increases and they need more support

The additional pressure for 2011-12 is currently forecast to be £3m. This pressure will continue into 2012-13 as these clients continue to receive services.

Savings and Efficiencies

It was flagged up in the last budget report to Cabinet that some concerns were emerging over whether the challenging savings programme for Adult Social Care could be delivered against the backdrop of this increased demand. This has proved to be the case.

Budgets have been reviewed to see if other savings proposals could be brought forward, but given the increased pressures, this has not proved possible. Where we think that savings programmes can still be delivered, and it is a question of delay in delivering them, we have built them into our plans for next year

The savings pressure for 2011-12 is currently forecast to be £3m. This will continue into 2012-13, offset by any revised plans for delivery of savings which are set out below.

Pressures from previous years

As part of the work undertaken to validate the numbers, research looked at the dates on which individual clients received their assessment and their care began. In a number of cases, these assessments took place before this financial year, and clients were already receiving care.

As the accounts are closed for previous years, there is no historical impact. However this on-going pressure continues in the current financial year. This will continue into 2012-13 as these clients continue to receive services.

Overall position

The total of these issues indicates that the pressure for 2011-12, and into 2012-13 could be £9.8m.

The council takes back these services from 1 March 2012 from NHSP. In doing so the council has reviewed the budget and the pressures set out above against the following key principles:

- **Early intervention and prevention** – in order to help people live as independently as possible and to reduce the costs of providing long term care, we will do all we can to prevent people needing our services in the first place. We will continue to invest in services that enable people to continue living independently in their own homes.
- **Re-ablement** – these are very intensive and tailored services which last for up to six weeks aimed at assisting people regain their independence and confidence following perhaps a fall or illness. There is very good evidence that these services work and in many areas more than half of people receiving re-ablement will not need ongoing services after receiving them. We aim that every new entrant to social care services would be offered a re-ablement package to ensure that they are achieving their maximum level of functioning and independence.
- **Personalised services** – if people do need ongoing social care services, for example some people with learning disabilities who may require life-time care, we will ensure that we allocate funding in a fair and clear way by allocating them individual budgets. People will then have choice and control over the services they receive – a personalised approach. Because people who continue to live in their own homes tend to do better, we will only fund residential care when absolutely necessary.

In addition, while NHSP and its delivery partner have struggled to deliver “efficiency savings”, the council intends to apply its successful business transformation approach to these services (working with Serco on business cases for savings and efficiency) in the areas set out below. These plans will deliver savings of £4.1m in 2012-13, rising to £7.3m in three year’s time to reduce the overall pressure set out above. Key to these plans is support and intervention, such as “re-ablement” to reduce the need for services in the future. It is expected that these plans will deliver savings if successfully implemented.

SAVINGS - REVENUE

Strategic review

Reduction in high cost placements: It is proposed to review those Peterborough funded residents with disabilities who are currently being supported in high cost residential placements. We want to make sure they are getting the right level of support at the right price.

Intensive community support scheme: Some people with learning disabilities are placed by Peterborough away from the city, their families and communities. Through reassessing those people’s needs we will identify those who could be provided with appropriate care and support in Peterborough. This will also deliver significant long-term savings.

Learning Disability Brokerage: We intend to establish a specialist team who will research and manage the market for learning disability care provision. They will manage the negotiation and procurement of care and support for people with complex needs, instead of leaving this to individual social workers as currently happens.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Reduction in high cost placements	200	400	400	400	400
Intensive Community Support Scheme – return out-of-city placements to more cost-effective in-city care options	250	500	750	750	750
Learning Disability Brokerage Service – control and reduction in cost of packages of new placement activity	50	100	150	150	150

Older people care homes and day centres

In recent years there has been investment in extra care housing and community support, allowing people to stay in their own homes and live independently for longer. Consequently, there is less demand for more traditional means of care. The council has promoted the development of extra care housing schemes as an alternative to residential care and this strategic direction will continue.

There is now a need to review the residential provision in Peterborough to ensure that provision is fit for purpose and whether there is the appropriate capacity to meet the changing demand and service approach. This is likely to result in the need to reduce capacity.

Day service provision will also be reviewed as individuals preferences under personal budgets move increasingly to different types of service.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Older People's Accommodation Strategy	1,200*	1,500*	1,500	1,500	1,500
Day Opportunities (Older People) - Rationalisation of provision of day services	100	100	100	100	100

* The speed at which this saving can be achieved will be dependant on the outcome of the review of capacity and demand.

Personal budgets – reviews and support

A comprehensive programme of reviews of all existing support plans and personal budgets will be undertaken to ensure that the appropriate allocation of resources have been made. Support plans will be regularly reviewed to ensure that care and support are not continued to be funded where individuals have either regained greater independence or found alternative ways of meeting their needs.

Continuing Health Care

Greater rigour will be applied to ensure that residents entitled to fully NHS funded care because of the continuing health care needs are appropriately assessed. We aim to reduce the overall costs to the council of providing care in cases where we believe there are continuing health care needs.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Support Plans - Self Directed Support	320	480	480	480	480
Continuing Health Care - review of health related needs	400	800	1,200	1,200	1,200

Charging policies

These changes were first approved in January 2011. Changes proposed will mean more equitable charging across client groups and seek to recover the full cost of services over a transitional period for day care. There will be increased hourly rates of charge for day care, respite care and home care charges for couples.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Implementation of changes to charging policy	75	155	235	415	415

Contracts, fees and monitoring

There are proposals to review a range of services currently being purchased from the independent and voluntary sector. We expect to make saving through negotiating reduced charges and in some cases ceasing to purchase some services.

There will also be a thorough examination of how much we are paying for residential and care home places, including the impact of picking up the costs of people who have previously self-funded who seek council support as their own funds are reduced.

A new system – Electronic Call Monitoring – will be required to be used by our independent domiciliary care providers which will accurately record the actual hours worked by care staff. The system will ensure providers are only paid for the service that is delivered and so reduce overall domiciliary care costs.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Contract Reviews	170	225	225	225	225
Fee levels for residential and nursing providers	200	500	750	750	750
Electronic Call Monitoring	150	395	480	480	480

Re-ablement and other initiatives

Re-ablement works to provide intensive, tailored intervention for up to six weeks. There is very good evidence these services work and in many cases success rates in excess of 50 per cent have been achieved with people requiring no on-going care support after a period of re-ablement.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Further savings including re-ablement and other initiatives	1,000	1,000	1,000	1,000	1,000

Office of Director of Adult Social Services

Saving in secretarial support to director

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
DASS office savings	4	4	4	4	4

INVESTMENT – REVENUE

Growing numbers of people – more complex needs

Each year there are growing numbers of people who need to use social care services. This is especially so for people aged 65 and over and for those people with learning disabilities.

As people are living longer the number of our residents with complex disabilities and long-term conditions continues to grow. We have projected the likely increases in the numbers of people who will need our services and have developed the adult social care budget on this basis.

Financial pressures from these rising numbers of people and more complex needs are significant.

Projections of social care need remain difficult to forecast, especially over the longer time periods that the council undertakes its financial modelling. As such we have used recent trends, and then provided for 75 per cent of this sum in the budget proposals. The remaining 25 per cent is flagged as a risk, and will be reviewed each year when the budget is refreshed. This is for all items except transitional cases where full provision is made.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Learning Disability – growth in numbers (non-transition)	346	729	1,111	1,495	2,433
Older People (including older people's mental health services) – growth in numbers	100	206	313	419	681
Physical Disability – growth in numbers (includes no residential increases)	54	115	175	235	382
Mental Health – growth in referrals and increases in statutory work.	13	25	38	50	81
TOTAL	513	1,075	1,637	2,199	3,577

Adult social care database

The existing adult social care database will soon be no longer support by the provider, and does not provide sufficient functionality to meet the needs of a modern service. A new system is being implemented, and there will be some additional costs of maintaining that system.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Adult social care database	40	40	40	40	40

**APPENDIX 4 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) - CHIEF EXECUTIVE'S**

The Chief Executive's Department consists of the following:

(i) Growth Delivery Team

This team supports the council's agenda to grow the city by 20,000 jobs and 25,500 houses by the year 2026. The team supports key projects, such as the Carbon Challenge site, Fletton Quays (also known as South Bank) and the development on the Station Quarter through the Peterborough Delivery Partnership.

(ii) Human Resources

This team provides human resource services to all departments, such as support on recruitment, advice on disciplinary matters, redundancy and professional development.

(iii) Legal and Governance Services

This team provides legal services to all council departments and governance services to support Council, Cabinet and committee meetings, civic services to the mayor and support services to councillors.

(iv) Communications Team

The communications team supports all council departments in providing internal and external communications advice. Their role includes promoting the council through the media including television, radio, magazines, internet sites, staff communications for up to 2,000 people, producing communications strategies for major initiatives, producing press releases, delivering marketing campaigns, the production of Your Peterborough and the management of the council's website.

The overall cost of the Chief Executive's Department to the council is £9m.

The proposals below reduce that spend by £0.4m from 2012/13.

SAVINGS - REVENUE

Reduce Cost of Chief Executive Office

Current budget = £380k

The council continually reviews the cost and performance of its support function and has already delivered cost savings in the current budget. Further efficiencies enable additional savings to be made in this area.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Reduce cost of Chief Executive's Office	40	40	40	40	40

Growth and regeneration

Current budget = £1.4m (1.424k)

It is intended to achieve the savings by prioritising our work on projects where substantial progress is expected over the next five years so that investment continues in projects being controlled by the council, while the authority will work more closely with the private sector to ensure the projects they are

building in the city are progressed quickly. The council will also work with providers of financial products to increase their availability to residents. The council can expect some income from doing so.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Re-profile delivery of growth programme	142	142	142	142	142
Implementation of financial products scheme	0	150	200	200	200

Savings in HR service
Current budget = £1.38m

It is proposed to achieve savings in the HR service by restructuring the department, reducing the money spent on consultants and the training budget.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Savings in HR service	137	137	137	137	137

Communications
Current budget = 570k

After reducing the budget of the communications department over the last 12 months by more than £400,000, further reductions will be sought through a review of working practices and restructuring.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Reduce funding in line with restructure	45	45	45	45	45

Legal and Governance Services
Current budget = £3.7m

Considerable savings have been identified in legal and governance services involving IT upgrades, a departmental restructure, printing and postage charges, and training courses.

At the same time, the department has been set new income targets for when it completes work for other authorities and for the Blue Badge scheme which Peterborough City Council is expected to start charging for in 2012. New-style badges will be processed by the authority as part of a Government plan to end fraud in the system.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
IT Budget (Hardware)	47	47	47	47	47
IT Budget (Software)	10	10	10	10	10

Salary restructure	83	101	101	101	101
Officer and member training	23	23	23	23	23
Publications	10	10	10	10	10
Neighbourhood Council administration costs	31	31	31	31	31
Legal costs	10	10	10	10	10
Efficiency savings	33	33	33	33	33
Election postage costs	9	9	9	9	9
Printing	25	25	25	25	25
Increased income target	100	100	100	100	100
Legal – income from work for Vivacity	20	20	20	20	20
Blue Badge scheme administration	26	26	26	26	26

CAPACITY BIDS

The following are proposals for addition increases in funding for the Cabinet to discuss. Funding for Peterborough's Coroner is now the sole responsibility of the council and additional money is needed. Extra funds are also needed to pay for the administration of the Government's new Blue Badge scheme. New-style badges are to be issued to users to reduce fraud in the system. Some of this cost will be offset as approval has been granted to charge a fee for the badges.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Coroner now being wholly funded by council	90	90	90	90	90
Blue badge administration	40	40	40	40	40

REGENERATION OF THE SOUTH BANK

Over the past decade, arts and culture has made a powerful impact in promoting the growth of post-industrial cities. Experience in other areas has demonstrated that over time investment in the arts can be seen as a catalyst for growth, regeneration and therefore investment. The imperative Peterborough is to nurture growth and enable this city to reach its full potential in the same way that others have done. Positive dialogue with the Arts Council and Vivacity have helped to establish a climate within which this step change is possible and the next "step forward" is to realise the opportunity for growth and regeneration that such a collaboration can bring. Set out below is a key opportunity to bring forward physical development in the city in partnership with these organisations.

There are four key elements:

South Bank

It is proposed to carry out a feasibility study into opening a new arts centre inside one or even two Grade II listed former railways buildings in the South Bank area.

Work done so far has identified the opportunity to develop a centre with nationwide appeal, and if the project could go ahead it would add considerable further appeal to an area where the Eco-quarter and Carbon Challenge sites will be based.

This should be considered the first phase. It will identify potential uses for the railways buildings and perhaps more importantly funding opportunities that are available via both the public and private sector.

An arts organisation to improve Peterborough’s cultural offering

It is proposed to base national arts organisation, Metal, inside the Chauffeur’s Cottage, next to the Town Hall. Metal has had widespread success in creating high-quality cultural work with local communities through exhibitions, events, performances and publications. It also has a reputation for supporting and nurturing new talent. The Arts Council would provide funding for Metal to carry out its work in Peterborough.

A Creative City programme

Peterborough’s level of engagement with the arts needs to be improved. The Arts Council has a grants scheme which would allow further work to be done to build audiences. The funding would allow Peterborough to make improved links between national organisations and local groups.

Development of Peterborough Arts Festival

Last year, the Peterborough Arts Festival attracted audiences of over 60,000. Increased funding would allow the Festival to develop further. The incorporation of the Olympic Torch Festival will provide the city with a unique opportunity to raise its creative profile. Successful festivals also provide a considerable boost for local economies.

Funding

The proposals set out above will only partially be funded by the council. The whole cost of this programme over the next three years amounts to £2,371,000 of which the council will contribute £655,000.

Council funding

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Creative City (Revenue) (Capital)	275 50	150	150	0	0
Total council funding	325	150	150	0	0
Others - (Vivacity/Arts Council/ Heritage Lottery Fund)	680	533	533	0	0
Total Investment	1,005	683	683	0	0

**APPENDIX 5 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – STRATEGIC RESOURCES**

Strategic Resources consists of the following:

- Director’s office
- Corporate Services (finance and internal audit)
- Registration and bereavement services
- Peterborough-Serco Strategic Partnership (ICT, business support, shared transactional services, business transformation, procurement, customer services, finance systems, strategic property)
- Waste management and Enterprise Peterborough contract (refuse, street cleaning, parks trees and open spaces, traveller site management, building cleaning, passenger services)
- Vivacity (culture and recreation)
- Westcombe Engineering

The departmental budget is currently £46.4m, which includes the costs of the services managed from the Strategic Resources department and corporately held budgets for council wide activities such as capital financing. The proposals below reduce net cost by £1.6m.

SAVINGS - REVENUE

Efficiencies and cost reductions

All services have been targeted with a reduction in budget commensurate with reductions in the level of available funding. The following savings relate to the commissioning of services delivered through various partners.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vivacity – a review of service levels under the current contract (including library services)	100	100	100	100	100
Enterprise – a review of service levels under the current contract (including street cleansing, parks and open spaces and bus services)	420	420	420	420	420
Manor Drive Managed Service - These are savings over and above the original target from the core service provision with Serco	4	4	58	335	507
Commercial property portfolio - The Council will work with partners to review the returns it receives from its Commercial property portfolio, ensuring that those returns offer sufficient value for money against the cost of holding and maintaining those assets	116	232	232	232	232
Further Delivery of services through Serco partnership - Where possible, the Council will continue to take advantage of the strategic partnership to deliver services more efficiently	100	200	200	200	200

Client and commissioning team - Ensure that the outsourced contracts can be managed more efficiently	100	100	100	100	100
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Business Transformation programme

The council's success in delivering business transformation and efficiency was outlined in the introductory efficiency section at the start of this document. Over the last four full financial years, this has delivered over £68m of savings.

The team has transferred to Serco under the strategic partnership, and will work alongside colleagues in Serco and the council to deliver a transformation programme over the lifetime of that partnership. This programme will review all areas of the council to see where services can be provided more effectively and efficiently, leading to improved services for residents as well as financial savings.

The initial estimate of the savings this will bring are outlined below

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Business transformation	1777	5854	6331	6725	6725

Other Efficiencies

Reduction in financial support costs and are expected to deliver the following savings.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Internal Audit - Review of additional income opportunities through shared services and other savings	34	34	34	34	34
External Audit - Removal of contingency sum held for additional audit work.	13	13	13	13	13
Finance - The council will review its finance function to ensure it adapts to the changes in council services from recent budget rounds, as well as ensuring it can meet the financial challenges of the future. This will include a review of whether support can be delivered more effectively across all teams, options for selling services as well as a review of all vacant positions	200	200	200	200	200

Grants to Parish Councils

The council made no reduction to the grants it made to parish councils in the current (2011-12) financial year, despite the level of grant reductions it faced. Instead it gave Parish Councils one years notice of plans to reduce grants by an amount equal to 20 per cent of all the funding it provides to Parish Councils.

As funds to the council will be reduced by more than this over the full Spending Review period, the council again needs to consider reductions in these grants. In line with the principle established last year, the council intends to give as much notice as possible, so it is suggested these do not come into effect in the coming financial year.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Parish precept payments	0	18	36	36	36

Bereavement Services

The sale of mausolea are expected to deliver the following income levels for the council over the next five years.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Bereavement services	100	100	100	100	100

Council Tax – Additional Income

It is proposed the authority looks at the number of people currently wrongly claiming a single person discount. Acting on the authority's behalf, Serco – which now manages the council's back-office functions – will cross-check credit records to identify anyone who should not be receiving a discount.

The Government is also proposing to remove a range of council tax discounts, potentially including those for residents who own a second property or an empty property.

Both schemes are expected to provide more revenue for the council.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council tax – review of eligibility single person discount	490	981	490	490	490
Council tax – removal of discounts (e.g second homes and empty properties)	0	500	500	500	500

Council Tax – benefit localisation scheme

The Government has announced that it will reduce the grant it provides to the council for council tax benefit by ten per cent from 2013-14 (the pressure from this grant reduction is shown in the pressures section of this appendix). It expects that the council will develop a local scheme to deliver this saving. Full details are not yet available, but is likely that older people in receipt of council tax benefit will be excluded from this scheme.

The budget plans assume that the council will develop this scheme in time for the 2013-14 financial year passing on reductions in benefit in line with reduced government funding.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Council tax - benefit localisation scheme –	0	1200	1230	1261	1293

Income Growth

The delivery of housing growth will lead to increased funding for the council beyond current estimates, resulting in further income shown below.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Expected growth income (new homes bonus scheme)	810	1400	1886	2381	2876

Corporate contingency

The Council has previously held a contingency of £1m as cover to meet unforeseen issues arising in the budget. It is considered that this can be used permanently to support the budget position

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Corporate contingency	1000	1000	1000	1000	1000

CAPACITY BIDS

The following are proposals for increases in budget for to reflect cost pressures and investment in services:

Waste disposal

The Waste 2020 strategy seeks to provide a sustainable solution to waste treatment, including an energy-from-waste plant, which will avoid the escalating costs of disposing of waste in landfill sites. Until such a plant is operational, the costs of disposal are set to increase significantly, due in large part to the landfill tax escalator, which will see landfill tax increase from £56 per tonne in 2011 to £80 per tonne by 2015.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Waste disposal	819	1122	1612	1859	2104

Trees and woodland strategy

The new trees and woodland strategy identifies that increased funding is required to proactively manage tree stock, including an increased inspection frequency for trees to ensure that the council's trees and woodlands are maintained in a safe condition.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Trees and woodland strategy	1000	1000	1000	1000	1000

Finance IT system licences

The necessary upgrade of the council's finance IT system is likely to bring additional on-going licence costs. This makes provision for these costs.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Finance IT system licences	50	75	75	75	75

Property management

The council uses several different buildings for its work, some owned and some leased. Proposals are due to be brought forward to consolidate the estate to ensure it remains cost effective and fit for purpose. In the meantime, investment in the existing facilities is required to ensure that the buildings are energy efficient, component failure is avoided and health and safety issues are addressed.

The property rationalisation plans outlined in the introductory section to this document will aim to ensure that such cost exposure can be managed over the longer term.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Property management	113	235	365	503	653

Materials recycling facility

The current contract for the operation of the Materials Recycling Facility is due to end in June 2013. In recognition of the costs of recycling waste, it is anticipated that the commercial terms of the following contract are likely to be less financially beneficial to the council.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Materials recycling facility	0	167	223	223	223

Council tax IT system licence

When the council implements the local scheme for council tax benefit, it will have to make changes to its IT systems. These are the on-going costs of operating the council tax IT system.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council tax IT system licence	0	30	30	30	30

Vivacity withdrawal from council's support services

After the launch of Vivacity, the council continued to provide support services for the culture and leisure trust. Now it is more established, Vivacity has decided to make it own arrangements for this support. This has reduced the level of income earned by the council.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vivacity withdrawal from council's support services	154	157	160	163	167

Council tax – impact of reduced funding for benefits under localisation scheme

The Government is asking local authorities to develop schemes to distribute council tax benefit locally. At the same time, the amount of money for council tax benefit is being reduced by ten per cent. This will result in a pressure on local authority budgets. However, a corresponding saving will be achieved by reducing the amount of benefits awarded to council tax payers (and this is included in the earlier savings section)

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Council tax – impact of reduced funding for benefits under localisation scheme	0	1200	1230	1261	1293

Pensions increase from next three year valuation

Changes to the local government pension scheme are likely to shift the burden of cost from the employer to the employee. However, provision is made for an increase in the budget for pension costs to ensure that the council's liabilities can be met, in line with advice from the independent actuary appointed to the pension fund. This will be kept under review when the final agreement between the Government and unions is made for the Local Government Pension Scheme and along with any further advice from the actuary.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Pensions increase from next 3 year valuation	0	0	1000	2000	3000

Growth investment

The anticipated that income from the Government grant arising from the housing growth in the city, as well as some elements of the additional council tax will be partly re-invested in further growth schemes.

This will help contribute towards our growth aspirations for the medium to long-term, providing further financial benefits that will help tackle the financial challenges across our ten year business plan.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Growth investment	0	0	925	2400	4425

CAPITAL INVESTMENT

The following capital investments are proposed:

Broadband infrastructure

Match funding towards bid for high speed broadband in order to drive business investment in Peterborough.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Broadband Infrastructure	1100	2000			

Council tax base IT system

When the council implements the local scheme for council tax benefit, it will have to make changes to its IT systems. These are the costs of those changes:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council Tax Base System	100				

Embankment running track resurfacing

The Embankment track is at the end of its usable life. If the track surface is not renewed Peterborough will not be able to host major athletic events.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Embankment Running Track resurfacing	446				

Household Recycling Centre

The council's present household recycling centre will be closed by November 2014. The authority has a statutory duty to provide one and therefore needs to provide a replacement.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Household Recycling Centre		4340			

Peterborough Serco Strategic Partnership

The savings section outlined how Serco and the council will deliver a transformation programme over the lifetime of the partnership. The business transformation programme will utilise a state of the art technology platform and new ways of interacting with customers to achieve this. Investment in this technology is required in order to deliver the savings included in the proposed budget.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Peterborough Serco Strategic Partnership (Business Transformation investment)	3751	922	0	99	842

Finance IT system upgrade

The council's Finance IT system makes all payments to suppliers, raises invoices for income and holds financial information. It will soon be no longer supported by the provider, and is in need of

upgrading to ensure it remains fit for purpose. The project will consider whether efficiencies can be made through the development of interfaces and reducing manual re-entry of information.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Finance IT system upgrade	1000				

Regional Pool

The Regional Pool main pool and the surrounding area have not been refurbished since its construction. Major work is needed to the tiling, the tank and the wall cladding.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Regional Pool refurbishment		1113			

Central Library

The proposal is to remove existing lighting and the ventilation system, which is at the end of its useful life and uses obsolete gas refrigerant. This will be replaced with new energy efficient lighting and ventilation, improving the efficiency and environmental credentials of the building.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Central Library		758			

Bushfield Sports Centre

Bushfield Sports Centre boilers and roof covering are approximately 20 years old and at the end of their usable life. To enable the building to remain operational the roof covering and boilers will need to be replaced.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Bushfield Sports Centre	453				

Lido

Following a detailed structural report of the Lido pool tanks the ground water pressures need to be neutralised to prevent cracking to the pool slab. The main pool tanks need to be over-clad to ensure the pools can remain operational for the coming 20 years.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Lido	562				

APPENDIX 6 – SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – STAFF IMPLICATIONS

1. Policy Changes

Our budget proposals last year included a range of changes to staff terms and conditions, including reviewing mileage rates and introducing parking charges for staff.

The council continues to keep such conditions under review, and would discuss any proposals with Trades Union representatives before further consultation.

2. Vacancy and Redundancy

During the course of the next financial year, we envisage undertaking a number of re-organisations which may result in a number of posts being made redundant. Whilst it is difficult to predict the exact number of posts affected, we believe this is likely to be in the region of 70 (which equates to roughly 60 FTE). This does not include the current restructures of education and resources, or the second and third phase of the restructure in children's services, which commenced as a result of last year's budget proposals and is currently underway. Our approach to minimising any compulsory redundancies will be the one adopted in previous years, including deleting vacant posts, redeployment of affected staff, and seeking voluntary redundancies where we are able to do so. The details of the voluntary redundancy programme are likely to be announced in January.

3. Pay Awards

The pay arrangements for the majority of council staff are subject to terms and conditions that are agreed at a national level. This includes any pay awards. In previous Medium Term Financial Plans, the council has made provision for the estimated pay awards in future years. Each year this is revisited and the estimate updated to reflect our best intelligence as to what that pay award might be. We have again undertaken this exercise, and in light of recent announcements on a public sector pay freeze, we can reduce this provision by the following amounts:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Updated estimate for pay award	0	666	666	666	666

**APPENDIX 7 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – CAPITAL PROGRAMME
OVERVIEW**

The council's capital investment strategy has been reviewed as a result of lower expectations of external funding from Government and related agencies. In addition there are reduced revenue monies available to fund costs of new borrowing.

As a result the funding of the capital programme has been focused around maximising external income from section 106 agreements (the agreement the council has with developers to fund community facilities), reviewing asset disposal opportunities (including those arising from the property rationalisation) and seeking new forms of private sector funding for regeneration projects.

The capital programme has been reviewed to ensure that schemes are more accurately profiled in the years that spend will take place.

We have also reviewed where investment is needed to deliver our priorities, especially in regard to delivering growth and meeting the educational needs of our children. These changes are included in the relevant directorate appendix.

The costs of the updated capital programme are summarised below:

Issue	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
Costs of inescapable capital schemes	36	80	92	108	146
Costs of essential capital schemes	267	1,253	2,106	2,822	3,446

The majority of these costs in the early years are offset by savings from re-phasing schemes. These are summarised below:

Issue	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
revenue budget saving from re-phasing capital programme	2,322	2,396	4,019	3,267	2,510

The council has also looked carefully at how it borrows to support the capital programme. Currently all borrowing is undertaken over 25 years or longer, irrespective of the lifetime of the asset it supports. The council considers that it would be sensible to undertake some borrowing over ten years to link to the asset life, and benefit from lower interest charges. Full analysis of this proposal is included in the Chief Finance Officers report in the Medium Term Financial Services. These savings are outlined below:

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Restructure of planned borrowing	237	612	829	930	961

The MTFFS in a Community Context

The Medium Term Financial Plan in a Community Context

Peterborough has a clear ambition and vision for the future of the City to meet the diverse needs of our communities as set out in the Sustainable Community Strategy. The Sustainable Community Strategy priorities combine the ambition for growth with the need to improve the quality for life of our residents and, in particular, those experiencing inequalities in outcomes.

Led by the Greater Peterborough Partnership (GPP), the commitments within the Sustainable Community Strategy were developed in consultation with our communities and refreshed in 2010 to ensure it continued to reflect the communities' needs and the changing circumstances. The delivery vehicle detailing 'how' we will deliver this vision and the priorities is the new Single Delivery Plan. This plan will have a guiding focus on the four priorities and will set out through transparent actions how we will deliver services. The plan will also assign accountability and resources across the partnership.

The City's Vision

A bigger and better Peterborough that grows the right way, and through truly sustainable development and growth...

- improves the quality of life of all its people and communities, and ensures that all communities benefit from growth and the opportunities it brings
- creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environment capital of the UK.

Each of the priority areas will have a number of focused outcomes that will collectively deliver the improvements needed to achieve the vision for the City and meet the needs of the communities.

Our Medium Term Financial Plan continues to align to reflect these priorities and focuses outcomes to ensure the Council continues to deliver what our community wants and reinforces our commitment to playing a lead role in delivering the Sustainable Community Strategy.

The City's Priorities

- Creating opportunities - tackling inequalities;
- Creating strong and supportive communities;
- Creating the UK's environment capital; and
- Delivering substantial and truly sustainable growth.

The council priorities are:

- Improving educational attainment and skills for our children and young people. A key part of this vision is bringing established universities to deliver courses to students in Peterborough. It will enable people to study a wider choice of higher education courses without having to leave the city.
- Safeguarding children and vulnerable adults.
- Growth, regeneration and economic development of the city to bring new investment and jobs.
- The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments.
- Delivering services at a neighbourhood level.
- Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

Report of the Chief Finance Officer

1.1 INTRODUCTION

The previous section outlines what we intend to achieve with partners for our communities using their council tax. The rest of the MTFS outlines the specific financial proposals that will enable us to deliver these priorities.

This section summarises the key financial information, and indicates where the full supporting detail can be found.

Also Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer (CFO) must report to the Authority in two areas:

- the robustness of the budget estimates
- the identification and management of risks together with the adequacy of the proposed reserves

and that the authority must have regard to this report when making budget decisions. This report deals with these key issues.

1.2 APPROACH TO BUSINESS AND FINANCIAL PLANNING

1.2.1 The Spending Review was announced in October 2010 by the Chancellor. This outlined the Government's financial spending plans for the next four years. As a result, councils will receive an overall reduction in Government funding of 28% in real terms over four years. These reductions were front-loaded, with a greater reduction in the first two years (2011/12 and 2012/13 financial year). The first year of reductions were tackled in the 2011/12 MTFS. This also prepared for the reductions in following years.

1.2.2 As previously reported to September Cabinet, the government consulted on local government funding arrangements such as the ability for councils to retain a proportion of business rate growth and localising council tax benefit. The government aims through these funding reviews to provide local authorities greater financial autonomy and strengthen the incentives to support growth in the private sector and regeneration of local economies. Government issued their response to both consultations last month, referencing that further consultation on detailed aspects of the scheme would need to be consulted on during Spring / Summer 2012 before implementing changes to funding arrangements proposed from April 2013.

1.2.3 The provisional settlement was announced on 8th December 2011. This was too late to allow Cabinet to consider the impact and bring proposals to the original Cabinet planned for December 12th. A special Cabinet meeting has been set for January 20th, where Cabinet will consider proposals for consultation. All consultation events and activity have been re-arranged to fit with the new timetable. Cabinet wanted to ensure that residents, partner organisations, businesses and other interested parties have the chance to comment all of the savings, efficiencies, service reductions and investments they plan to make to enable the city to continue to grow and give residents the best quality of life.

1.2.4 Within the Council, draft business plans are being drawn up to record what each department has agreed with the Chief Executive that it will deliver in the coming year. This ensures that the golden thread is maintained from partnership priorities, through the

MTFS into individual departments. This is further maintained through service plans and individual appraisals.

1.2.5 The MTFS will be extended to cover a ten year period so that the key challenges around delivering our priority of growth can be adequately captured. The drivers continue to be meeting the council's priorities by creating a sustainable budget strategy whilst responding to changes arising from decisions made in the distribution of local government funding.

1.2.6 The Council is well placed to deal with many aspects of the reduction in public finances and is determined to continue to invest in high quality services to underpin the growth of the City. The MTFS still provides investment in those services that need it.

1.3 FINANCIAL SETTLEMENT FOR 2012/13 AND THE FUTURE PUBLIC FINANCE POSITION

1.3.1 The provisional local government finance settlement was announced on 8th December 2011. Indication of the settlement had been given back in December 2010, and this announcement is in line with expectations and the level of grant the Council had been planning for.

1.3.2 The outline of the settlement for Peterborough is as follows:

- Formula grant will reduce by 7.2% (£5.6m) in 2012/13. On top of the 10% (£8.9m) reduction for 2011/12, that means a reduction of nearly £15m in total over two years (with more reductions to come in future years)
- Grant claw back removes £2.5m from Peterborough next year and passes it to other councils to reduce their grant cuts (on top of the £4.8m lost in 2011/12)
- There is a continuation of the policy of grant being removed from the councils grant to be passed over to academies nationally (now at £1m over and above any sums taken from schools grant).

1.3.3 The grant itself is calculated according to the Four Block Model. The model uses calculations relating to population and authority type (central allocation), local ability to raise Council Tax (Relative Resource), population characteristics and need (Relative Need). It is however then subject to Ministerial discretion over the maximum grant decrease for authorities. Authorities whose grant decrease is not at this maximum level have their grant reduced to pass to other authorities through a clawback mechanism

1.3.4 Again Peterborough has lost grant through the clawback mechanism. The Government uses a formula to calculate the level of funding each authority should receive based upon the needs of the people living in that area and this calculation shows we should have received about £2.5 million more than we have.

		Provisional Settlement
	2011/12 £m	2012/13 £m
Formula Grant Entitlement	84.5	76.5
Less clawback (*)	4.8	2.5
Amount to be paid	79.7	74.0
% decrease	-10.2%	-7.2%

1.3.5 The Government have not announced a settlement beyond 2012/13, whilst the Spending Review provides government departments with funding for four years. This is because CLG intend to change the approach used in allocating grants to Councils from 2013/14 onwards.

1.3.6 The Autumn statement from the Chancellor, released in October 2011, indicated that there will be a continued reduction in public sector funding beyond the Spending Review period i.e. after 2014/15. For its financial planning, the Council has taken the following approach:

- For 2013/14 and 2014/15 – assume reductions in grant in line with the Spending Review (whilst there will be a new grant allocation method based on local business rates, reductions in funding will still be a feature)
- From 2015/16 onwards – Assume grant funding remains frozen. Whilst overall there will be reductions in public funding, Peterborough may see some benefit from the new arrangements if it can promote local business growth

1.4 COUNCIL TAX

1.4.1 Peterborough currently has one of the lowest council tax levels in the country. Out of 56 unitary councils across the country, Peterborough has the fifth lowest council tax. In the last financial year there was no increase in council tax in Peterborough.

1.4.2 The proposals for Council Tax for 2012/13, and for planning purposes in the MTFS after that are as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17
	£k	£k	£k	£k	£k
Council Tax increase	2.95%	2.95%	2.95%	2.95%	2.95%
Council Tax Band D	£1,128	£1,161	£1,196	£1,231	£1,267
Council Tax Base - Band Ds	56,650	57,217	57,789	58,367	58,951
Council amount raised (£m)	63.9	66.4	69.1	71.8	74.7

The equivalent Band D Council Tax figure for 2011/12 is £1,096 for the Council, not including the precepts from the Fire and Police Authorities and Parishes.

1.4.3 The council's previous MTFS published in February 2011 included a council tax freeze for 2011/12. We were able to freeze council tax as our prudent budget plans enabled us to take advantage of the grant offered by the Government for this purpose as we kept our council tax increases below 2.5 per cent. Last year this was worth £1.5 million to Peterborough which is now part of the council's budget for the next four years. In four years time the council will need to make savings to cover the fact that this grant will stop.

1.4.4 The MTFS also assumed annual council tax increases of 2.5% in 2012/13 and beyond. There has been a lot of publicity surrounding the Government's plans to offer grants to freeze council tax again. However, the Government's offer for 2012/2013 is different. This time the offer of funding to councils that freeze council tax is a one-off grant, and will only be provided for one year. Councils that accept the grant will be left with a

shortfall in funding in every year after this one. For Peterborough that could be more than £8 million over five years. Councils would have to make up this shortfall through further savings and cuts or higher increases in council tax.

- 1.4.5 If the authority decided to take the Government's offer and froze council tax again, it would take four years - and increases in council tax of at least 3.5 per cent in subsequent years – to make up the shortfall. There is also a risk that the Government could impose a capping limit of less than 3.5% which would mean a longer period to make up the shortfall.
- 1.4.6 The Cabinet recognises these are challenging times for council taxpayers but after careful consideration believes the best option is to decline the Government's offer and, instead, increase council tax by 2.95 per cent for 2012/2013. This means the authority would not have to increase council tax by at least 3.5 per cent in subsequent years and not have to put in place the kinds of cuts in services that taking the Government's grant offer would prompt. This increase would be £32 for a Band D property per year, and would mean that council tax in Peterborough would remain one of the lowest in the country. For people in receipt of council tax benefit, this increase will be fully funded from increased benefit entitlement.
- 1.4.7 The proposed increase is also below the level of 3.5% that the Government has determined would require a local referendum to approve.
- 1.4.8 Council tax bills are not only made up of council charges but also charges from other public bodies to fund their services. The remainder of the council tax bill is made up from charges from Police Authority, Fire Authority and Parish Councils. Cambridgeshire Police Authority set their precept on 9 February and Cambridgeshire Fire and Rescue Service will be setting their precept on 23 February.
- 1.4.9 The proposals strike a balance between:
- Delivering our priority of a bigger and better Peterborough.
 - Supporting vulnerable people and minimising the impact on services.
 - Recognising the impact the recession is having on our communities and minimising their tax burden.

1.5 BUDGET SUMMARY

1.5.1 The summary figures underpinning the council tax proposals are:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Funding					
Dedicated Schools Grant	140,292	140,292	140,292	140,292	140,292
Formula Grant	72,550	71,930	68,463	68,463	68,463
Other Council Grant	18,959	17,445	17,158	17,158	17,158
Benefit Grant	71,766	71,766	71,766	71,766	71,766
Parish Precepts	397	397	397	397	397
Council Tax	63,903	66,447	69,091	71,841	74,700
Total Funding	367,867	368,277	367,167	369,917	372,776
Total Expenditure	370,454	365,899	373,605	382,665	390,708
Budget Surplus(+)/ Deficit(-)	-2,587	2,378	-6,438	-12,748	-17,932

Whilst the council has made significant savings proposals for 2012/13, we have not been able to close the budget gap we face completely. We consider that further savings would have an unacceptable impact on services. As such we intend to use some of our reserves to balance the budget in that year.

In 2013/14, we are able to bring forward and deliver further savings that will move to the council to having a budget surplus. We will use this surplus to help us tackle the challenges in 2014/15.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Deficit	-2,587		-6,438	-12,748	-17,932
Less: Use of Reserves	2,587		2,378		
Surplus		2,378			
Less: Transfer of Reserves		-2,378			
Cumulative Position	0	0	-4,060	-12,748	-17,932

As a result we have been able to reduce the gap in 2014/15 to above £4m. This is much smaller than the gap we had in this year in the last MTFs, and shows good progress in tackling the financial challenges ahead.

Beyond this the council has developed a business plan that forecasts 10 years ahead. Further details are included in the Medium Term Financial Strategy, and provides the council with a baseline to plan for the future of the City.

Whilst the Council models the position over ten years to ensure we are aware of the financial horizon, at this stage we have not developed specific proposals to try and close the gap further in later years. There remains considerable uncertainty over the financial position for a number of reasons. Including the following:

- The Spending Review covers four years only (and indeed could be reviewed as part of the annual national budget process)
- The Local Government finance settlement only covers one year (2012/13) and the Government is intending to review the whole system of local government finance and will implement changes in 2013/14
- The Council will benefit from its investment in renewable energy, through reduced energy bills and avoiding the carbon tax
- The country is likely to be returning to a healthier economic position

As these issues could well have a positive impact on Council finances, we do not want to consider additional savings at this stage. The Council will continue to refresh its medium term financial plan each year, including developing proposals to meet this financial position at the appropriate time.

1.5.2 Capacity Bids

In preparing a Medium Term Financial forecast it is important to ensure unavoidable spending pressures are accurately reflected in future budgets. A summary of these items are shown below, with full detail outlined in the MTFs.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£k	£k	£k	£k	£k
Inescapable	16,342	18,841	20,880	23,069	25,682
Essential	1,100	1,733	3,486	5,602	8,251
	17,442	20,574	24,366	28,671	33,933

The items are a mix of pressures that the council cannot avoid or has a legal duty to meet, as well as investments in delivering our priorities and improved services.

1.5.3 Savings

The Council's approach is still founded on the basis of the council being efficient, effective and accessible. The draft medium term plan is once again based around the philosophy of:

“Minimising overheads, reducing bureaucracy and improving value for money to ensure that resources are available to improve front line service outcomes to the community whilst ensuring the impact on council tax levels is as low as possible”

The scale of the financial challenge facing the Council, along with the fact that many transformational savings have been achieved, mean that the Council has to consider some service reductions. The new savings proposals are set out in the MTFs and can be summarised as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17
	£k	£k	£k	£k	£k
Service Reductions	1,244	2,444	2,474	2,505	2,537
New savings and efficiencies	10,631	17,373	20,917	21,117	20,563
Additional Income	1,862	3,718	3,771	4,266	4,761
Terms and Conditions	0	666	666	666	666
Corporate Contingency	1,000	1,000	1,000	1,000	1,000
Total	14,737	25,201	28,828	29,554	29,527

1.6 Reserves

- 1.6.1 For the Chief Finance Officer to recommend the level of reserves and provisions the council should hold, consideration is given to the general economic conditions facing the authority, the internal control framework in operation, and the probability and financial impact of service risks, including specific budget risks identified within the budget process.
- 1.6.2 Projected movements on reserves for this MTFs are shown in the reserves section later in the MTFs.
- 1.6.3 In line with the Council's reserves policy, reviews of the Council's reserves and balances have been undertaken, as part of the financial planning exercise and in the completion of the Statement of Accounts for 2010/11. Final proposals for reserve usage are approved by members as part of the budget and final accounts approval process. Reserves are

reviewed and monitored during the year to ensure that the adequacy and application of reserve are valid and appropriate.

1.6.4 The challenging financial position presents the Council with several issues with regards to reserves:

- Pressures in 2011/12 need to be supported by use of the Capacity fund
- The planned deficit in 2012/13 will similarly be supported by the Capacity Fund
- These two issues mean that the capacity fund will be at a lower level during 2012/13

1.6.5 The MTFS specifically addresses this as follows:

- During the span of the years covered within the MTFS, balances within the general fund are maintained at the £6m level considered prudent
- The figures for the capacity fund include a prudent estimate of the likely use to support transformation projects, including the voluntary redundancy programme.
- Costs of the transformation programme to be delivered with Serco are specifically built into the budget
- The Council is planning for a surplus in 2013/14 that will support the budget position in 2014/15.

Given the continued uncertainty over public finances, this approach is essential.

1.6.5 The Director has reviewed the financial risks identified (see Section 1.7 below), and the expected level of reserves at 1 April 2012. On this basis the Director is satisfied with the reserves proposals in the MTFS.

1.7 ROBUSTNESS OF ESTIMATES

1.7.1 In setting a budget for 2012/13, including a medium term financial plan to 2021/22, it is important that Members consider the risks inherent in the financial figures presented and the potential for there to be variances and events that may occur that may significantly impact on them.

1.7.2 The following is a summary of other matters that Members should take into account when considering the budget:

Area	Risk	Action to Mitigate Risk
Overall Budget	The achievement of a balanced budget is reliant on a challenging savings programme and organisational capacity to deal with speed of change. There is a risk that both savings already extracted from budgets and the new savings programme will not be achieved.	Progress will be monitored via the monthly budget monitoring process. There will be specific disclosure in the monthly budget monitoring process of the achievement of savings. Specific provision has been made in the budget to support the costs of change needed to provide capacity to deliver

Area	Risk	Action to Mitigate Risk
		<p>these savings.</p> <p>The business transformation programme will be delivered in partnership with Serco. The contract provides the Council with guarantees over the level of savings.</p>
Overall Budget	Increase in employer's contribution rate to the pension scheme in future years (next triennial valuation due December 2013) if Hutton review does not deliver savings expected.	<p>Following discussions with the Actuary, additional sums has been included in the MTFS for the three years following the next valuation.</p> <p>It should also be noted that actuaries look forward over several decades – well beyond our planning horizon</p>
Overall Budget	The current grant settlement is for 2012/13 only, with changes the system of local government finance planned, as well as further reductions beyond 2014/15	<p>Prudent approach to forecasting outlined in section 1.3.7 above.</p> <p>Ensure council actively reviews new proposals to assess impact for future planning</p>
Overall Budget	Interest rates decrease further to 0%	The Council is planning to run down cash balances and use them to finance the capital programme instead of borrowing to maximise value for money
Overall Budget	<p>Inflation risk including the pay award</p> <p>Budget assumes that inflation remains low in the medium term</p>	<p>Monitor inflation position and forecasts, and review impact on budget through budget monitoring process.</p> <p>The pay award is determined nationally. The current MTFS is forecasting a nil increase in pay award until 2014/15.</p> <p>Active procurement approach in partnership with Serco to secure improved rates and avoid inflationary increases. Again contract provides for level of guaranteed savings</p>
Overall Budget	Interest rates increase in response to inflation pressure	<p>Capital financing estimates developed using latest forecasts of interest rates for MTFS (which allow for a level of increase).</p> <p>Review capital programme and debt portfolio if rates increase beyond forecast levels.</p>
Overall Budget	<p>Demand led service pressures.</p> <p>The Council provides services in a number of areas where the need for support lies outside the Council's direct control, for example in childrens and adult social care. The demographics of the latter will remain under review due to Peterborough's ageing population above national average</p>	<p>Reviewed through monitoring of budget and management information on a monthly basis.</p> <p>Specific provision has been included in the budget plans for estimates of increased demand for childrens and adult social care.</p> <p>Savings plans are also based intervention and reducing need and</p>

Area	Risk	Action to Mitigate Risk
	and complexities in cases being identified. The need for such services remains difficult to predict, and support must be provided where needed.	service demand
Overall Budget	Impact of recession	Review through monthly budget monitoring. A prudent view has been taken on the timescales for recovery to impact e.g. in income levels
Overall Budget	Impact of service issues on financial management, including: <ul style="list-style-type: none"> • Childrens services improvement programme • Return of Adult Social Care to the Council 	Robust, adequately resourced programme management arrangements are in place. Savings plans have factored in the challenges of delivering service changes at the same time
Overall Budget	Impact of new legislation and draft bills.	The Localism Act 2011 and draft Local Government Finance Bill published are under evaluation by the council to ensure that there are no financial consequences for the council
Overall Budget	Impact of reserves and balances	Reserves are reviewed and monitored during the year to ensure that the adequacy and application of reserve are valid and appropriate
Overall Budget	Government Grants. The budget is supported by a number of specific government grants. The majority of specific grants have not been notified beyond 2012/13 and the 2012/13 announcements are provisional	Reviewed through monitoring of budget and management information on a monthly basis. Review of government websites to confirm allocations at earliest opportunity and budgets reviewed as appropriate.
Capital Expenditure	The proposed Capital Programme is reliant on asset disposals being achieved. Any slippage will impact on capital financing requirements	The estimates used are based on the latest information available in terms of both timing and capital receipt. Schemes will be carefully managed and regular reporting will continue. Capital plans will be amended if asset disposals cannot be realised
Capital Expenditure	The proposed Capital Programme is reliant on developer contributions being achieved.	As above

1.8 EDUCATION FUNDING

1.8.1 Funding for education is provided directly through a specific grant known as the Dedicated Schools Grant. The majority of this grant is delegated directly to schools, but some is held centrally and spent on education and children's services across the city.

1.8.2 The estimated Dedicated Schools Grant for 2011/12 is £140m. The final figure for 2012/13 will not be known until May/June 2012, when pupil numbers are finalised.

1.9 CAPITAL PROGRAMME 2012/13 TO 2021/22

1.9.1 The capital programme is driven by the Council's contribution to the sustainable community strategy. In addition, it is based around the Capital Strategy that is integrated with the Council's Asset Management Plan. These are included as appendices.

1.9.2 The Capital Programme is included in the MTFs. In summary, the programme is in the next table.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Total Capital Expenditure	244,579	84,917	56,029	48,305	23,709
Financed by:					
Grants & Third Party Contributions	33,676	7,768	9,351	12,382	5,882
Capital Receipts	15,495	2,425	6,975	850	900
Capital Financing Requirement (Borrowing)	195,408	74,724	39,703	35,073	16,927
Total Capital Financing	244,579	84,917	56,029	48,305	23,709

Capital Programme 2017/18 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Total Capital Expenditure	18,950	19,449	16,386	15,288	16,288
Financed by:					
Grants & Third Party Contributions	5,882	5,882	5,882	5,882	5,882
Capital Receipts	6,450	2,000	1,000	-	-
Capital Financing Requirement (Borrowing)	6,618	11,567	9,504	9,406	10,406
Total Capital Financing	18,950	19,449	16,386	15,288	16,288

1.9.3 Members should also be aware that the programme is reliant on capital receipts generated through asset disposal, and in some cases from the receipt of developer contributions (S106). Hence some capital schemes will only be initiated if resources are actually achieved.

1.9.4 Capital schemes will not progress until the following requirements have been satisfied:

- External funding secured where supporting a scheme.
- A full business case has been approved through the Councils project gateway process.

1.9.5 The Local Government Act 2003 introduced the prudential capital system. The key objectives of the prudential system are to ensure, within a clear framework, that local authority capital investment plans are affordable, prudent and sustainable and have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code.

- 1.9.6 The revenue impact of borrowing has been factored into the budget. The impact of this, including the report on the Prudential Code, Treasury Management Strategy and Minimum Revenue Provision (MRP) Policy are attached.
- 1.9.7 The council has also looked carefully at how it borrows to support the capital programme. Currently all borrowing is undertaken over 25 years or longer, irrespective of the lifetime of the asset it supports. The council considers that it would be sensible to undertake some borrowing over ten years to link to the asset life, and benefit from lower interest charges. Appendix A attached to this report provides further information.

1.10 ASSET MANAGEMENT PLAN

1.10.1 Attached is the Corporate Asset Management Plan (AMP). This document sets out how the Council will manage Council Property Assets in the future and builds upon the AMP prepared last year. The AMP sets out how we will address future challenges including:

- A property portfolio that is ageing with excessive liabilities
- A portfolio that is not suited to Council needs

1.10.2 In addition, it sets out how we will get the most from our property portfolio. This will include:

- The options appraisal and delivery of nearly £36m of Capital Receipts over the next ten years in a depressed market
- Using property to support the Growth Agenda
- Minimising the impact of property assets on the environment

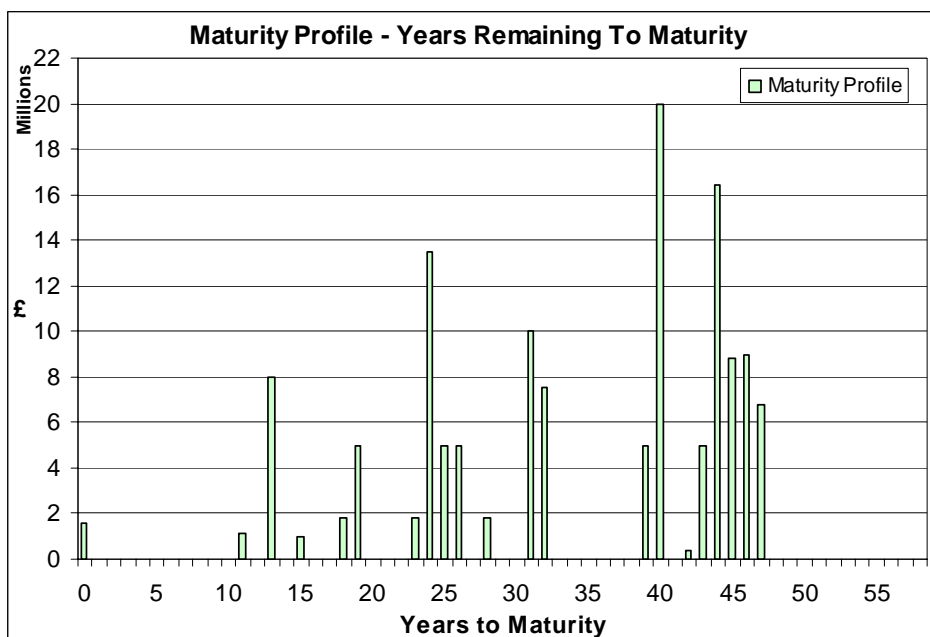
Appendix A - CAPITAL PROGRAMME – ALTERNATIVE PWLB BORROWING PERIODS

1. WHAT ARE THE CRITICAL ITEMS / ISSUES FOR FOCUS?

- 1.1. Currently when the Council has the need to borrow, the Capital and Treasury team analyse and assess prevailing interest rates and recommend to the Executive Director – Strategic Resources how much borrowing to be taken and over which debt period, in line with the approved Prudential Indicators.
- 1.2. Fixing the Council into the lowest long term rate is the key factor, but also to remain within capital financing budget. For example if long term rates were below 4.50% the Council would be likely to gain over the longer term by fixing into 50 year money. However, if long term rates were over 4.50% then a mixture of shorter term borrowing would be recommended. The following table illustrates the cost of this risk, borrowing £1m over a five year and 25 year period.

Year	Short Term Rate 5yr	Interest Cost	Long Term Rate 25yr	Interest Cost	Difference in Financing Cost
0	2.50%	25,000	4.30%	43,000	-18,000
1		25,000	4.30%	43,000	-18,000
2		25,000	4.30%	43,000	-18,000
3		25,000	4.30%	43,000	-18,000
4		25,000	4.30%	43,000	-18,000
5	7.50%	75,000	4.30%	43,000	32,000
6		75,000	4.30%	43,000	32,000
7		75,000	4.30%	43,000	32,000
8		75,000	4.30%	43,000	32,000
9		75,000	4.30%	43,000	32,000
Total		500,000		430,000	70,000

- 1.3. The Council can also mitigate interest rate fluctuations via its debt maturity profile, i.e. the Council does not want all of its debt to mature at the same time which may coincide with periods of high interest rates. To mitigate this risk an 'ideal' profile would be flat, with equal amounts of debt maturing each year. The Council's existing debt is £132.9m, and the following chart shows the current debt profile. The debt profile has a weighted maturity of 29 years, and weighted interest rate of 4.52%. This therefore means that the Council is in a favourable position to take advantage of short term rates, which would 'flatten' the profile.



- 1.4. The Council could amended the MTFS underlying assumption, for new borrowing to be taken at the 50 year period, with a range of shorter borrowing periods and associated lower interest rates. The options below have been modelled using the following borrowing requirements and projected interest rates:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	TOTAL £000
New Borrowing	2,939	88,300	66,111	29,829	24,385	211,564

Debt Maturity Rates	2011/12 %	2012/13 %	2013/14 %	2014/15 %	2015/16 %
5 yr PWLB	2.30	2.38	2.75	3.40	3.70
10 yr PWLB	3.30	3.40	3.78	4.50	4.80
25 yr PWLB	4.20	4.30	4.65	5.05	5.20
50 yr PWLB	4.30	4.40	4.75	5.15	5.30

- 1.5. The recommended amendment to MTFS assumption is for 30% of new capital borrowing to be taken equally over five and ten years, and remaining 70% equally over 25 and 50 years, but with the option to remain flexibilities depending on prevailing rates at the time new borrowing is entered into.

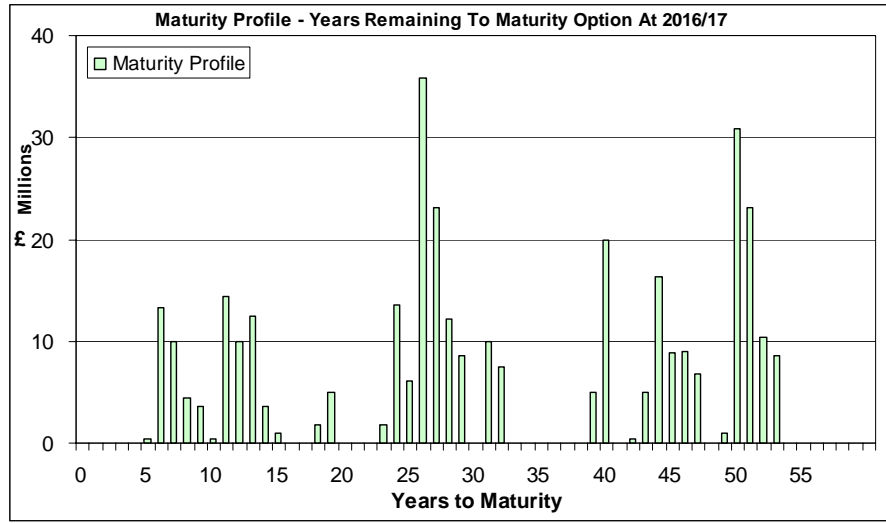
15% / 15% @ 5 / 10 Yr PWLB 35% / 35% @ 25 / 50 Yr PWLB	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Interest Cost Savings	237	612	829	930	961

- 1.6. The Council sets a Prudential Indicator for the maturity structure of borrowing, in accordance with The Prudential Code. For 2011/12 the prudential limits are set with regard to the maturity structure of the Council's borrowing, and reflect the relatively beneficial long term rates that were expected to be available over the next few years. The 2011/12 limits, current debt portfolio, and variations from new borrowing options are shown below:

Period	Upper Limit	Current Perf.	Impact of Amend.
Under 12 months	40%	14%	5%

1 - 2 years	40%	0%	4%
2 - 5 years	80%	0%	5%
5 - 10 years	80%	1%	12%
over 10 years	100%	85%	74%

1.7. The following chart illustrates the revised debt maturity profile for the amended MTFS assumption by 2016/17.



Key Figures

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Funding										
Dedicated Schools Grant	140,292	140,292	140,292	140,292	140,292	140,292	140,292	140,292	140,292	140,292
Formula Grant & NNDR	72,550	71,930	68,463	68,463	68,463	68,463	68,463	68,463	68,463	68,463
Benefit Grants	71,766	71,766	71,766	71,766	71,766	71,766	71,766	71,766	71,766	71,766
Parish Precepts	397	397	397	397	397	397	397	397	397	397
Council Tax Base	61,328	63,903	66,447	69,091	71,840	74,700	77,334	80,059	82,880	85,801
Council Tax Increase	1,831	1,904	1,980	2,059	2,141	1,886	1,953	2,021	2,092	2,167
Council Tax Growth	744	640	664	691	719	748	773	800	828	857
Collection Fund Surplus	0	0	0	0	0	0	0	0	0	0
Total Funding	348,908	350,832	350,009	352,759	355,618	358,252	360,978	363,798	366,718	369,743
Gross Departmental Control Totals										
	348,790	353,081	360,909	366,390	369,144	371,579	374,100	376,450	378,885	381,320
Less: Savings 2012/13										
New Savings and Efficiencies	-10,631	-17,373	-20,917	-21,117	-20,563	-20,211	-20,206	-20,057	-19,893	-20,197
Additional Income	-1,862	-3,718	-3,771	-4,266	-4,761	-4,148	-3,466	-3,200	-3,229	-3,257
Terms and Conditions	0	-666	-666	-666	-666	-666	-666	-666	-666	-666
Service Reductions	-1,244	-2,444	-2,474	-2,505	-2,537	-2,569	-2,602	-2,636	-2,671	-2,707
Corporate Contingency	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Sub Total	-14,737	-25,201	-28,828	-29,554	-29,527	-28,594	-27,940	-27,559	-27,459	-27,827
Capacity Bids 2012/13										
Capacity Bid - Inescapable	16,342	18,841	20,880	23,069	25,682	28,791	30,096	31,749	33,888	36,138
Capacity Bid - Essential	1,100	1,733	3,486	5,602	8,251	10,130	10,191	10,653	11,425	12,122
Sub Total	17,442	20,574	24,366	28,671	33,933	38,921	40,287	42,402	45,313	48,260
Total Expenditure	351,495	348,454	356,447	365,507	373,550	381,906	386,447	391,293	396,739	401,753
Budget Surplus/Deficit(-)	-2,587	2,378	-6,438	-12,748	-17,932	-23,654	-25,469	-27,495	-30,021	-32,010
Balance carried forward		0	2,378	0	0	0	0	0	0	0
Balance to carry forward	0	-2,378	0	0	0	0	0	0	0	0
Budget Surplus/Deficit(-)	-2,587	0	-4,060	-12,748	-17,932	-23,654	-25,469	-27,495	-30,021	-32,010

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Council Tax increase	2.95%	2.95%	2.95%	2.95%	2.95%	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Band D	£ 1,128.03	£ 1,161.31	£ 1,195.57	£ 1,230.84	£ 1,267.15	£ 1,298.83	£ 1,331.30	£ 1,364.58	£ 1,398.69	£ 1,433.66
Council Tax Base - Band Ds	56,650	57,217	57,789	58,367	58,951	59,541	60,136	60,737	61,344	61,957

Inescapable Bids

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Corporate	Pensions increase from next three year valuation	0	0	1,000	2,000	3,000
Adult Social Care	Adult Social Care - Base line funding	9,866	9,866	9,866	9,866	9,866
Adult Social Care	Learning Disability – growth in numbers (non transitional)	346	729	1,111	1,495	2,433
Adult Social Care	Older People (including older people’s mental health services) – growth in numbers	100	206	313	419	681
Adult Social Care	Physical Disability – growth in numbers (includes no residential increases)	54	115	175	235	382
Adult Social Care	Mental Health – growth in referrals in statutory work. All growth has been contained in budgets for the last three / four years	13	25	38	50	81
Children Services	Children Social Care placement costs	1,687	1,544	1,352	1,210	1,068
Children Services	Children Social Care demography	260	358	418	618	715
Children Services	Children Social Care staffing requirements	1,100	1,100	1,100	1,100	1,100
Children Services	Home to School Transport (mainstream)	204	200	189	172	133

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Children Services	Vulnerable 2 year old supported nursery placements	235	402	402	402	402
Legal and Governance Services	Coroners now being wholly funded by council	90	90	90	90	90
Legal and Governance Services	Blue Badges administration	40	40	40	40	40
Operations	Maintenance at Rhubarb Bridge	0	100	0	150	0
Operations	Remove Lincoln Road Footbridge	175	0	0	0	0
Strategic Resources	Waste disposal	819	1,122	1,612	1,859	2,104
Strategic Resources	Trees and Woodland Strategy	1,000	1,000	1,000	1,000	1,000
Strategic Resources	Finance IT system licences	50	75	75	75	75
Strategic Resources	Property management	113	235	364	503	653
Strategic Resources	Materials Recycling Facility	0	167	223	223	223
Strategic Resources	Council tax IT system licence	0	30	30	30	30
Strategic Resources	Vivacity withdrawal from council's support services	154	157	160	163	167
Strategic Resources	Council Tax – impact of reduced funding for benefits under localisation scheme	0	1,200	1,230	1,261	1,293
Strategic Resources	Costs of inescapable capital schemes	36	80	92	108	146
		16,342	18,841	20,880	23,069	25,682

Essential Bids

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Adult Social Care	Adult Social Care database	40	40	40	40	40
Chief Executive	Creative city	275	150	150	0	0
Operations	Electrical testing of street lighting columns	50	50	50	50	50
Operations	Street Light cable testing/mapping/replacement	100	100	100	100	100
Operations	Olympic torch	93	0	0	0	0
Operations	Increase in medical assessments required relating to housing needs	15	15	15	15	15
Operations	Travellers - Management of illegal encampments	50	50	50	50	50
Operations	Family Recovery Project	100	0	0	0	0
Operations	Investment in street markets – new canopies	25	25	0	0	0
Operations	Cost of City Centre Christmas illuminations	50	50	50	50	50
Operations	Local Development framework - Inspection cost of review of documents	0	0	0	75	75
Operations	Bio fuel feasibility study	5	0	0	0	0
Operations	Queen's Diamond Jubilee	30	0	0	0	0
Strategic Resources	Growth investment	0	0	925	2,400	4,425
Strategic	Costs of essential capital schemes	267	1,253	2,106	2,822	3,446

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Resources						
		1,100	1,733	3,486	5,602	8,251

Service Reductions

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Chief Executive (Support Services)	Re profile delivery of growth programme	142	142	142	142	142
Operations	Restructure of services within Operations department (NB this saving is split across service reductions and efficiencies)	375	375	375	375	375
Operations	School crossing services	43	43	43	43	43
Operations	Reduction in safety camera partnership funding	130	130	130	130	130
Operations	Remove Christmas park and ride	34	34	34	34	34
Strategic Resources	Vivacity – a review of service levels under the current contract (including library services)	100	100	100	100	100
Strategic Resources	Enterprise – a review of service levels under the current contract (including street cleansing, parks and open spaces and bus services)	420	420	420	420	420
Strategic Resources	Council tax – benefit localisation scheme	0	1,200	1,230	1,261	1,293
	TOTAL	1,244	2,444	2,474	2,505	2,537

New Savings and Efficiencies

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Adult Social Care	Reduction in high cost placements	200	400	400	400	400
Adult Social Care	Intensive Community Support Scheme – return out of city placements to more cost effective in city care options	250	500	750	750	750
Adult Social Care	Learning Disability Brokerage Service – control and reduction in cost of packages of new placement activity	50	100	150	150	150
Adult Social Care	Older People's Accommodation Strategy	1,200	1,500	1,500	1,500	1,500
Adult Social Care	Day Opportunities (Older People) - Rationalisation of provision of day services	100	100	100	100	100
Adult Social Care	Support Plans - Self Directed Support	320	480	480	480	480
Adult Social Care	Continuing Health Care - review of health related needs	400	800	1,200	1,200	1,200
Adult Social Care	Implementation of changes to charging policy	75	155	235	415	415
Adult Social Care	Contract Reviews	170	225	225	225	225
Adult Social Care	Fee levels for residential and nursing providers	200	500	750	750	750
Adult Social Care	Electronic Call Monitoring	150	395	480	480	480
Adult Social Care	Further savings including re-ablement and other initiatives	1,000	1,000	1,000	1,000	1,000
Adult Social Care	DASS office savings	4	4	4	4	4
Chief Executive (Support Services)	Reduce the cost of the Chief Executive office	40	40	40	40	40
Chief Executive	Savings in HR service	137	137	137	137	137

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
(Support Services)						
Chief Executive (Support Services)	Reduce funding in line with restructure	45	45	45	45	45
Children Services	Continuing Care	200	200	200	200	200
Children Services	Review of Back Office Functions	200	200	200	200	200
Children Services	Austerity measures	100	100	100	100	100
Children Services	Review of grant expenditure	150	150	150	150	150
Legal and Governance Services	IT Budget (Hardware)	47	47	47	47	47
Legal and Governance Services	IT Budget (Software)	10	10	10	10	10
Legal and Governance Services	Salary restructure	83	101	101	101	101
Legal and Governance Services	Officer and member training	23	23	23	23	23
Legal and Governance Services	Publications	10	10	10	10	10
Legal and Governance Services	Neighbourhood council administration costs	31	31	31	31	31
Legal and Governance	Legal costs	10	10	10	10	10

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Services						
Legal and Governance Services	Efficiency savings	33	33	33	33	33
Legal and Governance Services	Election postage cost	9	9	9	9	9
Legal and Governance Services	Printing	25	25	25	25	25
Legal and Governance Services	Legal – income from work for Vivacity	20	20	20	20	20
Legal and Governance Services	Increased income target	100	100	100	100	100
Legal and Governance Services	Blue Badges scheme administration	26	26	26	26	26
Operations	Destination and Travel Choice Centres	40	80	120	120	120
Operations	Restructure of services within Operations department (NB this saving is split across service reductions and efficiencies)	386	386	386	386	386
Strategic Resources	Internal Audit - Review of additional income opportunities through shared services and other savings	34	34	34	34	34
Strategic Resources	Revenue budget saving from re-phasing capital programme	2,322	2,396	4,019	3,267	2,510
Strategic Resources	Restructure of planned borrowing	237	612	829	930	961
Strategic Resources	Finance - The council will review its finance function to ensure it adapts to the changes in council services from recent budget rounds, as well as ensuring it can meet the financial challenges of the future. This will include a review of whether support can be delivered more effectively across all teams, options for selling services as well as a review of all vacant positions	200	200	200	200	200

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Strategic Resources	Parish precept payments	0	18	36	36	36
Strategic Resources	External Audit - Removal of contingency sum held for additional audit work.	13	13	13	13	13
Strategic Resources	Client and commissioning team - Ensure that the outsourced contracts can be managed more efficiently	100	100	100	100	100
Strategic Resources	Manor Drive Managed Service - These are savings over and above the original target from the core service provision with Serco	4	4	58	335	507
Strategic Resources	Business transformation	1,777	5,854	6,331	6,725	6,725
Strategic Resources	Further Delivery of services through Serco partnership - Where possible, the Council will continue to take advantage of the strategic partnership to deliver services more efficiently	100	200	200	200	200
	TOTAL	10,631	17,373	20,917	21,117	20,563

Additional Income

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Chief Executive	Implementation of a Financial Products scheme	0	150	200	200	200
Children Services	Clare Lodge – increasing occupancy	100	100	100	100	100
Operations	Residents parking income	6	15	23	23	23
Operations	CCTV services – Diversify and sell services to others	75	75	75	75	75
Operations	Care and Repair - Diversify and sell service to others	100	100	100	100	100
Operations	Trading Standards increased income target from proceeds of crime and other	50	50	50	50	50
Operations	Building Control Consultancy services	15	15	15	15	15
Strategic Resources	Commercial property portfolio - The Council will work with partners to review the returns it receives from its Commercial property portfolio, ensuring that those returns offer sufficient value for money against the cost of holding and maintaining those assets	116	232	232	232	232
Strategic Resources	Bereavement Services	100	100	100	100	100
Strategic Resources	Expected growth income (new homes bonus scheme)	810	1,400	1,886	2,381	2,876
Strategic Resources	Council tax – removal of discounts (e.g second homes and empty properties)	0	500	500	500	500
Strategic Resources	Council tax – review of eligibility single person discount	490	981	490	490	490
		1,862	3,718	3,771	4,266	4,761

Terms and Conditions

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Corporate	Pay Award	0	666	666	666	666

Corporate Contingency

Department	Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Corporate	Corporate contingency	1,000	1,000	1,000	1,000	1,000

Fees and Charges Schedule

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
Operations	Tourism	Tickets sold on behalf of event organisers	0.0%	Council Lead	
Operations	Licensing	Public Entertainment Licences	0.0%	Statutory	
Operations	Licensing	Gambling Act Licensing	0.4%	Statutory	
Operations	Licensing	Hackney Carriage Licensing	0.0%	Council Lead	
Operations	Licensing	Animal Welfare Licensing	6.0%	Council Lead	
Operations	Business Regulations	Other Environmental Health Licensing	4.2%	Council Lead	
Operations	Business Regulations	Construction, Design and Management Fees	0.0%	Statutory	
Operations	Business Regulations	Trading Standards	4.9%	LACORS (Local Authority Coordination of Regulated Services)	
Operations	Enforcement	Houses of Multiple Occupation License	0.0%	Statutory	
Operations	Licensing	Street Trading Consents (Non Pedestrian Area)	7.1%	Council Lead	
Operations	City Centre Services	City Services Street Trading	0.1%	Council Lead	Changes relate to new zonal charges
Operations	Licensing	Lottery Licensing	0.0%	Statutory	
Operations	Community Protection	Environmental Protection Act	0.0%	Statutory	Fees tbc by DEFRA March 2012
Operations	Community Protection	Water Analysis	0.8%	Statutory	
Operations	Community Protection	Environmental Enforcement	0.0%	Statutory	
Operations	Parking Services	Off Street Parking	0.0%	Council Lead	Increased usage of car parks can be seen through a fair pricing policy, and further

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
					simplified pricing may be trialled, which can in turn lead to improved revenue streams.
Operations	Parking Services	Off Street Parking Season tickets	0.0%	Council Lead	
Operations	Parking Services	PCN's - All Off Street Parking	0.0%	Statutory	
Operations	Parking Services	Staff Parking	0.0%	Council Lead	
Operations	Parking Services	On Street Parking	0.0%	Council Lead/Statutory	
Operations	Parking Services	Residential Parking	1.5%	Council Lead	Residents 1st permit to increase by £5 per year, and all other permits remaining at the same price.
Operations	Passenger Transport	Queensgate Bus Station	1.2%	Council Lead	
Operations	Street Works	Licenses and permits	2.1%	Council Lead	
Operations	Trans and Development	Highways Development	0.0%	Council Lead	
Operations	Planning	Planning Fees and Charges	To be Confirmed	Council Lead/Statutory	Awaiting outcome from Government on proposed change to local setting of planning fees or any change to the Statutory fees. Council set fees for pre planning applications will increase.
Chief Executive	Mayoralty/Civic	Civic Room Lettings	5.0%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
Chief Executive	Land charges	Search fees	0.0%	Council Lead/Statutory	
Children's Services	Children & Families	Hire charges	0.0%	Council Lead	
Children's Services	Childrens Social Care	Unauthorised absence penalty notice	0.0%	Statutory	
Children's Services	Learning & Skills	Placement costs recovery	0.0%	Statutory	
Children's Services	Learning & Skills	Parental contribution to Bus Passes issued	2.5%	Council Lead	
Children's Services	Learning & Skills	LEAP Programme	0.0%	Council Lead	
Strategic Resources	Bereavement Services	Crematorium fees	5.0%	Council Lead	
Strategic Resources	Bereavement Services	Memorial Sales	3%	Council Lead	
Strategic Resources	Bereavement Services	Cemetery fees	4.0%	Council Lead	
Strategic Resources	Registration Services	Private Citizenship Ceremonies	4.6%	Council Lead	
Strategic Resources	Registration Services	Approved Premises/Registration Office	5.7%	Council Lead	
Strategic Resources	Registration Services	Nationality Checking	7.7%	Council Lead	
Strategic Resources	Registration Services	Baby Naming/Renewal of Vows	7.5%	Council Lead	
Strategic Resources	Registration Services	Registration Services – Statutory fees	0.0%	Statutory	
Strategic Resources	Strategic Property	Property Rents	Varies - see comment	Council Lead	Increases in rent are dictated by the terms of the leases
Adult Social	ASC	Homecare - hourly rate	2.5%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
Care					
Adult Social Care	ASC	Extra Care Schemes	2.5%	Council Lead	
Adult Social Care	ASC	Day services	0.8%	Council Lead	
Adult Social Care	ASC	Direct payment rates	0.0%	Council Lead	
Adult Social Care	ASC	Respite - over capital threshold	0.0%	Council Lead	
Adult Social Care	ASC	In House Residential Homes	To be Confirmed	Council Lead	
Adult Social Care	ASC	Meals on wheels	0.0%	Council Lead	

Reserves Position

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Estimated Balance at 31.03.12 £000	Estimated Balance at 31.03.13 £000	Estimated Balance at 31.03.14 £000	Estimated Balance at 31.03.15 £000	Estimated Balance at 31.03.16 £000	Estimated Balance at 31.03.17 £000
Summary of Reserves						
General Fund Balance	6,000	6,000	6,000	6,000	6,000	6,000
Capacity Building Reserve	4,927	1,665	4,971	5,656	6,341	7,026
Departmental Reserve	499	442	437	432	427	422
Insurance Reserve	2,171	2,071	1,971	1,871	1,771	1,671
Schools Capital Expenditure Reserve	584	584	584	584	584	584
Parish Council Burial Ground Reserve	38	40	40	40	40	40
TOTAL	14,219	10,802	14,003	14,583	15,163	15,743
Future Year Deficits (2011/12 and 2012/13 have been balanced through use of reserves)	0	0	2,378	-6,438	-12,748	-17,932
Use of Surplus in future years			-2,378	2,378		
Future Year Deficits - Gap to close	0	0	0	-4,060	-12,748	-17,932

Budget Monitoring

Revenue Monitoring

- 1.1 When Full Council approved the MTFS 2011 in February 2011 it was on the basis that 2011/12 would have a surplus budget to offset against future deficit budgets from 2013/14. Since setting the budget, there have been a number of financial risks that the council were currently monitoring and disclosed at September's Cabinet meeting.
- 1.2 The budget monitoring report as at November 2011 that has been used as a basis for preparing the MTFS 2012 indicates an overall overspend position for the council of £2,427k. This has worsened since the forecast outturn was presented to September Cabinet. As the financial year has progressed, the risk materialised. There are significant pressures in adult social care, mainly through increases in the numbers of people requiring our support, or through increased need. This issue and how we intend to tackle it in the future is outlined in more detail in the budget consultation document.
- 1.3 The Council has taken action to minimise the impact through savings across departments, and the use of the corporate contingency. Despite this, it has not proved possible to completely close the gap. It is considered that any other short term savings in the current financial year will have an unacceptable impact on services. As such it will be necessary to use some reserves to balance the position. The impact of this approach on the level of reserves is included in the MTFS, and specifically commented on in the Chief Finance Officers report. A summary of the changes since the published MTFS to the latest forecast are outlined below. A detailed breakdown can be seen in appendix A.

September Cabinet £k	Department	Probable Outturn £k
2,918	Surplus Carry Forward as per MTFS 2011	2,918
-2,350	Adult Social Care	-8,357
234	Chief Executive	1,103
128	Legal and Governance Services	347
0	Children Services	0
180	Operations	218
1,033	Strategic Resources	344
-142	Corporate	0
1,000	Corporate contingency	1,000
3,001	REVISED TOTAL – surplus (-) / deficit (+)	-2,427
0	Use of Reserves	2,427
3,001	Probable Outturn	0

- 1.4 The actions undertaken by Cabinet and CMT include:
- Targeted actions on increased cost pressures within Adult Social Care and Children Services;
 - Departmental measures to reduce spend in supplies and services and employee budgets without detriment to service provision in the current financial year. This includes where pressures have materialised, departments have contained these pressures with local actions;
 - Bringing forward savings earmarked for future financial years in the current MTFS;

- Reviewing existing investment plans in the current MTFS, assessing the implications of deferring investment into future financial years such as growth investment;
- A comprehensive in depth review of the capital programme, deferring projects into future financial years or removing projects that are no longer required. Any reduction in the amount that the council requires to borrow to fund the capital programme would reduce the costs of financing the borrowing; and
- Review of reserves and provisions, particularly the commitments within the capacity fund.

1.5 The key changes by department are:

- Adult Social Care – The significant cost pressures faced by the service provided are in part offset by revised saving delivery plans that will continue to be reviewed until the service is returned to the council in March 2012 and thereafter.
- Chief Executive – The current budget assumes £620k investment in supporting the council's growth agenda to grow the city by 20,000 jobs and 25,500 houses by the year 2026. Due to the economic climate, this investment has been deferred until 2012/13 and 2013/14 financial year, therefore contributing to an under spend in Chief Executive's budget in the current financial year.
- Strategic Resources – Following the in depth review of the capital programme and subsequent slippage and re profiling of capital projects, the borrowing requirement has reduced, therefore resulting in a further saving. In addition, the council has brought forward saving proposals.

Capital Monitoring

1.6 The 2011/12 capital programme has been reduced significantly as a result of re-phasing of the budgets in preparation for the MTFS (2012/13 to 2021/22). The resultant revenue impact of re-phasing has been factored into the budget proposals currently being consulted upon.

1.7 The overall capital programme for 2011/12 is now anticipated to be £83.7m. The capital programme is partly funded by the receipts generated through the disposal of capital assets. There are risks that not all assets expected to be disposed of during 2011/12 will happen in line with the current budget strategy. Any resulting financial impact will be assessed in conjunction with the overall capital programme and revised accordingly.

Overall position of the Capital Programme 2011/12 as at 30 November 2011

Capital Programme by Directorate:	MTFS 2011 to 2015 £000	Budget as at 01 Apr 11	Budget as at 30 Nov 2011 £000	Actual Expenditure £000	Total Budget Spent %	Anticipated Outturn** £000
Adult Social Care	3,965	4,189	1,293	-1	0%	1,293
Chief Executives	12,115	19,519	3,895	1,971	51%	3,895
Children's Services	52,824	56,277	46,345	25,872	56%	46,345
Operations	19,048	20,457	16,397	10,182	62%	16,397
Strategic Resources	20,854	23,303	15,816	6,416	41%	15,816
Total Expenditure	108,806	123,745	83,746	44,440	53%	83,746

Financed by:							
Grants & Contributions	45,407	53,733	47,880	15,129	32%		47,880
Capital Receipts	18,277	18,277	9,121	4,373	48%		9,121
Right To Buy Receipts	757	757	757	926	122%		757
Borrowing	44,365	50,978	25,988	24,012	92%		25,988
Total Resources - required	108,806	123,745	83,746	44,440	53%		83,746

1.8 The key changes to the capital since the September Cabinet report include:

- Adult Social Care – Capital projects have been re phased including the deferral of the Residential Homes Replacement (£3m) into next financial year.
- Chief Executives – The following projects totalling £5.7m have been re phased into future financial years.
 - Stadium Stem Centre
 - Growth agenda projects including the costs of disposal
 - Public Realm
 - Homes and Communities Agency regeneration grant funding, for South bank development
- Children Services – The following projects totalling £9.1m have been re phased into future financial years.
 - Primary capital programme
 - Secondary Schools Phase 2
 - Modernisation
- Operations – Several projects have been re profiled as part of the capital programme review resulting in £0.9m overall reduction in the Operations capital programme since September Cabinet.
- Strategic Resources – Overall the department has reduced their capital programme by £3.3m since September Cabinet from the following projects:
 - Waste Management strategy
 - Transformation programmes
 - Play Areas
 - Riverside risk reduction project
 - Bayard Place air conditioning
 - Key Theatre

Reserves

1.9 The council's departmental reserves and capacity building reserve are monitored throughout the year as part of budget monitoring and feed into the budget setting process accordingly. The council is currently forecasting a revenue overspend of £2.4m which is currently being met from the capacity building reserve and factored into the table summary of reserves. The council's projected key reserves position at 31 March 2012 is indicated in the next table.

Reserves	£k
General Balance	6,000
Capacity Fund	4,927
TOTAL	10,927

- General Fund – The general fund is expected to be maintained at £6m and this is consistent with the current MTFS after removing the planned budget surplus of £2.9m to support pressures within the current financial year.
- Capacity Building Reserve – This reserve is held to meet one off costs including the delivery of existing savings within the current MTFS. This reserve includes the transfer of the commercial property portfolio reserve which is now considered as part of the budget proposals and the anticipated drawdown of £2.4m to meet the revenue overspend.

Appendix A

Previous Variance £k		Budget £k	Current Forecast Outturn £k	Variance £k
	CHIEF EXECUTIVE'S DEPARTMENT			
33	Chief Execs Department	379	324	55
128	Legal & Democratic Services	3,799	3,452	347
78	Chief Executive Dept & Business Support	687	561	126
0	Delivery	2,173	1,553	620
0	Communications	571	447	124
123	Human Resources	1,374	1,196	178
362	CHIEF EXECUTIVE DEPARTMENT TOTAL	8,983	7,533	1,450
	DIRECTOR OF CHILDREN'S SERVICES			
1,356	Education & Resources	2,663	-513	3,176
49	Childrens Community Health	9,219	9,181	38
-1,405	Safeguarding Family & Communities	17,020	20,234	3,214
0	CHILDREN'S SERVICE TOTAL	28,901	28,901	0
	DIRECTOR OF OPERATIONS SERVICES			
-84	Business Support	405	487	-82
-380	Commercial Operations	3,089	3,867	-778
0	Cultural Services	0	0	0
826	Directors Office	808	42	766
-4	Environment Capital	0	0	0
-268	Neighbourhoods	6,567	6,918	-351
90	Planning, Environment, Transport & Engineering	9,534	8,871	663
180	OPERATIONS SERVICES TOTAL	20,403	20,185	218
	DIRECTOR OF STRATEGIC RESOURCES			
-2	Director's Office	189	194	-5
0	Business Support	1,812	1,660	152
1,152	Corporate Services	21,765	22,236	-471
24	Internal Audit	342	311	31
0	Insurance	25	22	3
75	Shared Transactional Services	-474	-396	-78
-41	Customer Services	644	415	229
-245	Strategic Property	177	430	-253
0	ICT	2,947	2,993	-46
0	Procurement	296	272	24
24	Business Transformation	1,588	1,342	246
0	Waste & Operational Service Management	12,435	12,435	0
46	Service Improvement	277	183	94
0	Westcombe Engineering	2	49	-47
0	Cultural Services	4,293	4,253	40
1,033	STRATEGIC RESOURCES TOTAL	46,318	46,399	-81
	CORPORATE ITEMS			
-142	Corporate Pressures/Solutions	0	-425	425
-142	CORPORATE ITEMS TOTAL	0	-425	425
-2,350	ADULT SOCIAL CARE TOTAL	39,850	48,207	-8,357
1,000	Corporate Contingency	0	-1,000	1,000
2,918	Surplus Carry forward as per MTFP 2011	0	-2,918	2,918
3,001	GENERAL FUND TOTAL	144,455	146,882	-2,427
0	DEDICATED SCHOOL GRANT TOTAL	130,449	130,449	0

Capital Strategy, Programme and Disposals

Capital Strategy

2012 – 2022

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1 Introduction and Strategy Principles

1.1 This Capital Strategy explains how Peterborough City Council will manage its capital resources to deliver its capital programme.

1.2 Over the period of the Medium Term Financial Strategy (MTFS), the Council needs capital investment to deliver on its priorities. In order to achieve this, it recognises the need to deliver efficiencies, seek additional funding and periodically review both the consumption of the capital resources and stated priorities. It ensures this happens through the four core principles below:

1.3 Principle 1 - Managing the impact of investment decisions on revenue budgets

- Ensuring capital investment decisions do not place excessive pressure on Council Tax or the Medium Term Financial Strategy, and they are also within the Council's Prudential Indicators (see Treasury Strategy, Prudential Code and Minimum Revenue Provision Strategy)
- Promoting capital investment which enables invest to save outcomes

1.4 Principal 2 – Optimise the availability of capital funding where that funding supports the priorities for Peterborough

- Disposal of surplus assets and reinvestment
- Effective working relationships with potential funders
- Listening to and supporting effective partnering arrangements
- Having clear policies for the consumption of any reserves

1.5 Principal 3 – Ensure effective pre and post project appraisal

- Ensuring a system of competition exists for project approval
- Building into project appraisal recognition of environmental sustainability
- Fully considering project risk
- Carefully considering value for money and efficiency of every project

1.6 Principal 4 – Performance manage the capital programme

- Integrating the capital programme into the performance management framework
- Integrating the capital programme with the Verto project management system, Infrastructure Planning systems/processes eg. Infrastructure Delivery Schedule (IDS) and other Service plans
- Ensuring the capital schemes use appropriate project management tools
- Ensuring responsibility for the delivery of the capital programme is clearly defined
- Ensuring all assets recorded on the fixed Asset register comply with the Council's deminimis policy of £10,000 (£2,000 for schools). Where an asset's net book value is less than the deminimis limit the value will be reduced to zero on the asset register
- Making sure assets yield maximum return, through effective ongoing asset management, consistent with levels of investment. (See Asset Management Plan)

2 Aims of the Strategy

2.1 The specific aims of this strategy are to ensure:

- Physical assets and related resources are efficiently and effectively used to support the Council's priorities. These inputs when reviewed against the outputs from capital schemes will demonstrate value for money;
- Issues related to property and other assets are fully reflected in the Council's planning, for example, ensuring adequate funds for maintenance are available;
- Stakeholders can understand the Council's capital investment decisions and the management of its capital projects;
- Adequate provision is made for delivering corporate priorities and demonstrated through effective resource allocation;
- Invest to save projects are encouraged;
- The Council works within the Prudential Code framework and demonstrates robust and linked capital and treasury management; (see Treasury Strategy, Prudential Code and Minimum Revenue Provision Strategy);
- Optimal use of the Council's existing assets;
- Asset management plans are reviewed to identify surplus assets which can move through a disposal process to generate new capital resources; (see Asset Management Plan);
- Capital spending plans are affordable and integrated with the Medium Term Financial Strategy (MTFS);
- Support for our partners by maximising the potential for joint working and match funding, where this secures better outcomes than could be achieved in isolation.

3 Strategic Context

- 3.1 The Capital Strategy is a high level summary of Peterborough City Council's approach to capital investment in the city for the future. It guides the development of service capital plans, and sets out the policies and practices that the authority uses to establish, monitor and manage the Council's capital programme, in line with the Medium Term Financial Strategy.
- 3.2 Like the Medium Term Financial Strategy it is driven by the Sustainable Community Strategy (SCS), which sets out a vision and overall strategy for the future of the city and surrounding villages and rural areas, covering the period 2008 - 2021. It reflects both the agenda for growth and the clear desire to ensure that Peterborough grows in the right way, so that economic and population growth leads to genuine improvements in key areas, particularly those where Peterborough currently has specific problems or issues. It takes account of both national and local improvement priorities that are established through effective consultation with residents and partners. The local priorities underpinning the SCS are set out in the Single Delivery Plan (SDP) which identifies the key priorities for the Council. These have both informed the production of this Capital Strategy.
- 3.3 The delivery of the Council's contribution to the SCS is underpinned by an Integrated Business and Financial Planning process (supported by departmental annual business plans) to inform resource allocation, with changes to allocations determined in accordance with policies and priorities.

Progress on achieving these objectives is closely monitored in accordance with the performance framework.

- 3.4 The Capital Strategy aligns with the SCS priorities of:
- Creating strong and supportive communities
 - Creating the UK's environment capital
 - Delivering substantial and truly sustainable growth
 - Creating opportunities, tackling inequalities
- 3.5 These priorities are underpinned by the need to provide accessible services effectively. These priorities are monitored and reported on a monthly basis to the Corporate Strategic Improvement Board (CSIB). The purpose of CSIB is to ensure that the direction set by the Corporate Management Team (CMT) is effectively translated into activities that will deliver, and that critical delivery areas perform effectively throughout the year.
- 3.6 The Capital Programme has been set within the context of the flow of announcements from the new government regarding its intention to deal robustly with the nation's financial deficit. Reporting of the Capital Programme will change to be on a ten year basis, in order to provide an extended outlook and allow better planning of the Council's Capital Strategy over the medium to long term.
- 3.7 The decrease in government grants and an increased surcharge of 1% in 2010/11 on the cost of borrowing from the Public Works Loan Board (PWLB) have been incorporated within the assumptions used for the funding of the programme, ensuring that the Council can continue to deliver and meet its objectives.

4 Key Areas of Capital Investment

- 4.1 The Council's Capital Programme for 2012/13 to 2021/22 totals £543.9m and is summarised in Annex One. Individual schemes are itemised in Annex Three.
- 4.2 The following is a summary of the key elements of the strategy by service area.

4.3 Adult Social Care

- 4.3.1 An Older People's Accommodation and Housing Related Support Strategy was jointly produced by the Council and the Primary Care Trust (PCT). It builds upon an extensive consultation with local people and partner organisations about a shared vision for the future of accommodation and housing related support provision for older people in the City. The strategy aims to support older people in their own homes whenever possible and in extra care housing which provides flexible care and support to meet higher needs. In light of policy and legislative changes along with changes in the makeup and the aspirations of the local community.
- 4.3.2 Capital investment is required as part of this strategy and extra care housing has in the main been funded with external capital. Partnerships with registered social landlords, Section 106 contributions and Department of Health extra care capital funding are all anticipated to be ongoing sources of the capital investment required.
- 4.3.3 The Learning Disabilities Efficiency Programme and the Mental Health Acute Bed Rationalisation project both require the provision of supported housing

within Peterborough. It is intended that such housing will be provided by social housing landlords and private sector landlords. However, funding may be required in order to alter existing properties to make them fit for their new purpose of providing supported housing.

- 4.3.4 Investment in aids and adaptations and in technology which monitors domiciliary service providers (electronic call monitoring) is essential in delivering cost effective services which support people to remain living at home. Investment in mental health services aims to decrease social exclusion, encourage healthy lifestyles and support mental health recovery.
- 4.3.5 Information Technology requirements continue to change year on year with developments needed to support new business processes such as self-directed support and a greater level of performance management of safeguarding vulnerable adults. The client IT system currently in place (RAISE) is being replaced and will no longer be supported by its provider beyond the short-term.
- 4.3.6 As part of the Integrated Growth Study, the PCT has highlighted the need for additional Adult Social Care infrastructure in support of a mixed model of provision i.e. two additional care homes and nine additional Extra Care facilities. This Strategy has been developed under the guidance of the Older People's Working Party, administered by the Council.

4.4 Delivery of Growth Schemes

- 4.4.1 Through its Local Development Framework (LDF), the City Council is translating the Sustainable Community Strategy into a series of land allocations and planning policies to guide public and private investment decisions. The various documents, making up the LDF identify and programme, new growth which will require funding for the infrastructure requirements it generates. This sits alongside existing and emerging Developer Contributions and Community Infrastructure Levy (CIL) mechanisms for securing the necessary contributions towards funding and maintaining this infrastructure.
- 4.4.2 Work will shortly be starting on the City Centre Area Action Plan and this will be a key driver in making the city centre more vibrant, dynamic and diverse, offering a high quality built environment, employment, learning, and leisure opportunities by encouraging new investment into the city.
- 4.4.3 This work started with the completion of the first phase of a revitalised public realm in Cathedral Square and the nearby St John's Square. This has given a much-needed face lift to a key part of the city centre, helping Peterborough to better compete regionally.
- 4.4.4 The Peterborough Long Term Transport Strategy identified the infrastructure required to meet the demand for travel resulting from the growth agenda. Increased investment in sustainable travel infrastructure coupled with a programme of highway infrastructure improvements has been identified and is set out in the Peterborough Infrastructure Delivery Plan (IDP) and associated infrastructure delivery schedule. The third Peterborough Local Transport Plan (LTP3) was adopted in April 2011 and sets out the Long Term Transport Strategy (LTTS) for the area to 2026 and a more detailed programme of works to 2016.
- 4.4.5 The delivery of major growth schemes in a difficult economic climate requires different arrangements to those of the boom of the preceding years. In December 2009, the Council's Cabinet approved revised arrangements for

growth that will ensure the city continues to be well-equipped to progress the growth agenda. In broad terms, this results in Opportunity Peterborough focusing more intently on its core economic development strength, with major schemes being developed by a revised and strengthened Council growth function.

- 4.4.6 The willingness and ability of the Council to leverage its own assets where possible and appropriate to bring sites forward remains a pillar-stone for delivering this growth agenda, playing a key part in the task of making sites financially viable. The work now in progress on the Council-owned stadium to improve not only its suitability as a football stadium, but as a community hub with the East Stand Development, is an example of this working in practice. It is one that will continue to be used to drive growth forward over the coming years.
- 4.4.7 The Capital Programme included in the MTFs covers a 10 year time period. Schemes that support, or are required because of growth have been included with the programme. The Council continues to review all financing options included alternative financing arrangements as detailed in 6.2.

4.5 Children's Services

- 4.5.1 Demography - Based on the January 2011 demographic forecasts, the current expansion of primary school capacity will be insufficient by 2013. The demographic forecasts are based on children on the NHS database and therefore known to be in the area already. While house building is at a relatively low level, it is still continuing and will cause the number of children requiring school places to rise further. There is also pressure from children moving into existing housing in the city. Some areas are under greater pressure than others. The villages, Werrington, Walton, Paston and Stanground will have sufficient school places but there is no longer much capacity left there to take pupils from the areas with greatest pressure.
- 4.5.2 The total number of children looking for reception places has been rising each year and this rise is forecast to continue as shown in the table below:

Year	Total 4 year olds based on NHS data	% increase from previous year
2006/07	2,165	
2007/08	2,277	5.17
2008/09	2,446	7.42
2009/10	2,566	4.91
2010/11	2,684	4.60
2011/12	2,854	6.33
2012/13	2,994	4.91
2013/14	3,013	0.63
2014/15	2,986	(0.90)
Total increase for period		37.92

- 4.5.3 Current Schemes - In response to this, the following schemes have started and are at various stages of completion. They have a total £22 million spend allocated to them in the draft budget. Between them they are delivering an additional 1400 primary school places.

Discovery Extension	Hampton Hargate Extension
Leighton Extension	Nene valley Extension
Paston Ridings Extension	Woodston Extension
Beeches Extension & Refurbishment	Southfields Merging Schools

4.5.4 Future Development - In order to manage the need for school places the Council continues to develop solutions.

- Hampton - Plans for a new primary school (still under negotiation) will temporarily alleviate the severe shortfall of places, although there will be no surplus. The trigger point for the delivery of the next primary school, Hampton Leys, is still some time off (especially if house building continues in the same manner). The work on next phase of Hampton College is due to start soon.
- Westwood / Ravensthorpe - It is hoped to increase the number of places within the existing resources. However, if the development in the Station Quarter and Hospital sites come on stream there will be a significant shortfall of places. Whilst Section 106 (S106) funding contributes to providing school places it is not enough to provide new schools and developers are reluctant to release adequate land for a new school.

West Town primary school has been identified as in urgent need of rebuilding because of suitability and condition issues. It has potential for expansion and has been put forward to the Department for Education for consideration in a nationally led Private Finance Initiative (PFI) scheme.

Shortfalls at primary level will be followed by shortfalls at secondary level – Jack Hunt can not be expanded further as the land area is insufficient.

- Bretton - It is hoped to deal with the increased demand within existing resources. However, this does limit the opportunities for asset disposal from what was considered surplus land at certain schools. Schemes have already been identified for the expansion of Middleton and Watergall schools.
- Stanground - A new school, St Michael's, is underway at Cardea and will be completed by September 2012. It is likely that this will be expanded to a two Form Entry (FE) as numbers increase.
- Central Area - This is the area of greatest pressure. The shortfall in reception places in this area is around 200 over the next four years without including growth plans. A capacity increase of seven FE, in addition to the measures already taken, will be required (this is equivalent to three new primary schools). Apart from funding, the other major difficulty with schemes for the city centre is suitable sites. Existing Council sites have been identified and have been put forward for the PFI bid, described above. Innovative schemes, including the conversion of vacant office blocks, have not been ruled out for education space.

A major scheme is underway to provide additional places at All Saints Junior School, turning it into a primary school; additional places at Queens Drive Infants School and a new Key Stage 2 extension to the Thomas Deacon Academy. All three have significant issues to overcome before becoming viable schemes.

The new City of Peterborough Academy, at the former Hereward site, will ease the situation for secondary pupils in this area.

- Paston Reserve - There are two S106 agreements for development in this area which provide for schools. The concerns are the number of pupils emanating from a new development before triggers are reached to commence school building.

- Other areas - General population growth in Eye has meant plans have been drawn up for a major extension.

Abbotsmede will require additional classrooms to deal with the rise in the number of children joining the reception year.

Newark Hill agreed to temporarily increase class sizes for two year groups and have had a mobile classroom placed on site. As these classes move through to Key Stage 2 the school will require the construction of an additional classroom.

- 4.5.5 Secondary Estate - The Secondary School Review dealt with all schools south of the river and all schemes are now complete. It was hoped to complete the rebuild, or refurbishment, of all the other schools through the Building Schools for the Future Programme. Only Ormiston Bushfield survived the Government's cuts, but corporate investment has meant schemes to complete the work on Stanground College and Nene Park Academy are underway.

Hampton College Phase 2 is about to start again using corporate funding with a revised S106 agreement in place to deal with the situation of needing the extension before the original trigger points had been reached in this area.

A new Free School, the City of Peterborough Academy planned for the former Hereward school site will add to the number of places available in the secondary sector.

- 4.5.6 Special Schools - As school place pressure increases in the Primary and Secondary sectors, a comparable pressure arises in the special school sector. Additional places have already been created at Heltwate with a 2-phase scheme. There is a possibility of a phase 3 within the existing site. There is a desperate need to enlarge The Phoenix School where a mobile classroom has had to be placed on what is a very tight site. Negotiations have begun to enlarge the site.

- 4.5.7 Alternative provision - As with Special Schools, as the general population increases so does the need for the alternative provision (in the main Pupil Referral Units [PRU]). All four PRUs serving the 4 Key Stages are based in less than suitable accommodation none of which can be expanded. To deal with this area of provision it will require either a radical re-think or a major rebuilding scheme.

4.6 Transport

- 4.6.1 The transport capital programme as reflected in the IDP and LTP3 takes account of the following five goals for transport:

- | | |
|---|--|
| ▪ Tackling climate change | ▪ Supporting economic growth |
| ▪ Promoting equality of opportunity | ▪ Contributing to better safety, security and health |
| ▪ Improving quality of life and promoting a healthy natural environment | |

- 4.6.2 This capital programme to March 2011 was broadly set out in Peterborough's Second Local Transport Plan (LTP2) spanning 2006 to 2011. This has been refreshed and extended in LTP3 which contains a long term transport strategy to 2026 and a more detailed plan to 2016. It is important that investment in transport infrastructure is maximised if current levels of accessibility are to be maintained as growth takes place.

- 4.6.3 LTP3 sets out how the forecast increased demand to travel will be met by a combination of increased use of sustainable travel and a programme of targeted highway infrastructure improvement and capital maintenance works. The IDP sets out the programme of works required to deliver the growth agenda.
- 4.6.4 The Council was designated as one of only three national 'Sustainable Travel Demonstration Towns' (supported by a £3.2m 5-year revenue allocation from Central Government which ended in March 2009) and the LTP2 helped showcase and support this work. The initiative has now been mainstreamed in the Council's revenue budgets. The project continues to be supported by transport capital investment in sustainable travel improvements. The award in Summer 2011 of £5m (comprising capital and revenue) over 3.5 years from the Local Sustainable Transport Fund further strengthens the provision of sustainable modes of travel.
- 4.6.5 The Service was awarded Beacon Status for Accessibility in 2008 and was also awarded Transport Authority of the Year, as well as runner-up in the category for Infrastructure on the back of these projects and investment.
- 4.6.6 The Council's ten year capital programme for Operations is shown in Table 1 in Annex Three. The Transport Budget over the ten year period is £92.2m. A combination of LTP funding and corporate capital funding supports the transport capital programme. In 2009/10 and again in 2010/11 the Council was awarded funding for primary route network structures work. The Council has successfully bid for Growth Area Funding (GAF) 1, 2, and 3 and a number of key transport infrastructure improvements have been delivered through this funding including two parkway widening schemes and public realm improvements in Cathedral Square. The A1139/A15 Junction 8 improvement was opened in late 2010 and was funded using GAF3 funding. Every effort to maximise the draw from other funding sources such as the proposed Growth Fund will be made.
- 4.6.7 The Council has also progressed the development of a Highway Asset Management Plan (HAMP), and is now in the final stages of developing this into a Transport Asset Management Plan (TAMP) in accordance with Department for Transport requirements. This "TAMP" will help define the extent of additional sums required firstly to tackle the backlog of maintenance work and thereafter, maintain the existing highway infrastructure.
- 4.6.8 The Council has experienced a reduction in transport capital allocations through a reduction in Government LTP allocations in 2011/12 partly as a result of the cessation of Primary Road Network structures funding. However, a number of medium sized transport schemes are under development for delivery through corporate capital funding in 2012/13.
- 4.6.9 A major 'Invest to Save' project to deliver street lighting energy savings was awarded in October 2011.
- 4.6.10 The Council worked with Lincolnshire County Council to deliver the £81m A1073 Spalding to Eye major improvement scheme, opened in October 2011. The scheme was funded from the East Midlands and East of England regional funding allocations and a capital contribution from Lincolnshire County Council's corporate funds. The Council has commenced work on traffic calming schemes on parallel routes to deter traffic from migrating upon opening of the new A1073 route. These schemes will be part funded from the Council's LTP allocation.

4.7 Neighbourhoods

- 4.7.1 The Council transferred its stock of 9,750 houses to Cross Keys Homes (CKH) in October 2004 under a large scale voluntary transfer (LSVT) following a tenant vote. At that time, a backlog of maintenance (estimated at £108m) was identified for the renewal of elements of the dwellings over the next 10 years, resources that the Council would not be able to attract. CKH have completed a programme of work to bring houses up to the Decent Homes Standard, ahead of the 2010 government target.
- 4.7.2 During the first 10 years of the contract, under the Preserved Right to Buy (Council tenants transferred to CKH retain the right-to-buy), the Council will receive part of the sale proceeds on an agreed basis. Whilst these receipts form part of the Council's overall corporate resources, the Council is committed to pump-prime opportunities for future affordable housing schemes, in partnership with registered social landlords.
- 4.7.3 Other new affordable housing provision will be addressed through Section 106 planning agreements (subject to further possible changes signalled through current consultation¹). The Council aims to ensure that 30% of all new housing (on eligible sites) is delivered as affordable homes. The affordable housing target varies each year according to funding allocations. For 2011/12, current projections indicate approximately 114 new affordable homes to be completed.
- 4.7.4 The Council has an overall target in its Core Strategy to deliver at least 25,500 additional dwellings between 2009 and 2026, although it is anticipated that this could rise to 40,000 through accelerated growth.
- 4.7.5 The Council is working with the Homes and Communities Agency (HCA) to secure financial support for the regeneration of Brownfield sites for housing and other development.
- 4.7.6 Council resources are also targeted at Repair Assistance grants to address category 1 hazards under the Housing Act 2004. The most common hazard found in properties is Excess Cold as a result of inefficient heating systems and inadequate levels of insulation. Repairs Assistance is targeted at properties occupied by vulnerable elderly residents and families on low incomes who are likely to be in Fuel Poverty due to the energy inefficiency of the property and low household income.

4.8 Culture and Leisure

- 4.8.1 Cultural Services within the city face significant challenges which relate to growth and the re-development of existing facilities to meet changing customer expectations.
- 4.8.2 Customers are demanding ever increasing quality of service and much of the city's built cultural infrastructure falls short of customer aspiration. Development underway includes:
- The development of the Museum
 - Redevelopment of the Orton Centre.
 - Development of sports facilities to refresh and upgrade existing provision.
 - Redevelopment of the Key Theatre

¹ <http://www.communities.gov.uk/publications/planningandbuilding/cilreformconsultation>

- 4.8.3 Consideration has been given to investment to refurbish the Regional Pool and undertake structural maintenance work to the lido; upgrade air conditioning and lighting at the Central Library; replace the roof covering and boilers at Bushfield sports centre and renew the athletics track surface at the Embankment, with relevant schemes now contained within the capital programme.

4.9 Strategic Property

- 4.9.1 The Council keeps its property portfolio under constant review, ensuring assets are kept only for specific reasons. The scale of this review is now being extended to explore synergies between other public-sector estates within Peterborough, such as the current PCTs. Co-location and other rationalisation is expected to improve overall efficiency of all partners' estates and will be used to contribute to the overall growth of Peterborough.
- 4.9.2 The Council is also looking carefully at how a consolidation of its main city centre offices might take place into a new public sector campus. This consolidation will enjoy economies of scale and efficiencies of design not possible in the current spread of buildings.
- 4.9.3 The Council's assets on the South Bank will be vital for developing this key growth site, especially in the current financial climate. The Council is carefully considering how to leverage these assets to balance its needs for a financial return against the wider benefits of facilitating growth. With the acquisition of the football stadium – and the current redevelopment of the East Stand progressing to tender stage – the Council's ability to take a long-term, holistic view of the site is a major advantage.
- 4.9.4 Overall the Council aims to dispose of surplus assets and use the capital receipts raised to support other initiatives. A 'best consideration' approach may also be applied where the site is in a key growth area. Work is ongoing to identify further sites that are suitable for disposal but it should be noted that in the current economic climate the disposal decision is no longer the only clear option. The final decision takes into account issues such as holding costs.

4.10 Invest To Save

- 4.10.1 The Capital Programme contains £100m in 2012/13 for Invest To Save schemes.
- 4.10.2 This will be used to fund a range of schemes, for example renewable energy schemes. However, business cases for future proposals will be required to demonstrate how the cost of borrowing will be covered eg through income generation, etc. Therefore, each scheme will be self-financing, with Invest To Save schemes having no overall impact against the Council's bottom line.

5 Managing the Capital Programme

- 5.1.1 The Council operates a project management approach which is governed by two main corporate project boards. These are the Savings Board, which monitors the performance and delivery of the Business Transformation Programme, and the Project Governance Board, which oversees business cases and monitors the performance of major Council projects, outside of the Business Transformation Programme.

- 5.1.2 Option appraisals and feasibility studies are required to support and justify a business case for projects. The programme management team are responsible for co-ordinating and monitoring this process. The longer term property and revenue implications (i.e. whole-life considerations) are part of this process which is consistent with the principles set down in the Prudential Code for Capital Finance in Local Authorities.
- 5.1.3 On 28 November 2011, the Council awarded a contract to Serco Ltd as their Strategic Partner under the Peterborough Serco Strategic Partnership (PSSP). The Strategic Improvement Team (SIT) falls under this partnership and works on the improvement in delivery of public services, working closely with directors, heads of service and teams to help identify and deliver improvements in their business areas. Specific examples include the implementation of business planning to ensure alignment with strategic priorities, integrating performance and risk management communicated through a scorecard model, and a management competency framework based programme of development for employees.
- 5.1.4 The SIT is responsible for facilitating the implementation of the Council's strategies and objectives through robust project and programme management. A centre of excellence for project management is the information centre for projects and programmes, and provides training, mentoring and guidance on project management throughout the Council. This centre is also responsible for embedding a "project management culture" throughout the Council.
- 5.1.5 The Growth Steering Board is accountable for the delivery of the growth programme and oversees progress across all of its component sub-programmes of projects. The scope of the growth programme covers projects designed to deliver and support the delivery of the growth targets for additional housing, jobs and population for Peterborough as set out in the strategic plans of the Council and its partners.

6 Sources of Capital Funding

- 6.1 A summary of the sources of Capital funding is shown in Table 1 in Annex one.
- 6.1.1 External sources arise from the Council's aims, together with partners, to maximise opportunities for funding from any source, including European and Government Grants and applications for National Lottery funding for schemes. Corporate Resources consist of Capital Receipts and Borrowing. Under the Prudential Code for Capital Finance, the Council has the ability to borrow money. To do this, the Council must be able to show that any borrowing is affordable, prudent and sustainable, see the Prudential Code and Treasury Management Strategy (see Treasury Strategy, Prudential Code and Minimum Revenue Provision Strategy).
- 6.1.2 The Council is required to pay the Homes and Communities Agency (HCA) a percentage of gross capital receipts from sales of Community Related Assets (CRA) transferred to it from the Peterborough Development Corporation. From August 2011, this is 54% (diminishing annually by 2%). Although this represents a significant loss of opportunity for the Council, the HCA is encouraged to reinvest the receipt back into Peterborough. The Council is currently awaiting consultation from the HCA regarding the policy surrounding these arrangements.

- 6.1.3 The Council can secure developer contributions towards the capital investment needed to address the impact that their developments have on education, housing, transport and other services/infrastructure through planning obligation agreements (S106 agreements). It may also be able to secure contributions in the future through a new charge known as the Community Infrastructure Levy (CIL) which will partially replace the existing S106 system.
- 6.1.4 The Council's S106 Strategy known locally as the Planning Obligations Implementation Scheme (POIS) was developed during 2009/10 to provide greater certainty for developers as well as providing parity with other authorities' arrangements. It is due to be replaced shortly by a revised approach involving the adoption of a new Developer Contributions Supplementary Planning Document (for site-related mitigation) and a CIL (for strategic infrastructure contributions). The key features of the new scheme, amongst others, include:
- a costed social and physical infrastructure programme (Integrated Development Programme) to which new development is required to make a contribution;
 - the principle that all chargeable developments make a contribution to infrastructure because of the resulting impact on social and physical infrastructure such as schools and public transport unless it can be shown that the contribution would prevent the development from going ahead;
 - standard contribution figures for a range of different developments;
 - regular review of the strategy to ensure that it responds to market conditions and Council priorities;
 - For more details please refer to the link detailed in Annex 2.
- 6.1.5 A recent review of POIS, which included analysis of viability issues, confirmed that the existing POIS rates should not be changed, however it should be noted that Developer Contributions, due to economic viability, can only contribute a fraction of the overall cost of identified infrastructure requirements. For further information please refer to the link in Annex 2.
- 6.1.6 The new international financial accounting standards (IFRS) have had a major affect on the accounting arrangements of the Council's capital programme. This includes the financing of the capital programme and the calculation of the minimum revenue provision (MRP). For further information about IFRS see the MRP policy in the Treasury Strategy, Prudential Code and Minimum Revenue Provision Strategy.

6.2 Alternative Financing Arrangements

- 6.2.1 The Council has actively, and continues to, investigate public / private partnerships and other innovative financing arrangements in relation to a range of capital projects. Examples include:-
- Close collaborative working with our private sector contractor and consultant within the Environment, Transport and Engineering service to investigate ways of making significant savings and providing increased value for money. A new contract, contracts or contract extensions will be procured to cover these work areas to commence in April 2012.
 - Partnership with Lincolnshire County Council for the A1073 Eye to Spalding road improvement scheme.

- Partnership arrangements with various Registered Social Landlords for the provision of affordable housing.
- Alternative structures for the development of key sites within Peterborough including the establishment of joint ventures.
- A highway term maintenance contract with scope to extend to August 2015 giving options as to the future procurement.
- For future delivery of the programme, investigations into Special Purpose Vehicles (SPV), which is a private company that has been set up with a specific and sole objective of carrying out a given project.
- Possible use of Tax Incremental Financing (TIF)
- Future use of Community Infrastructure Levy
- Corporate borrowing through Council bond issuance

6.3 Capital Receipts

6.3.1 The Council has a programme of property disposals to support the funding of the Capital Programme. This is being carried out as part of the Asset Challenge, in conjunction with the Corporate Property Strategy.

6.3.2 Receipts taken into account are shown in Table 1 in Annex One, with further details shown in Capital Receipts Summary from 2011 to 2022.

7 Procurement Strategy

7.1 Procurement has an important part to play in the delivery of the Council's Sustainable Community Strategy and its core aims and objectives. Principally, this can be achieved through procurement activity that enhances quality, provides savings and better value for money and promotes equality of opportunity for service users and businesses. The Council continues to be under increasing external pressure to reduce costs and increase efficiency, particularly as a result of the spending review of October 2010. The Council's core aims and objectives, and the savings required, cannot be delivered without both effective and efficient procurement procedures and skilled, professional staff to deliver those processes across the Council and the wide range of goods and services that it requires.

7.2 In October 2010, the Council undertook a procurement exercise to outsource key services to an external provider, including Operational Procurement. As a result, on 28 November 2011, the Council awarded a contract to Serco Ltd as their Strategic Partner under the Peterborough Serco Strategic Partnership (PSSP). The Commercial and Procurement Unit (CPU) now falls under the partnership and as part of their tender submission, Serco has been engaged by the Council to carry out the 'business as usual' function for the Council as well as acting as agents for new procurements. In addition, Serco has guaranteed to reduce our procurement spend by a range of initiatives which will generate savings for the Council.

7.3 The CPU work will continue to focus on both revenue and capital spend, however, greater emphasis will be placed on the core list of procurement categories identified within the agreed 'Change Control Notice' (CCN) which predominantly identify savings in revenue spend, however, where possible savings will be identified in capital spend to reduce the cost of borrowing. A key category is the 'Works and Construction' category where it is envisaged that both revenue and capital savings will be made. In the meantime, while the PSSP is

embedded, the CPU has developed an interim Procurement Strategy (2011-2012) which will support its procurement approach until Serco develop a year on year Annual Procurement Plan, the first being developed by December 2012.

8 Conclusion

- 8.1 The Capital Strategy comments on the challenges facing Peterborough City Council in meeting the strategic objectives and growth agenda, as laid out in the Community Strategy, within the context of reduced government funding.
- 8.2 The Council is implementing changes to its core business and culture to ensure that limited funding is prioritised and effectively targeted to deliver the objectives, through reviewing the current capital programme for efficiencies in procurement and rationalisation of programmes.

Table 1 - Summary Capital Programme

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Capital Expenditure by Service:	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	3,769	3,252	252	252	252	252	252	252	252	252
Chief Executives	13,490	4,345	2,237	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Children's Services	72,911	20,270	14,494	6,458	3,458	3,458	3,658	858	858	858
Operations	19,431	15,664	14,545	30,313	12,269	9,763	9,713	9,713	9,713	9,713
Strategic Resources	34,978	41,386	24,501	10,282	6,730	4,477	4,826	4,563	3,465	4,465
Invest To Save	100,000	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	244,579	84,917	56,029	48,305	23,709	18,950	19,449	16,386	15,288	16,288
Financed by:										
Grants & Third Party Contributions	33,676	7,768	9,351	12,382	5,882	5,882	5,882	5,882	5,882	5,882
Capital Receipts	15,495	2,425	6,975	850	900	6,450	2,000	1,000	-	-
Capital Financing Requirement (Borrowing)	195,408	74,724	39,703	35,073	16,927	6,618	11,567	9,504	9,406	10,406
Total Capital Financing	244,579	84,917	56,029	48,305	23,709	18,950	19,449	16,386	15,288	16,288

Summary of Fixed Asset Values

Fixed Asset Values	Gross book £000	Depreciation £000	Net book value £000
Land & buildings	320,760	(37,728)	283,032
Vehicles, plant & equipment	45,864	(26,318)	19,546
Infrastructure assets	164,388	(48,041)	116,347
Community assets	6,136	(590)	5,546
Investment Properties	40,012	-	40,012
Surplus Assets	24,403	(21)	24,382
Assets Under Construction	10,761	-	10,761
Total	612,324	(112,698)	499,626

(These values follow recommended practice for presenting accounts and are not indicative values for insurance purposes nor do they reflect potential disposal values.)

Annex Two – Link

Peterborough City Council Planning Obligations Implementation Scheme Supplementary Planning Document (per Section 7.1.3):

<http://www.peterborough.gov.uk/pdf/Planning-policy-Planning%20Obligation%20Implementation%20Scheme%20SPD1.pdf>

Capital Programme Budget & Funding Summary 2012/13 to 2022/23 (Annex Three)

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2012 to 2017 Total 5 Yrs Budget		2012 to 2022 Total 10 Yrs Budget		
	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000	Corp. Res. £000	3rd Party Inc. £000	Corp. Res. £000	3rd Party Inc. £000
ADULT SOCIAL CARE															
Aids & Adaptations	216	216	216	216	216	216	216	216	216	216		1,080	-	2,160	-
Minor Works Programme	36	36	36	36	36	36	36	36	36	36		180	-	360	-
RAISE - ASC Database	17	-	-	-	-	-	-	-	-	-		17	-	17	-
Residential Homes Replacement	3,000	3,000	-	-	-	-	-	-	-	-		6,000	-	6,000	-
Adult Social Care ICT Transition	500	-	-	-	-	-	-	-	-	-		500	-	500	-
Total Adult Social Care	3,769	3,252	252	252	252	252	252	252	252	252		7,777	-	9,037	-
OPERATIONS															
Affordable Housing	3,000	4,000	4,000	4,000	1,456	500	500	500	500	500		15,856	600	18,356	600
Bright Street Traffic Signal Improvement	200	-	-	-	-	-	-	-	-	-		200	-	200	-
Disabled Facilities Grant	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400		2,455	4,645	4,810	9,290
Green Transport Funding	-	45	120	100	-	-	-	-	-	-		265	-	265	-
J5 Boongate capacity & safety improvement	700	-	-	-	-	-	-	-	-	-		700	-	700	-
John Mansfield College	316	-	-	-	-	-	-	-	-	-		316	-	316	-
Neighbourhood Councils	218	175	175	175	175	175	175	175	175	175		643	275	1,243	550
Off Street Car Parks - Structural Works And Resurfacing	235	100	100	100	100	100	100	100	100	100		635	-	1,135	-
Other Infrastructure Projects (inc War Memorial)	142	-	-	-	-	-	-	-	-	-		13	129	13	129
Transport Infrastructure	5,863	5,478	5,478	5,478	5,478	5,478	5,478	5,478	5,478	5,478		4,867	22,908	10,057	45,108
Parking Meter Replacement Programme	200	-	-	-	-	-	-	-	-	-		200	-	200	-
Peterborough City Centre Conservation	95	90	-	-	-	-	-	-	-	-		-	185	-	185
Repair Assistance	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020		5,100	-	10,200	-
CCTV cameras	45	-	-	-	-	-	-	-	-	-		45	-	45	-
St Peter's Arcade	600	-	-	-	-	-	-	-	-	-		600	-	600	-
Stafford Hall	-	50	-	-	-	-	-	-	-	-		50	-	50	-
Street Lighting Adaptations	950	925	-	-	-	-	-	-	-	-		1,875	-	1,875	-
Traffic signals – Upgrade	390	180	-	-	-	-	-	-	-	-		570	-	570	-
Water Taxi Infrastructure - Park and Ride	-	-	600	-	-	-	-	-	-	-		-	600	-	600
Public Realm scheme to Crescent Bridge subway	100	-	-	-	-	-	-	-	-	-		100	-	100	-
Queensgate Footbridge	-	-	-	-	100	-	-	-	-	-		100	-	100	-
Improved facilities at Hampton	102	-	-	-	-	-	-	-	-	-		90	12	90	12
Infrastructure improvements	300	320	240	170	170	170	170	170	170	170		850	350	1,700	350
Civil Enforcement Officers cars	48	-	-	-	-	50	-	-	-	-		48	-	98	-
Fellowes gardens regeneration	712	-	-	-	-	-	-	-	-	-		299	413	299	413
Longthorpe Bridge (A1260)	-	-	-	-	1,200	-	-	-	-	-		1,200	-	1,200	-
Longthorpe Footbridge (A1260)	-	-	-	-	300	-	-	-	-	-		300	-	300	-
Maxey Cut Footbridge	200	-	-	-	-	-	-	-	-	-		200	-	200	-
Nene Bridge (A1139)	-	-	-	4,000	-	-	-	-	-	-		4,000	-	4,000	-
Orton Bridleway Bridge (A1139 - east of junction 1)	-	-	200	-	-	-	-	-	-	-		200	-	200	-
Redesign of parking around school & Central Ave. shopping parade	125	-	-	-	-	-	-	-	-	-		125	-	125	-
Bourges Boulevard Subway at Russell St.	400	500	2	-	-	-	-	-	-	-		902	-	902	-
Carriageway Junction 1-2 Fletton Parkway A1139	-	-	50	13,000	-	-	-	-	-	-		6,525	6,525	6,525	6,525
Gurnard Leys Footbridge (Bretton Way)	375	-	-	-	-	-	-	-	-	-		375	-	375	-
Street Lighting column replacement programme	870	870	870	870	870	870	870	870	870	870		4,350	-	8,700	-
Local Sustainable Transport Fund Related Projects	725	511	290	-	-	-	-	-	-	-		-	1,526	-	1,526
Total Operations	19,431	15,664	14,545	30,313	12,269	9,763	9,713	9,713	9,713	9,713		54,054	38,168	75,549	65,288
CHILDRENS SERVICES															

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2012 to 2017 Total 5 Yrs Budget		2012 to 2022 Total 10 Yrs Budget	
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
Primary Capital Programme	18,423	8,047	5,047	9,000	2,000	-	-	-	-	-	37,517	5,000	37,517	5,000
New School Places / Basic Need	1,354	1,353	1,353	-	-	-	-	-	-	-		4,060		4,060
Modernisation	2,000	2,000	-	-	-	-	-	-	-	-	1,465	2,535	1,465	2,535
Secondary Schools Phase 2	23,006	9,672	2,016	-	-	-	-	-	-	-	34,694	-	34,694	-
Schools Direct Spend	458	458	458	458	458	458	458	458	458	458	-	2,291	-	4,582
Capital Maintenance On Schools	650	400	400	400	400	400	400	400	400	400	2,250	-	4,250	-
Hampton College	3,900	(2,755)	-	-	-	-	-	-	-	-	1,022	123	1,022	123
Hampton Community School	3,640	-	-	-	-	-	-	-	-	-	-	3,640	-	3,640
Hereward Provision	8,500	-	-	-	-	-	-	-	-	-	5,000	3,500	5,000	3,500
PFI Condition Works	641	-	-	-	-	-	-	-	-	-	641	-	641	-
Capitalisation of School Spend	100	100	100	-	-	-	-	-	-	-	300	-	300	-
Bushfield Academy	2,961	-	-	-	-	-	-	-	-	-	1,833	1,128	1,833	1,128
Hampton College	3,600	-	-	-	-	-	-	-	-	-	3,600	-	3,600	-
Further Schools Places Capital Programme	3,678	995	5,120	(3,400)	600	2,600	2,800	-	-	-	6,993	-	12,393	-
Total Children's Services	72,911	20,270	14,494	6,458	3,458	3,458	3,658	858	858	858	95,315	22,277	102,715	24,568
CHIEF EXECUTIVES														
Capital Cost Of Disposals	2,150	1,335	500	500	500	500	500	500	500	500	4,985	-	7,485	-
CC Public Realm works (Phase 1 and 2)	90	1,260	-	-	-	-	-	-	-	-	1,350	-	1,350	-
Corporate Growth Area - Capital Pot Funding	1,050	1,750	1,737	500	500	500	500	500	500	500	5,537	-	8,037	-
HCA Grant Payment Developer	1,600	-	-	-	-	-	-	-	-	-	-	1,600	-	1,600
Stadium Stem Centre	8,550	-	-	-	-	-	-	-	-	-	2,000	6,550	2,000	6,550
Creative Cities	50	-	-	-	-	-	-	-	-	-	50	-	50	-
Total Chief Executives	13,490	4,345	2,237	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,922	8,150	18,922	8,150
STRATEGIC RESOURCES														
Accommodation Strategy	200	150	150	150	150	150	150	150	150	150	800	-	1,550	-
Asbestos Removal	105	75	75	75	75	75	75	75	75	75	405	-	780	-
Bayard Refurbishment	300	-	-	-	-	-	-	-	-	-	300	-	300	-
Business Transformation Projects	679	500	500	500	500	250	250	250	250	250	2,679	-	3,929	-
Capitalisation of Schools Reserve	500	500	-	-	-	-	-	-	-	-	1,000	-	1,000	-
Cemeteries	340	803	-	-	-	-	-	-	-	-	1,069	74	1,069	74
Constraints Project	22	-	-	-	-	-	-	-	-	-	22	-	22	-
Customer Services Transformation	35	-	-	-	-	-	-	-	-	-	35	-	35	-
Demolition Buildings South Bank	220	-	-	-	-	-	-	-	-	-	220	-	220	-
Disabled Access	230	150	150	150	150	150	150	150	150	150	830	-	1,580	-
ICT Managed Service	252	500	350	250	250	250	250	250	250	250	1,602	-	2,852	-
ICT Projects	319	250	250	250	250	250	250	250	250	250	1,319	-	2,569	-
Investment Portfolio Voids & Rents	455	150	150	150	150	150	150	150	150	150	1,055	-	1,805	-
Investment Properties	500	500	500	500	-	-	-	-	-	-	2,000	-	2,000	-
Key Theatre Projects	200	-	-	-	-	-	-	-	-	-	200	-	200	-
Leisure Trust – Property	260	377	408	350	350	350	350	350	350	350	1,745	-	3,495	-
Museum Redevelopment	50	-	-	-	-	-	-	-	-	-	50	-	50	-
PCT Property Works	500	-	-	-	-	-	-	-	-	-	500	-	500	-
Play Areas Improvement Programme	873	185	185	185	185	185	185	185	185	185	1,613	-	2,538	-
Strategic Property Portfolio – AMP	250	250	250	250	250	250	250	250	250	250	1,250	-	2,500	-
Structural Maintenance Of Council Buildings	1,025	405	405	405	405	405	405	405	405	405	2,645	-	4,670	-
Various Libraries Projects	141	-	-	-	-	-	-	-	-	-	141	-	141	-
Waste Management Strategy	206	-	-	-	-	-	-	-	-	-	185	21	185	21
Waste Management Strategy- ALMO	16,384	22,758	17,928	2,768	-	-	-	-	-	-	59,838	-	59,838	-
Local Authority Mortgage Scheme	2,000	2,000	2,000	2,000	1,000	-	-	-	-	-	9,000	-	9,000	-

Project	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2012 to 2017 Total 5 Yrs Budget		2012 to 2022 Total 10 Yrs Budget	
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
Renewable Energy Projects	500	500	-	-	-	-	-	-	-	-	1,000	-	1,000	-
Broadband Infrastructure	1,100	2,000	-	-	-	-	-	-	-	-	3,100	-	3,100	-
Bushfields Sports Centre	453	-	-	-	-	-	-	-	-	-	453	-	453	-
Central Library	-	758	-	-	-	-	-	-	-	-	758	-	758	-
Council Tax Base system	100	-	-	-	-	-	-	-	-	-	100	-	100	-
Embankment Running Track Resurfacing	446	-	-	-	-	-	-	-	-	-	446	-	446	-
Householders Recycling Centre	-	4,340	-	-	-	-	-	-	-	-	4,340	-	4,340	-
Lido	562	-	-	-	-	-	-	-	-	-	562	-	562	-
Manor Drive Managed Service	3,751	922	-	99	842	612	-	98	-	-	5,614	-	6,324	-
Neighbourhood Window	20	-	-	-	-	-	-	-	-	-	20	-	20	-
Oracle Upgrade	1,000	-	-	-	-	400	-	-	-	-	1,000	-	1,400	-
Regional Pool	-	1,113	-	-	-	-	-	-	-	-	1,113	-	1,113	-
Property Portfolio	1,000	2,200	1,200	2,200	2,173	1,000	2,361	2,000	1,000	2,000	8,404	369	16,765	369
Total Strategic Resources	34,978	41,386	24,501	10,282	6,730	4,477	4,826	4,563	3,465	4,465	117,413	464	139,209	464
Invest To Save - Renewable Energy	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000	-
TOTAL CAPITAL PROGRAMME	244,579	84,917	56,029	48,305	23,709	18,950	19,450	16,386	15,288	16,288	388,481	69,059	445,432	98,469

Capital Receipts Summary from 2011 to 2022

Asset	Revised 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Coneygree Lodge	*										
Maxwell Road	*										
Lady Lodge Arts Centre	*										
Land @ First Drove, Fengate	*										
Single Plot, Pilsgate	*										
Herlington Offices	*										
The Lindens	*										
St John Street	*										
Edith Cavell CRA Land	*										
Peverels Residential Home (Dogsthorpe)	*										
Hereward (excl.retained school land)	*										
The Croft - Eye	*										
The Grange Surplus lands	*	*	*								
Land at Itter Crescent	*										
Caxton Court / Coneygree Road	*										
Pyramid Centre, North Bretton	*										
Honey Hill	*										
CRA Windfall	*	*	*								
Hill Farm Barn (Farm Estate)	*										
Dickens Car Park	*										
Orton Bowling Green		*									
Fleet		*									
Vawser Lodge		*									
Bretton Court		*									
Land at Brassey Close		*									
Kings Lodgings		*									
Garage Site - Orton Avenue		*									
Arthur Mellows caretakers house		*									
Substations		*									
Goswick - Orton Brimbles		*									
Thorney Tank Yard, Thorney		*									
Monarch Avenue (Fletton Allotments)		*									
Covenants		*	*	*							
Adult Social Care Properties		*		*							
Alfric Square (Option Study)		*									
Eldern Pub House		*									
Cherry Orton Farm		*									
Land at the Dell, Woodston		*									
Land at Tenterhill - Thistle Drove		*									
Middleton Primary School (surplus land)		*									
Westwood Centre Car Park (part)		*									
Bretton Woods (Residential)		*									
John Mansfield (Remote site)		*									
John Mansfield Main Site		*									
Gunthorpe Family Centre			*								
Operational Assets Pending Rationalisation			*				*				
25 Commerce Road			*								
City Clinic			*								
Land adjacent St Johns CofE Primary School			*								
Herlington Centre				*							
Homenene House				*							

Asset	Revised 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Wellington Street Car Park				*							
Bishops Road Car Park				*							
Horsefair Car Park				*							
Wirrina Car Park				*							
Northminster Car Park				*							
Craig Street Car Park				*							
Herlington Centre				*							
Miscellaneous Farm Estate				*			*	*	*		
Peterscourt				*							
Welland Allotment Land at Nab Lane				*							
Land at Splash Lane Woodlands Castor				*							
Southbank Assets					*						
St Johns Stanground					*						
Ravensthorpe Primary School (land at)					*						
Surplus land - Duke of Bedford Primary School					*						
Paston CRA land						*					
Wittering Primary School						*					
Barnack Primary School						*					
Laxton Square							*				
Food Hall & Market							*				
11 Commerce Road							*				

Asset Management Plan

2012 – 2022

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Executive Summary

Asset Management Plan

1.0 Background

- 1.1 Peterborough City Council is a major property owner with an asset base of over 2000 properties and a net book value exceeding £435m. These assets are used to deliver the Council's wide ranging objectives.
- 1.2 However, as a Council we face a number of major challenges with regard to the property portfolio. These include:
 - A property portfolio that is ageing with liabilities for repairs and maintenance
 - A property portfolio that is not best suited to Council needs for service delivery
 - An ad-hoc approach to management of the portfolio i.e. currently service departments manage the property they use and there can be inconsistency in the way this is done.
- 1.3 In addition we need to get the most out of our portfolio. This will include:
 - The delivery of in excess of £36.1m of Capital Receipts in a falling market over the next ten years to support the Council's Capital Budget
 - Borrowing cost savings of in excess of £13.9m over the next 10 years
 - Using Property in different ways to support the Growth Agenda
- 1.4 The Council needs to establish and embed the way it manages property to get the most from its assets. This Asset Management Plan (AMP) sets out how to do this ensuring that the portfolio is fit to face the challenges of the 21st Century.

2.0 The Format of the Asset Management Plan

- 2.1 The AMP consists of four parts:
 - Part 1 – Sets out the strategy for managing the portfolio and what the Council will do to meet the challenges faced. It sets targets and benchmarks against which performance is measured. It also aligns with the guidance provided by the RICS and DCLG.
 - Part 2 – Sets out the processes and procedures to be followed in the management of the Property Portfolio
 - Part 3 – Sets out future property needs for individual services.
 - Part 4 – Glossary of Terms
- 2.2 In addition to meeting the requirements of an Asset Management Plan this document also aims to bring together into one document processes and procedures that govern the management of the property portfolio. It is intended that those who deal with property on a day-to-day basis will use this document as a guide allowing them to get the best from the property portfolio.

3.0 The Future Management of Property

- 3.1 The AMP sets out how the Council will manage property in the future. In particular it:
 - Reinforces and strengthens the role of the Corporate Property Officer (CPO).
 - Establishes the CPO as the single point of responsibility for all Council property.
 - Establishes property as a strategic resource which will be managed corporately
 - Proposes a Property Board is formed which will take a strategic overview of the property portfolio and prioritise needs.
 - Establishes processes and procedures for the management of the property portfolio in accordance with Government initiative for Total Place which seeks to co-locate Public sector organisations in shared accommodation.

- Sets challenging targets for the generation of savings from the Property Portfolio, in particular using properties to create income generating energy schemes, and to improve the efficiency in use of energy in existing properties i.e. wasted energy.
- Using property to support environmental improvements e.g. creation of woodland and multifaith/non-faith cemetery.
- Sets challenging targets for the realisation of Capital Receipts from the Property Portfolio.

3.2 In addition the AMP also sets out how the Council will get more from the portfolio. This will include the following:

- Challenging the use of property by services. Each service will be required to justify the property it uses, the extent of usage and whether the service could be provided differently.
- Allocating property on 'need' and best fit in accordance with the Accommodation Strategy contained within the AMP.
- Recycling properties which are declared surplus. Any future use will be subject to the completion of a Business Case that is supported by an Option Appraisal with an emphasis on risk considerations if the future use were not approved and investment, in particular whole life considerations.
- Co-location of services where practicable to benefit from economies of scale.
- Offering surplus property to Partner Organisations. If there is no further use then the property will be offered for disposal.
- Maximise the use of properties that are held 'In Trust' for the use of the Community.
- Requirements being delivered from Council premises. The number of leased in properties will be reduced where practicable when existing lease arrangements reach their conclusion.
- Disposal of operational property assets that are no longer filling their requirements for the service delivery needs and have the greatest outstanding liabilities. These liabilities will include DDA, backlog of maintenance, Energy Efficiency, Asbestos etc.
- Working with partners to maximise the joint use of property and benefit from economies of scale. Accommodation will be provided in accordance with the Accommodation Strategy.
- Transfer of the ownership of property to partners where the objectives of that partner accord with the objectives of the Council.
- Ensuring that **all** assets built by or on behalf of the Council accord with good practice, demonstrate value for money over the life of the property, and are economically and environmentally sustainable.
- Focussing expenditure on those assets that have a long term future. Services will consult with the CPO when works are required to the property they use. The CPO/Service relationship is set out in the User Occupancy Arrangements contained within the AMP

3.3 Property Rationalisation

The council occupies a large number of buildings throughout the city. The council continually reviews all the buildings it owns and uses to ensure they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.

This process will continue as part of this budget round. The council has identified £36m of potential disposals over the next ten years.

The efficient use of property will be based on the following key principles:

- Maximise the use of the town hall for civic, democratic and office accommodation uses
- Outside of the town hall, seek to rationalise accommodation used across the city, including plans to centralise in a modern, energy efficient property. Ideally this will act as a catalyst for growth in the city

Introduction

The Asset Management Plan in Context

The AMP 2012 continues to build on the work undertaken by the Council, its Partners and with contribution from the community in developing a Sustainable Community Strategy. A strategy with the vision and outcomes, to effectively match the ambition of our community.

The AMP 2012 aims to demonstrate how the Council will work towards addressing the agreed priorities and outcomes in ensuring that the Council continues to deliver what the community wants and reinforcing the commitment to playing a lead role in delivering the Sustainable Community Strategy.

The four priorities as defined by the Sustainable Community Strategy are as follows:

- Creating opportunities – tackling inequalities
- Creating the UK's environment capital
- Creating strong and supportive communities
- Delivering substantial and truly sustainable growth

Each of these priority areas has a focus on a number of outcomes that will collectively deliver the improvements and expectations of the Community of Peterborough.

Creating opportunities – tackling inequalities

- **Improving health** – so that everyone can enjoy a life expectancy of the national average or above and benefit from speedier access to high quality local health and social care services.
- **Supporting vulnerable people** – so that everyone can access support and care locally to enable them to maintain independence, should they be affected by disadvantage or disability at any point in their lives.
- **Regenerating neighbourhoods** – so that the most deprived communities can achieve their full potential and therefore contribute to and benefit from sustainable economic growth in the Peterborough area.
- **Improving skills and education** – so that the people of Peterborough have better skills and benefit from high quality education from cradle to grave, including through the new university.

Creating strong and supportive communities

- **Empowering local communities** – so that all communities and individuals are engaged and empowered, and take their opportunities to shape the future of Peterborough.
- **Making Peterborough safer** – so that people of all ages and abilities can live, work and play in a prosperous and successful Peterborough without undue fear of crime.
- **Building community cohesion** – so that new communities are integrated into Peterborough and welcomed for the contribution they bring to our city and rural areas.
- **Building pride in Peterborough** – recognise, celebrate and take pride in Peterborough's achievements, its diverse but shared culture and the exciting opportunities for leisure and relaxation.

Creating the UK's environment capital

- **Making Peterborough cleaner and greener** – to become the UK's greenest city with attractive neighbourhoods, surrounded by beautiful countryside and thriving biodiversity.

- **Conserving natural resources** – reduction of Peterborough’s overall consumption of the Earth’s natural resources.
- **Growing our environmental business sector** – so Peterborough is the natural location for green businesses.
- **Increasing use of sustainable transport** – so that Peterborough has the highest proportion of citizens using sustainable transport modes in the UK.

Delivering substantial and truly sustainable growth

- **Creating a safe, vibrant city centre and sustainable neighbourhood centres** – so that people have more diverse and improved places to visit and enjoy.
- **Increasing economic prosperity** – so that the people of Peterborough can work locally, benefiting from a strong local economy that is an attractive destination for business investment, particularly in higher skilled sectors.
- **Building the sustainable infrastructure of the future** – create the conditions for business, service and community prosperity and growth.
- **Creating better places to live** – provision of better places to live for both new and existing communities, ensuring the highest environmental standards of new building

Delivering these outcomes cannot be achieved by the Council alone, which is why partnership working is so important to realising the Sustainable Community Strategy’s ambition. The Council will continue to build on its successes with the Police, the Primary Care Trust, and many other key partners to make this ambition a reality for the City and its community.

Asset Management can be described as ‘making the best use of assets in terms of service benefits and financial return’ (DLTR Best Practice Guide 2000). It has a long term dimension and is concerned with Council-Wide management issues. In particular, it is associated with the following principles:

- **An integrated approach between service areas and the corporate centre**
- separate responsibility for strategic asset management
- explicit authority-wide objectives for holding property and other assets
- changes to the portfolio consistent with corporate objectives
- a performance management system
- sufficient data to analyse the performance of the portfolio and to make strategic decisions
- Allowing the Council to deliver in accordance with short, medium and long term priorities.

The 2012 Asset Management Plan sets out the overall direction and framework for managing the Council’s assets

- Brings together cross-service issues into an authority-wide, corporate plan
- Is linked to the Council’s corporate policies and priorities
- Incorporates the Key Issues of service property requirements
- Complements the Council’s Capital Strategy.
- Develops and updates Peterborough City Council’s (PCC) earlier AMPs.

What is an Asset

There are various different definitions of an asset but this AMP is concerned with the Property Assets of the Council. This includes all the land and built property (both owned and leased-in) that is operated to support the corporate objectives of the Council.

The use of Assets

The AMP will assist the Council in pursuing the by objectives set out in the Sustainable Community Strategy for optimising the contribution that the Council's property assets make to delivering quality services to the community. More specifically, it will:

- help to prioritise Council's decisions on spending on the estate
- integrate property and other asset decision making into the Council's service and ultimately, the corporate planning process
- identify opportunities for innovation
- provide a context for evaluating capital and revenue projects
- provide a basis for developing partnerships
- identify assets suitable for investment or disposal
- identify opportunities to increase income generation or reduce expenditure
- encourage innovative methods of securing service property requirements
- ensure value for money from the operation of the council property portfolio
- ensure that the property portfolio is managed effectively and efficiently
- contribute to reducing the Council's contribution to climate change through its commitment to Carbon Reduction Commitment.

The relationship of the AMP to other key corporate documents is set out in Part 1. These linkages support and complement the Council's overarching corporate values which underpin all that is completed in Peterborough:

Chapter 1 - Organisational Arrangements for Asset Management

1.1. CPO – Roles and Responsibilities

- 1.1.1. The Executive Director - Strategic Resources is the Council's Corporate Property Officer (CPO). As a member of the senior management team, the CPO has the responsibility and authority to implement the necessary actions to facilitate effective asset management.
- 1.1.2. Strategic Resources incorporates a wide range of services that are concerned with the core operation of the Council. These include: Strategic Finance including Internal Audit.
- 1.1.3. The Strategic Property, Shared Transactional Services including HR Payroll and Business Transformation have recently been transferred to SERCO.
- 1.1.4. The CPO's role is currently supported by Strategic Property (incorporating Estates, Facilities Management & Commissioning) and the Growth Team who report to the Peterborough Development Partnership.
- 1.1.5. It is proposed that a Property Board is created with professionally qualified senior property representatives of all public sector partners to reflect new ways of working and fully support the concept of PCC as an enabling authority. It is proposed that the Property Board would be chaired by a non-property professional who can provide an unbiased and impartial overview of matters being considered by the board. The board will consider applications for office moves, additional accommodation requirements, new build proposals, acquisitions and property disposals. Any application to the board will require a business case setting out the need and justification, identification of budget sources, together with a calculation of Total Life costs and any environmental impact
- 1.1.6. Under the Council's constitution, Cabinet and the Council have agreed the roles and responsibilities of the CPO. A synopsis of these is as follows (the comprehensive list of delegations is set out in Part 3 delegations Section 3 – Executive Functions item 3.18:
 - The CPO was formerly the Chair of the Corporate Asset Management Group. If the proposed Property Board is established the CPO will either chair the Board or delegate authority to an appointed person to act on behalf of the CPO.
 - Consults with Heads of Service, partners, elected members, stakeholders and users concerning the management of the Property Portfolio
 - Maintains up to date electronic and paper copy records about ownership (tenure), condition, sufficiency and suitability of the Council's property portfolio, and investment required. Electronic data systems are updated and maintained to inform property performance indicators for use in benchmarking against other Council's through CIPFA Property Network.
 - Regularly reports to the Corporate Management Team (CMT) and the Cabinet on the performance of the Council's property portfolio.
 - Leasing and Letting property on behalf of all services of the Council.
 - Acquisition and disposal of property
 - Work in respect of covenants

1.2. Reporting Framework – Cabinet & Corporate Management Team (CMT)

- 1.2.1. The Council's constitution is based on a Leader and Cabinet style of decision making. The Cabinet meets on a regular basis to make decisions within the terms of the constitution and to make recommendations to Council on matters of policy when appropriate. The Council, which meets monthly, approves the annual capital and revenue budgets and agrees matters of policy.
- 1.2.2. The Leader of the Council chairs a Cabinet of 10 Members. Each Cabinet Member has lead responsibility for a portfolio area. Areas of responsibility are as follows:

- Leader of the Council and cabinet member for Strategic Planning, Economic Development and business Engagement
- Deputy Leader and Cabinet Member for Culture, Recreation & Strategic Commissioning
- Cabinet Member for Communications
- Cabinet Member for Housing, neighbourhoods and Planning
- Cabinet Member for Education, Skills and university
- Cabinet Member for Adult Social care
- Cabinet Member for Children's Services
- Cabinet Member for Resources
- Cabinet Member for Environmental Capital
- Cabinet Member for Community Cohesion & Safety
- Cabinet Advisor (Business engagement, Tourism and International Links)

1.2.3. The Council places a high priority on asset management and the resource implications of delivering the Council's policies. In recognition of this importance, the responsibility for asset management lies with the Cabinet Member for Resources. As the relevant portfolio holder, the Cabinet Member is the political lead on asset management and is responsible for leading change through review and development of services related to asset management as set out in the Council's constitution. The exception is the Cabinet Member for Children's Services who currently has delegated responsibility for Asset Management in Schools.

1.2.4. The Cabinet Member acting under delegated powers considers reports on the Council's property issues and asset management as presented by the CPO. The Cabinet, Cabinet Member and/or CPO are responsible for making decisions on acquisitions, disposal and on the most appropriate use of assets to deliver the Council's policies. A key element in the implementation of the AMP is the budgetary considerations. The Capital Strategy 2012-2022 includes an AMP budget to address maintenance backlog, condition, accessibility, energy efficiency and specific projects such as alterations, refurbishment and new build. Capital budgets are supported by revenue budgets to operate and manage the non-income generating property portfolio on a day-to-day basis. The Cabinet Members for both Resources & Children's Services have a key role in challenging the use of assets, investment and disposal decisions in an on-going basis.

1.2.5. Scrutiny Committees and Panels are an integral part of the Council's framework and form part of a constructive process, which is open, accountable and contributes to policy development. For example, the audit scrutiny panel recently reviewed the Energy Billing processes and recommendations of an internal audit report which are being addressed through the Strategic Property Team in conjunction with the Carbon Reduction Commitment Working Group.

1.2.6. The Corporate Management Team (CMT) leads the officer contribution to strategic development and thinking in the Council and is made up of the Chief Executive, Service Director's and specific senior management representatives. The CMT meets every other week and up to 2010 received reports from the Corporate Asset Management Group following the monthly meeting. The proposed Property Board will submit reports as required to CMT. In the meantime, the CPO, who is a member of CMT is fully briefed on property matters to enable them to report as required. CMT considers issues affecting the Council's Asset Management Plan. This includes an annual report on performance against property Key Performance Indicators (KPIs), the growth agenda and operational property matters affecting service delivery etc.

1.3. Property Board (PB) – Terms of reference (TOR)

1.3.1 The Property Board will support the role of the CPO, and it is proposed that this will be representative of all public sector partner organisations. It will constitute the senior Strategic Group dealing with property related matters from a holistic perspective reporting up to a Partnership Board. It will not be exclusive as it will have direct links with other Groups such

as the PCC Asset Disposal Group, PCC Capital Programme Group, Peterborough Development Partnership, and other relevant groups in partner organisations of which it is representative. Within the council it will replace and have greater responsibilities than the Corporate Asset Management Group and the Corporate Accommodation Review groups, neither of which have met during the last year.

1.3.2 Membership of the Property Board will be determined as part of the “Green Shoots” project.

1.3.3 Attendance at meetings – it is proposed that project officers will be invited to present their requests for accommodation to the Board. They will be required to identify budget availability, need and to demonstrate that all options have been considered and that the request has addressed the requirements of the Corporate Asset management Plan and Strategic Priorities.

1.3.4 Terms of reference for this Group are proposed as follows:

- To ensure that plans for the acquisition and/or disposal of property is approved by the CPO.
- To ensure that any works affecting property either owned or leased by the council/partners is carried out in accordance with the Corporate Asset management Plan and Property Strategy, and that the CPO has given agreement.
- To review, prioritise, and agree the programme of works and expenditure of annual corporate capital asset management budget based on property performance indicators and property data.
- To review, prioritise and agree the programme of works and expenditure of annual corporate capital access (DDA) budget based on access surveys and recommendations
- To review, prioritise and agree the programme of works and expenditure of the annual corporate asbestos budget based on the councils asbestos register.
- To review, prioritise and agree the programme of works and expenditure of the capital accommodation budget based on fire risk assessments, office moves, energy performance certificates etc.
- To review, prioritise and agree the programme of works and expenditure of capital budget for works to Leisure and Culture properties occupied by Vivacity
- To review, prioritise and agree the programme of works and expenditure of the capital maintenance budget
- To ensure that the use of accommodation complies with the corporate asset management plan.
- To ensure that accommodation requirements are prioritised in accordance with Strategic Priorities, and only projects that are in line with these are progressed.
- To review annual and planned maintenance schedules
- To review annual service contracts and recommendations arising from these
- To review future planned work programme
- To agree a prioritisation process and management of accommodations moves and/or alteration and refurbishment works. Ensuring that budgets are agreed and are adequate for the purposes required.
- To review property assets being vacated by services, to ensure that the service is complying with requirements of Corporate Asset Management Plan and Property Strategy to procure works in making (dilapidations) to the satisfaction of the CPO.
- Any local agreements implemented without approval of the Property Board will be stopped, pending presentation to and approval by the board.

1.4. Links to Strategies and Plans

1.4.1 The CPO, as lead officer, is responsible for ensuring that the Corporate AMP reflects the aspirations of the Council and reflects other policies that are in place. In the absence of the CAMG, Strategic Property is the main area of consultation on property matters and the various plans and strategies required for successful asset management.

- 1.4.2 The Sustainable Community Strategy 2008-21 has been produced by the Greater Peterborough Partnership and is an overarching plan to promote and improve the economic, social and environmental wellbeing of local people. The plans and strategies of all the partner organisations are used to inform the Strategy which identifies key priorities for action.
- 1.4.3 The Capital Strategy has been developed as a key policy document, which brings together the strategic capital requirements emerging from the service strategies as identified in the plans detailed above. It determines the Council's approach to capital investment and sets in place the process for monitoring investment to achieve the Council's policy priorities.
- 1.4.4 Through the Corporate AMP, the Education AMP, Highways AMP, and the Capital Strategy, the Council has a complete management framework for all of its property assets including the highways and road infrastructure. Each of these documents is determined by the Council's policy priorities and facilitates the delivery of quality services to the people of Peterborough.
- 1.4.5 Strategic Housing – The Council has recently produced a Draft Housing Strategy 2011-15 which is due to be adopted in Feb 2012. This strategy is aligned with the Asset Management Plan and Capital Treasury.
- 1.4.6 The Council is working hard to support the on-going development and delivery of the Housing Strategy for Peterborough which defines the level and type of housing in Peterborough, and is forming its response to social housing demand through a review of its allocations policies and operational practices. The Council is also supporting some of its most vulnerable residents to continue to live in their own homes through programmes such as Supporting People and the Care & Repair Service.
- 1.4.7 Peterborough's Children's Single Delivery Plan 2011 will set out how the Council and its partners will work together through the Greater Peterborough Partnership and Peterborough Children's Trust to achieve better outcomes for Peterborough's children and young people. The document is based upon a rigorous assessment of need and extensive consultation, and will inform future built environment priorities and further develop the Department's Corporate Asset Management Plan and School related Asset Management plans.
- 1.4.8 The main purpose of the Children's Services department is to deliver a good service to all children and young people, such that everything the department undertakes is based on achieving the five outcomes encompassed in the 'Every Child Matters' agenda for all children and young people in the Peterborough area. The department aims to achieve this by putting the child at the centre of its work, in order to wrap services around the child to meet their particular needs. The Children's Services Department works alongside its partners in the Children's Trust to ensure that the holistic needs of children and young people can be met. The department is also responsible for adult education.
- 1.4.9 Children's Services approach is underpinned by the Children's Single Delivery Plan. The Department is currently reviewing its Corporate Asset Management Planning process and has a robust system of school related Asset Management Plans. Children's Services has a drive to begin delivery of services from locality centres. This will ultimately change and inform the Department's Asset Strategy.
- 1.4.10 The Department anticipates re-introducing the School Organisation Plan in 2012 (once a statutory document). This strategic document will include information on demography and will inform the needs for school places into the future.
- 1.4.11 The Secondary School Review (SSR) established The Voyager School and Thomas Deacon Academy and refurbished Ken Stimpson, Jack Hunt, St John Fisher and the King's School. Work has completed at Arthur Mellows Village College, funded through successful bidding for Government grants.
- 1.4.12 Phase 2 of the review had been intended to focus on Ormiston Bushfield Academy, Stanground College and Orton Longueville School. The planned academy will be funded

through the Framework of Academies funding but the other two schools lost funding when the programme was ended. Funding was subsequently obtained for the Schools and works are to be undertaken in 2012

- 1.4.13 Unanticipated continuing demand for secondary school places has necessitated the development of a project to re-open a school on the Reeves Way site (closed under the original SSR).
- 1.4.14 The Government's plans for investment in the Primary School Estate were announced in November 2008 (The Primary Capital Programme). This was a 15 year programme which anticipated that 50% of the Council's primary school estate would benefit from projects ranging from total rebuild to minor refurbishment. Based on the January 2011 demographic forecasts, the current expansion of primary school capacity will be insufficient by 2013. The demographic forecasts are based on children on the NHS database and therefore known to be in the area already. While house building is at a relatively low level, it is still continuing and will cause the number of children requiring school places to rise further. There is also pressure from children moving into existing housing in the city. Some areas are under greater pressure than others. The villages, Werrington, Walton, Paston and Stanground will have sufficient school places but there is no longer much capacity left there to take pupils from the areas with greatest
- 1.4.15 The Council has benefited from a grant of £5.3m towards increasing primary school places (Basic Need Safety Valve funding). Combined with the initial funding from the Capital Programme, this will contribute to provision of places in permanent buildings that meet other targets of suitability for 21st century learning, innovative design and sustainability.
- 1.4.16 As the population continues to rise, further funding will be required to deliver sufficient primary and secondary school places; this will be a combination of Government grants, developer contributions and corporate funding. However there are serious concerns about the continuing need for places and there being sufficient funding to provide them.
- 1.4.17 Children's Services continue to be committed to incorporating sustainable solutions into all of its building projects, working towards the Government's target of zero carbon schools by 2016. Joint working is being established with the Council's Climate Change team, with an initial target of installing Smart Meters in all schools.
- 1.4.18 An increased pressure on primary school places and the need to provide sixth form facilities at the secondary school ahead of the requirements of the Section106 agreement has required the Council to consider investing in a school building programme in the Hampton area. Additions to Hampton Hargate Primary School (outside of the S106) are in progress; this project includes a Children's Centre facility. There is a need for an additional Primary School (again over and above the S106 agreement), but land availability is an issue. Demographic pressure continues to raise concerns for all infrastructure needs in Hampton.
- 1.4.19 Elsewhere in the city a considerable number of projects are underway on Primary schools in order to increase places.
- 1.4.20 Significant modifications continue to Clare Lodge (the secure residential accommodation) and a further application has been made to the Department of Education (DfE) to provide additional separation areas and develop a 14-19 curriculum offering.
- 1.4.21 The Local Development Framework sets out how the Council see the development of Peterborough moving forward. In particular it integrates the various approaches to ensure that any development is coherent and compliments the ambitious growth programme for Peterborough. This is led by the Peterborough Development Partnership with support from the Growth team and Opportunity Peterborough. The speed at which the growth agenda is implemented is reliant on inward investment from the private sector and the economic climate. The council acts as an enabler to the plans either through contributing financial resources or providing land.

- 1.4.22 The Local Transport Plan reflects a local approach to transport needs. Capital needs and the approach to investment is shaped by an indicative breakdown between maintenance and integrated transport themes.
- 1.4.23 The Council has demonstrated its commitment to equalities and diversity by the development and implementation of equality schemes on race, disability and gender. It also has comprehensive equality and diversity policies and procedures that focus on service users, staff and working with our partners to meet the needs of the diverse communities that it serves. The Council continues to develop an Access Strategy that will identify emerging needs, agree standards and determine systems to make its Services available to equality groups with the protected characteristics of age, disability, sex, gender reassignment, sexual orientation, marriage and civil partnership, pregnancy and maternity, religion and belief. This will build on the work undertaken by the One Community Project and involve the Disability Forum to contribute in the development of access plans.
- 1.4.24 Capital Resources use to support adult social care is reported to the Commission for Social Care Inspection through the Delivery and Improvement Statement on an annual basis. This information forms part of the evidence used by CSCI in its annual review of Social Services Performance and Star Ratings. New "Quality Care Commission Standards" audits have been introduced which require assets used to provide care services to meet certain condition and other best practice health standards criteria. .
- 1.4.25 PCC has already implemented an Accessibility Strategy for schools. It has recently started developing a Local Authority Access Strategy that will cover accessibility for all to Council Services. The requirements of both of these strategies will need to be considered when looking at the future development of the Property Portfolio.
- 1.4.26 The CAMP also relates to the Service Business Plans that are developed by each Service setting out the way in which they will deliver to customers over the short, medium and long term and their property and financial needs to meet these aims. However it is recognised that services will need to be flexible to meet the future demands. Given this Part 3 and Part 4 of the report are flexible and will be updated on a regular basis as changes are reported to the Corporate Asset Management Group.
- 1.4.27 Children Services has prepared a Business Continuity plan in the event that a major problem occurs in the City preventing them from operating from their present location. The plan sets out their property needs for service continuation and those elements that are essential services. If the ICT servers were unavailable, the Council has back-up provision for these in a remote location where a number of key service personnel can operate from. If a building is unavailable through unforeseen circumstances such as fire or floods, provision is available in other council buildings for staff to work as part of the Councils plans to encourage agile working.
- 1.4.28 In addition Peterborough aims to be an example of how the Council has worked together with our partners to build on our Environmental City status by becoming the UK's Environment Capital. This aspiration will be a core theme in the revised Community Strategy and Local Area Agreement. Capital budget was identified to support the implementation of photovoltaic schemes on the Town Hall and Regional Pool. Other initiatives currently being explored include bio-digester, further photovoltaic, wind turbines, automated meter readings, power save devices, daylight controlled lights, new heating appliances, replacement windows etc. The Council has targets to meet for the Carbon Reduction Commitment and failure to meet these is likely to result in a financial penalty. The focus will therefore be on the properties or areas where this applies.

1.5. Asset Management and obtaining value for money from the Property Portfolio

- 1.5.1 The implementation of the Asset Management Plan in conjunction with the Capital Strategy ensures the efficient and effective management of property for the Council's activities. These activities are determined through the Council's corporate policy framework and

requires a fundamental review of key service areas to ensure that value management is fully integrated into the policy development framework.

- 1.5.2 Value management has at its core provision of better quality services at a reasonable cost through maximisation of investment on properties to support those services throughout their life in use. This enables freeing up of funding to target service provision. Local people are enabled to have a greater contribution in what they want, why, and how they want it and to set robust targets for improving services. In previous years, Best Value Reviews have been undertaken as a way of examining the efficiency of services (amongst other criteria), specifically looking at whether the right service is produced with the correct resources. This applies to the property implications of service delivery and delivering the Council's policy priorities. More recently the Government placed emphasis on the Comprehensive Performance Assessment (CPA) to increase the "voice of the community" in determining how effective the Council is. Latterly this was replaced by the "harder CPA" followed by the Comprehensive Area Assessment (CAA), reviewing use of resources, partnership working and direction of travel. The Council's Performance Plan reinforces the policy priority of managing resources effectively to deliver quality services. The relevant service principle states that: "The Council is committed to providing the best service possible for people of Peterborough". One of the key aims of supporting this principle is managing the Council's portfolio of land and buildings effectively and ensuring the provision of safe and efficient accommodation for all of its activities.
- 1.5.3 The property assets of the Council are regularly reviewed to challenge suitability i.e. do they meet the evolving needs of the services, what is their condition, how much investment is needed to bring them to good condition etc, and are they sufficient i.e. do they meet the changing space requirements needed. In addition, the use and ownership of the council's investment property portfolio (industrial units, retail units, and farms estate) is challenged, and in some instances market tested against similar private sector property. Property is also measured against 8 Key National Property Performance Indicators and benchmarked against other Local Authority property portfolios through the CIPFA Property Network. PCC is has recently refreshed its property data and therefore have current figures for benchmarking, although disposal or demolition of underperforming assets has had a positive impact on the estimated cost of maintenance backlog and Accessibility issues.
- 1.5.4 A key challenge for the Council is to reduce the numbers of vacant properties as these have financial implications in making secure, providing roaming security, paying empty property business rates, and maintaining the property to ensure it remains watertight and safe. The costs of providing roaming security is prohibitive and in some instances it has been considered good value management to demolish the buildings, particularly where these represent a health & safety issue. Recent demolitions include the former B & Q and Matalan units, both of which have suffered vandalism. Theft of copper pipes and cables has added to the detriment and degradation of some of the Council's vacant properties, London Road being the most recent example.
- 1.5.5 The economic downturn has had a significant impact on the value of the Council's property portfolio which is being stretched to enable provision of services, contributing to incomes, and providing capital receipts contributions for the growth agenda. Maximising value with competing priorities is critical and a balance has to be struck between selling a property at a reduced price in the current market, or retaining and incurring associated on-going cost of ownership until property prices improve. London Road is a typical example of the results of the current economic downturn, whereby the council has had difficulty in securing new tenants, the copper was recently stolen from part of the building and tenants have ended their leases because of economic trading pressures. To avoid on-going costs and also to enable progress for the Southbank development, the Property was targeted for demolition.

1.6. The use of IT to support property

- 1.6.1 Organisations cluster around the information they hold in order to do their business: traditionally this information is paper based and held in filing cabinets, to ensure easy

access and to enable sharing of this information workers gathered around the filing cabinets.

- 1.6.2 Use of ICT – whilst not re-promising the paperless office – enables the organisation to access that information from any where, any place, any time and reduces the “cluster effect”.
- 1.6.3 Investment and development of the Council’s ICT can enable greater use of mobile and nomadic working, home working and the opportunity to provide access to services from community based facilities (e.g. social workers based in schools). The first steps will be in the provision of a secure and robust ICT facilities to enable home working, as technologies become more stable and greater bandwidth available then truly mobile working can be facilitated. The further deployment of agile working will enable greater flexibility for ‘nomadic working’ - i.e. those workers who move from site to site, and can work from any number of office locations. This will increase the demands placed on information and building security.
- 1.6.4 The Council has appointed SERCO as a partner to provide and manage ICT Services. SERCO are commencing an implementation programme to introduce “thin client”. Currently there are throughout the Council a variety of different types of computers, of varying ages, capacity and functionality, and with differing programmes loaded onto their hard drives. This creates a unique desk user situation, as a desk, even if it is temporarily vacant, is not capable of being used by another officer with a different ICT profile. Thin client aims to remedy this through programmes being installed on the Council’s main servers, and desktop units (phones/computers) being standardised and refreshed where necessary to enable use by anyone, anytime and at any work station. This will support flexible and agile working proposals, and help to reduce costs of office moves as ICT will remain in situ and only the person moves. It will also enhance the capabilities and accessibility of the ICT services if working remotely, such as from home.
- 1.6.5 The Council has embarked on an ICT Improvement program to upgrade and maintain all central ICT systems and servers. Standards and Policies for ICT are now being implemented.
- 1.6.6 In addition and to support the ICT programme, the volume of paper document storage is being addressed. This will enable floor space to be maximised for people not storage, and will reduce risk of data loss. The rationalisation of the hard filing systems into an Electronic Document Record Management System (EDRMS) has commenced with payroll records. These remain accessible via an electronic database and have freed up significant floor area in one corporate office building. Children’s Services are also implementing EDRMS.
- 1.6.7 Strategic Property has procured a new asset management database. This has now been implemented and will enable greater sharing of data across the Council and external users such as elected members and schools will, in the future be able to access relevant data through an internet portal. The functionality and programmes available mean that all property data can be held or linked into one place and has given PCC an opportunity to refresh all data held.
- 1.6.8 These approaches will support the rationalisation of the property portfolio as they will allow greater use of a flexible portfolio. This is essential to maximise usage and given the increased opportunities to work from home will also increase the opportunity to reduce the number of core assets that the Council needs to hold for service provision.

1.7. Customer Service Centres – Peterborough Direct

- 1.7.1 In working towards the joined up delivery of the Council’s policy priorities the strategic deployment of assets within the context of the Asset Management Planning processes is crucial. Integration of services within a single location improves service delivery, while optimising the use of Council buildings.
- 1.7.2 Peterborough Direct is a business service concept that aims to improve the level of public access to a variety of council services and potentially other organisations that work in

partnership with the Council. This will be achieved by broadening the types of access channels and increasing the complexity of enquiry that each access channel can cope with.

- 1.7.3 The focal point of Peterborough Direct is the customer service centre which opened at Bayard Place in January 2007. A range of specific services are provided to customers from the centre together with general advice, information and sign posting on a multitude of other council and non-council services.. The centre also has a call centre and a number of 'self-service' kiosks where customers are assisted to access information about services the council and other relevant organisations provide.
- 1.7.4 Service improvements have continued to be made since the customer service centre opened both in terms of customer access and efficiency. In November 2009 the customer service transformation programme together with the councils back office efficiency project won the Local Government Chronicle Finance Award for Efficiency and in March 2010 following independent validation the customer service centre successfully retained the Customer Service Excellence (CSE) accreditation. The CSE is a central government standard which has replaced the Charter Mark Award that highlights through a rigorous assessment process that a service is delivering excellent customer service.
- 1.7.5 During 2010 further services were migrated to the customer service centre and an on line booking system was been successfully introduced for the registration service. Further work has also been undertaken to better understand customer demand and encourage access though more convenient and cost effective channels. These successes have been particularly evident in the number of customers who have moved from traditional face to face service delivery to call centre and from the call centre to self service.
- 1.7.6 2011 built on this work and saw further services delivered through Peterborough Direct including work with partners to ensure our customers not only have greater clarity in how to access a wider range of public services but will recognise that overall efficiency savings to the public purse are being made as a direct result of these changes.
- 1.7.7 Strategic Property and Manor Drive Solutions became part of SERCO from 28 November 2011 and will continue to deliver the services provided as part of the Council from that date as part of a Partnership which will look to deliver tangible savings for the Council over the life of the contract.

1.8. Partnership Working

- 1.8.1 Peterborough also takes the opportunity whenever practicable to work in partnership to deliver joint outcomes.
- 1.8.2 Current partnership initiatives include working with other government/quasi government organisations, such as Health, Police, Fire Services, Social Landlords etc to share services and accommodation. An initial project is being carried out under the Green Shoots banner to share and collate property data and PCC are recording this electronically on behalf of partners using Graphical Information System to overlay properties and identify any overlaps/synergies. A longer term project includes potential plans to develop a civic hub on the Station Quarter.
- 1.8.3 PCC is a member of the Greater Peterborough Partnership (GPP). In 2007 the partners within GPP reviewed and updated the Sustainability Strategy. As outlined earlier in this document four new priorities and key outcomes were identified including an emphasis on growth and developing services for the community. The aim to share services and accommodation, and longer term to co-locate into new sustainable premises, will promote growth in the City through encouragement of property initiatives utilising local authority and quasi government premises as enablers for new developments and businesses.
- 1.8.4 PCC continues to work in Partnership with Health Services in Peterborough. Proposed changes to the structure of Healthcare provision will result in PCC taking back the delivery of the Learning Disability Services and also Adult Social Care Service plus the responsibility and delivery of Public Health in March 2012.

1.8.5 Shared projects include:

- **Healthy Living Centre – Huntly Grove**
Site now established and providing services to patients with long term conditions such as diabetes services. Site is also providing a venue for local community groups to utilise out of hours so as to improve community cohesion.
- **Rivergate Centre – Oasis Centre, City Care centre, Adult Mental Health Services (Cavell Centre), New Hospital – Peterborough**
These facilities are now operational.
- **Alma Road Primary Care Centre – Equitable Access Centre**
NHS Peterborough Board opened this site in May 09 and provides walk in access to General Practitioner services 7 days a week between 7am and 10pm. Development plans are being advanced for a permanent new build.
- **Primary Care Centres**
Primary care centres will be considered on the basis of service need and affordability.
- **Orton Centre - Primary Care Centre**
NHS Peterborough in conjunction with the GP Practices are looking at options for a new build replacement for Orton Bushfield Health Centre within the Orton Centre subject to public consultation.
- **Palliative Care Centre**
Procurement being led by Sue Ryder to replace Thorpe Hall with a new build facility at a site yet to be determined.
- **Adult Social Care**
Putting People first – act local act personal DH (2010) clearly sets out the need for health and social care to jointly provide services to individuals promoting independence and enablement. Suitable tenured, independent accommodation for people with low, medium and high health and social care needs, is limited across Peterborough. How day services are provided will continue to be reviewed which is likely to involve the redevelopment of current city council stock to provide provision fit for purpose. The Asset Management Plans have shown the work that is required which if not undertaken will present an increasing risk to the City Council in terms of property management and potentially in terms of continued commissioning of services to residents at these sites. Further properties de-commissioned in 2011 included The Croft and Peverels Care Homes which are now being marketed following declaration as surplus, with a number of options being considered.

1.9 The Growth Agenda – Opportunity Peterborough & Peterborough Development Partnership

1.9.1 PCC aims to promote substantial growth in the region and has ambitious targets to meet by the year 2020. However, to reflect changes in the market where the Council now has to drive forward growth, various roles have changed. Opportunity Peterborough (OP) will now focus on the marketing of the City with the Council focusing on the delivery of the physical growth

1.9.2 With this in mind a new team has been established within PCC. The Growth & Regeneration Team will take this forward through a number of routes, but in summary projects will fall into three distinct areas:

- PCC acts as an enabler to bring together the various parties to encourage growth to move forward
- PCC are the major landowner and will set up a delivery mechanism

- PCC are the minor land owner and may seek to enter into an agreement with another land owner to bring development forward.

1.9.3 The aim of the Growth and Regeneration team is to implement the growth of the city. Key sites for delivery are as follows:

- Queensgate and North Westgate
- South Bank (including Carbon Challenge)
- Retail Quarter
- Station Quarter
- Northminster
- Peterborough District Hospital
- East Embankment
- Embankment

1.9.4 Works commenced in the City with the demolition of the former Norwich Union Building and re-development of the squares with paving and fountains; the council purchased the Peterborough United Football Club property freehold with a longer term purpose of enabling the development of the Southbank. The downturn in the national economy has impacted the rate at which the growth agenda is implemented. The Council is fully committed to working with its partners in Opportunity Peterborough, Peterborough Development Partnership, other public sector and private partners to support, encourage and promote the growth agenda..

1.9.5 The Council recognises the contribution PCC property assets will make to the growth of Peterborough either for use as development sites or through sale and use of the capital receipt. To date the sites have identified below have the potential to be included within future developments.

Assets held to Support the Growth Agenda

Site	Current Use	Comments
Wirrina	Car Park	Use to be identified.
Matalan and B&Q	Retail	Part of the South Bank development
Dickens Street Car Park	Car Park	Gateway to the City
Bridge House	Offices	High value development site
Embankment	Recreation	Use to be identified
Eastern Embankment	Grazing	Restoration works likely to give the site a negative value.
7-23 London Road	Entertainment and Retail	Part of the South Bank Development
Wellington Street Car Park	Car Park	Use to be identified
Market	Retail	Future use to be identified. Market will need to be relocated.
Cripple Sidings - Former Public House	Vacant Plot	Residential. Planned to be part of Carbon Challenge

- 1.9.6 It should be stressed that these future uses are indicative only. In reality the market will dictate the use of these sites and the therefore the capital receipt. However, the Council should recognise the financial contribution it is making to the growth agenda which demonstrates the Council's ambition and commitment.
- 1.9.7 In addition the Council is also looking to use its covenant to secure development within the City. In particular the Council is looking to consolidate activities to deliver economies of scale but also to use its "buying" power to encourage and promote development within the city.

Chapter 2 – Consultation

2.1 Consultation

- 2.1.1 Consultation is an important part of the Council's approach to the asset management process. Feedback from services, employees, users, tenants, partners and interest groups allows the Council to ensure that the property portfolio is allowing the delivery of good quality services. Corporately, the Council has a full time employee, whose role is to manage consultation with the Council's stakeholders. A range of methods is employed to get feedback. These include focus groups, challenge workshops, questionnaires, surveys and the internet. Overall the Council follows principle of 'Ask, Listen, and Act'.
- 2.1.2 Consultation is ongoing and is a part of the way in which Peterborough City Council undertakes its business. The outcome of the consultation exercises will continue to inform the Council's approach to managing its property and its capital programme.

2.2 Neighbourhood Management in Peterborough

- 2.2.1 Co-ordination of services and agencies across geographical areas is an essential prerequisite to ensuring local services meet local needs and expectations and are accountable to local people.
- 2.2.2 When residents and local communities can see how services are responding to their particular range of issues and problems, or perhaps responding to their ideas, it helps forge a stronger relationship between service providers and customers.
- 2.2.3 It is not just about the Council and the way it delivers its own services in a particular area; it involves all agencies and organisations that allocate resources into an area coming together, and by working together adding value to the resources which are already there.
- 2.2.4 By developing mutual understanding and ways of joint working, extensive and sometimes innovative ways of involving local people in service planning is needed - and not just on a one-off basis. The benefit of this approach is the development of responsive services- a key to creating and maintaining sustainable communities. This is the essence of Neighbourhood Management, demonstrating why this principle is at the heart of the Government's priorities for better public services.
- 2.2.5 Peterborough City Council has placed the principles of a neighbourhood approach at the heart of its continuous improvement agenda and it acts as a delivery mechanism to help achieve the majority of its objectives. The neighbourhoods approach will also form a fundamental and underpinning element to the new Single delivery Plan being developed by the Greater Peterborough Partnership.
- 2.2.6 The Council is developing a series of community plans which will be continually updated. The plans aim to ensure that the benefits of growth in Peterborough are shared across the city and that the co-ordination of services at the neighbourhood level achieves better impact and value for money.
- 2.2.7 The plan creates the opportunity to take a more comprehensive approach to service investment on a geographic basis and will encourage a better planned approach to the rationalisation, investment in and management of community assets.'
- 2.2.8 Community Plans are developed with communities and are owned and overseen by Neighbourhood Councils. Neighbourhood Councils make up a local decision making structure that forms part of the Council's overall decision making process. Still relatively new, they are increasingly becoming the recognised vehicle for identifying local priorities and for making decisions that deliver positive results for their communities.
- 2.2.9 Neighbourhood Managers provide senior officer support to neighbourhood Councils, and ensure that the decisions made are taken forward operationally.

Chapter 3 - Data Management

3.1 Identification of Assets

- 3.1.1 A statement of the Authority's built and land assets are held electronically in a property management system (The Technology Forge (Tf) procured 2010). Property ownership (Land Terrier) details are also held in digital format on GIS. Deeds for PCC freehold properties are held in secure storage and are accessed by designated officers. Electronic copies of the Deeds are retained for daily use in the property database where appropriate.
- 3.1.2 Drawn data is held in electronic (AutoCAD Lite/ GIS - Cartology), paper and microfiche format; condition surveys, suitability, sufficiency, asbestos, and access audits are held electronically and are being transferred to the Tf database. Other records such as service contracts, fire risk assessments, energy billing, and energy performance ratings will be electronically stored with the Tf database, which will be the main Property database for the council and will, in the future be accessible to many users via an Internet Portal.
- 3.1.3 The implementation programme for the Tf database is being used as an opportunity to refresh and update data for the whole of PCC property portfolio. Ten year financial plans have, in past years shown a considerable need for capital investment e.g recent Condition Surveys of the Elderly Persons Care Homes and Day Centres etc have identified maintenance backlog and building elements beyond their useful life totalling £2.5m. This sum includes both works that are essential and non-essential, but desirable e.g. redecoration). The PCT Estates Manager is working with PCC to identify necessary works to comply with Quality Care Standards and other funding sources.
- 3.1.4 School AMPs are undertaken on a rolling programme basis. Suitability, sufficiency and condition surveys form part of the AMP. The introduction of the Tf database has meant that all properties (schools and corporate buildings) will have new surveys undertaken over the next 12 months. The condition surveys will identify the estimated cost of the back log of maintenance. Drawn information is checked against the property and amended at the same time if necessary. If a drawing exists in a medium other than electronic, and requires updating the AMP property surveyor transfers the whole to electronic database.
- 3.1.5 Future development of the property data includes updating and improving drawn plans of all properties owned/leased by the council for service provision. These will be formatted to show data such as services installations infrastructure, asbestos, drainage, fire fighting installations etc.
- 3.1.6 Although surveys are being undertaken currently, they can quickly become out-of-date since property requirements change regularly, alteration works are carried out or condition or asbestos recommendations are addressed. The AMP relies on feedback from property users, maintenance surveyors, service clients, CPG etc communicating any actual or proposed changes. Where such information is made available a written note is placed on a file in service client and date order for updating the relevant AMP data. When the data has been updated the note is annotated.
- 3.1.7 Due to financial constraints, limited funds are available for investment in the property to address the backlog of maintenance. With clawback restrictions on the amount of capital receipts available from sales of surplus property (contribution to English Partnership/CNT), and the decreasing number of property assets with significant development potential and therefore value, Partnership/Private Finance Initiatives (PFI) arrangements are one way in which the problems might be addressed. More importantly is the need for the Council to undertake a rigorous review of the current property holdings used for service delivery. Integrating services spread across a geographical area into one purpose built unit or disposing of those properties that have high maintenance costs are other possible options. The AMP will inform the overall property strategy.

The AMP condition data will also be used to inform repair and maintenance programmes, with whole life aspects being taken into account to enable planned maintenance

programmes to be established. The benefit of implementing a programme of planned maintenance will result in an overall reduction in cost in the long term.

School AMP works are funded specifically by DCSF (Modernisation and Formula Capital) enabling capital to be targeted at the greatest needs. Using this funding, a rolling programme of works for condition categories D1, C1 & C2 has been implemented for the schools, with the order of works established through a priority matrix introduced into the asset management process to eliminate subjectivity (subject to emergency condition works). A similar funding mechanism from DCLG would assist authorities in a similar position to ourselves with limited available resource to address backlog of condition in corporate property portfolio

Suitability & Sufficiency & Access Audits – data has been gathered from the property users and through access audits. These will inform the strategic property decisions on the effectiveness, efficiency and economic use of property for service provision and the need for change. Existing office floor space is being maximised in line with Audit Commission Hot Property e.g. Human Resources, Finance and Housing have been relocated into space created from the rationalisation of existing services in one of the principal operational buildings. The central library has also been adapted to include other services and the Peterborough Direct Service Centre has been relocated to Bayard Place.

- Costs – the AMP includes a 10 year financial plan for condition (including asbestos related works), suitability issues are priced and access audits are priced and prioritised. The cost information will be used to inform overall decisions on the use of the property and the need to retain or dispose. Under-performing assets may have high running costs and these will need to be investigated.
- Environmental considerations – Operational property, energy, water and CO² emissions data has been collected (PPI 4B-D). It has been agreed with the Children's Services Department that schools will be benchmarked against each other grouped by type, size etc. e.g. Secondary Schools. The Corporate Properties will be benchmarked against National data provided by DEFRA and will be evaluated by types. Consideration will also be given to geographical location, since this might indicate a trend. When comprehensive information is available it will be used to inform the authority of property assets that have high levels of consumption or emissions.

Since the Authority does not have complete drawn data base from which to gather floor areas and has not been provided with copies of energy invoices (where the authority does not manage the account on behalf of the service provider), limited information is available at this date.

- Investment portfolio – The authority has industrial, retail and agricultural investment properties, which are continually under reviewed. Some of the retail units are in the process of, or have been sold where it is known that considerable capital investment would be required to upgrade them e.g. Bretton Centre and Orton. The IRR has provided a tool to measure actual costs of holding and managing a property against the rental income.

3.2 GIS in Peterborough

- 3.2.1 Peterborough City Council is currently implementing a corporate GIS programme. This programme includes using GIS to enable the council achieve its corporate objectives and priority outcomes, developing a corporate set of data and developing an internet/intranet service to make spatial data available to all officers of the council and the wider community. The objective of the strategy can be defined as:

“To improve the effectiveness and efficiency of service delivery through access to and analysis of high quality comprehensive spatial information referenced to land and property.”

3.2.2 It is also recognised that 85% of local government information can be referenced to land and property addresses. (source IDeA). Therefore, in order to deliver joined up services and joined up information, GIS technology is seen as fundamental.

3.2.3 At present, there are approximately 100 desktop GIS users throughout the council. The GIS programme will assess the quality of the data captured by these posts along with spatial information taken from outside the authority and assist with correcting anomalies and capturing missing data areas. Where appropriate, this data can then be made available through the desktop applications and the internet/intranet service. Hawkeye has been available for this purpose since July 2007

3.3 Asset Summary

3.3.1 The new Property database has enabled an increase in the amount of data that is held by the Council in support of the Property Portfolio. Current property holdings are estimated to amount to approximately 1500 asset records. The data has been refreshed and is vital to enable meaningful management decisions to inform what property is retained for service provision, investment decisions and disposals and will align to the Strategic Property service plan.

3.3.2 Given the above, the data identified in the table below is limited and will change as additional information becomes available.

Details of categories	Summary of categories	No.	GIA (sq m)
Office, Depot/Store/Public Convenience	Admin/Depot/Other	44	54,903
Arts Venue/Pools	Leisure	4	11,154
Library	Libraries	7	6,235
Schools/Colleges/Childrens Centre/Pupil Referral Unit/Special Schools/Caretaker Houses	Education	82	233,253
Residential Homes/Day Care Centres	Social care	19	14,590
Sports Centres/Youth Centres/Community Use/Community Related Asset/Pavilion/Play Centre/Recreation Grounds	Community assets	82	32,820
Cemetery/Industrial/Retail/Not defined/Open Space inc buildings/Garage Site/Travellers Site	General	133	40,738

Chapter 4 - Performance Management Monitoring and Information

4.1 Responsibility for Performance Management

- 4.1.1 As the lead officer for asset management, the CPO is responsible for ensuring that the Council's property portfolio performs to its optimum. The Council has developed its approach to asset management to ensure that assets are utilised to their maximum potential in delivering good quality services and financial return.
- 4.1.2 The Council's asset database system is used to collect, maintain and analyse performance information across all portfolio areas.
- 4.1.3 The CPO receives reports from Strategic Property on the performance of the portfolio and is empowered to make recommendations to CMT and ultimately Cabinet.

4.2 Comparing Performance

- 4.2.1 The Department of Communities and Local Government has indicated that it no longer requires Council to submit information on property performance indicators, which was a requirement in previous years. COPROP have developed a suite of performance indicators with Local Authorities and the RICS. The performance indicators are summarised below and PCC is able to upload data via CIPFA Property Network to enable benchmarking against other Local Authorities. CIPFA property Network summarises the data annually and reports back to the group. Since PCC are refreshing data, a new set of metrics will be produced for the Performance Indicators in conjunction with our partners and submitted to CIPFA Property.

4.3 Performance Indicators

- 4.3.1 The COPROP suite of indicators are as follows:

Indicator	Description
PMI 1	Condition and required maintenance
PMI1A	% Gross internal Floor space in condition categories A – D
PMI1B	Required Maintenance by cost expressed:
B i)	As total cost in priority levels 1 -3
B ii)	As a % in priority levels 1 -3
B iii)	Overall cost per square metre GIA
PMI 1C	Annual percentage change to total required maintenance figure over previous year
PMI1D i)	Total spend on maintenance in previous financial year
1D ii)	Total spend on maintenance per square metre GIA
1D iii)	Percentage split of total spend on maintenance between planned and reactive
PMI 2	Environmental Property issues (National Indicator)
PMI 2A	Energy costs/consumption (gas, electricity, oil, solid fuel) to be reported by property category in £ spend per m ²
2B	Water costs/consumption to be reported by property category in £ spend per m ² and by volume m ³ per m ² GIA
2C	CO ² emissions to be reported by property category in tonnes of carbon dioxide per m ² GIA
PMI 3	Suitability Surveys
PMI3 A	% of portfolio by GIA sq m for which a suitability survey has been undertaken over the last 5 years
PMI3 B	Number of properties for which a suitability survey has been undertaken over the last 5 years

Indicator	Description
PMI 4	Building accessibility surveys
PMI 4A	% of portfolio by GIA sqm for which an access audit has been undertaken by a competent person
4B	Number of properties for which an access audit has been undertaken by a competent person
4C	% of Properties by GIA sqm for which there is an accessibility Plan in place
4D	Number of properties for which there is an accessibility in place
PMI 5	Sufficiency (Capacity and utilisation) Office Portfolio
PMI 5 A1	a) Operational office property as a percentage of the total portfolio and b) Office space per head of population All calculations of space based on GIA
5A2	Office space as a percentage of total floor space in operational office buildings using NOS to NIA
5A3	a) The number of office or operational building shared with other public agencies b) The percentage of office operational building shared with public agencies
5B1	Average office floor space per number of staff in office based teams (NIA per FTE)
B2	Average floor space per workstations (Not FTE) use NIA
B3	Annual property cost per workstation (Not FTE)
PMI6	Spend
PMI6A	Gross property costs of the operational estate as a % of the Gross Revenue Budget
6B	Gross Property costs per m ² GIA by CIPFA categories/Types
PMI7	Time and cost Predictability
PMI 7 A	Time predictability: Design The percentage of projects where the actual time between Commit to Design and Commit to Construct is within or not more than 5% above, the time predicted at Commit to Design
7B	Time predictability Post Contract: The percentage of projects where the actual time between Commit to Construct and Available for Use is within or not more than 5% above the time predicted at Commit to Construct
7C	Cost predictability Design: The percentage of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design
7D	Cost predictability Post Contract :The percentage of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct

COPROP is currently in consultation regarding a proposed PMI No. 8 “Tenanted Non-residential portfolio”. Principally this PMI aims to challenge the costs and benefits of continued ownership of tenanted properties.

4.4 Continuous Improvement

- 4.4.1 The Council is committed to providing the best possible services to local people and will continue to see how it can improve those services even further. Through the asset management process, the continuing development of service delivery plans and service key issues set out the property implications of service requirements. This enables Strategic Property to understand, improve and target more efficient, high standard accommodation for service provision. The aim continues to be to provide such accommodation where this will improve service delivery.
- 4.4.2 Use of resources through the Comprehensive Area Assessment has been one of the key drivers for identifying service delivery priorities. However there are a number of other drivers that also establish the need for Council Assets in the future. For example this would include reviews of Service Assets, Improvement Plan and Council Priorities. These drivers have an impact accommodation and physical resource requirements for service improvement and set actions for improving services through rationalisation, refurbishment, rebuilding, integration of services, improving response to repair requests and other measures to ensure greater efficiency and increased performance.
- 4.4.3 The Council has adopted a range of local indicators. The Council not only uses these to compare performance year on year but to assess performance against other similar authorities and the private sector. These practices are then fed back into the asset management process and contribute to improving the Council's performance.
- 4.4.4 In addition performance of key indicators is measured on a monthly basis at Senior level within Strategic Resources where corrective actions are identified if necessary.
- 4.4.5 The Council also takes the opportunity to Network with other organisations through forums such as CIPFA. In particular this networking allows the Council to develop and adopt best practice from elsewhere

Chapter 5 - Programme and Plan Development and Implementation

5.1 Service Delivery and Property – identifying project need

5.1.1 The Council has implemented a corporate approach to asset management. This is an ongoing process of developing a programme whereby the Council's assets contribute towards the Council's objectives of year on year improvement in service delivery. In practice this involves:

Property Information

- A co-ordinated property review programme
- A rolling programme of condition surveys
- Asset energy use monitoring
- Suitability & sufficiency surveys
- DDA, asbestos and other specialist surveys
- Compilation of data in the asset database
- Ongoing reviews of property holdings, (Community Centres, Libraries, etc.)

Corporate and Service Direction

- Property Key Issues
- Service Plans and Business Plans
- Business Continuity
- Corporate Policies & Strategies
- Capital Strategy
- Central Government Input

5.1.2 The collation of property information and data is essential to enable informed decisions to be made with regard to the assets. The corporate and service direction issues guide these decisions.

5.1.3 The forum for making recommendations to Members on property issues is currently through the CPO and in the future is expected to be through the Property Board. Decisions on programmes and plans for projects are made taking into account output and outcome targets. Approval of decisions made via the CPO is sought through CMT, the portfolio holder and Cabinet. An example of this in practice is the use/ownership of property and costs in use associated with that property such as revenue costs of maintenance, capital investment in repairs and other associated costs such as running costs. It is essential that the council only retains property that will support service provision and meet priorities going forward.

5.2 Resourcing Capital Projects

5.2.1 The Council can raise capital funding from a number of sources;

- Grants and Contributions from external sources through the various funding regimes and/or through government initiatives e.g. Heritage Lottery funding has enabled a project to significantly improve the Museum facilities with an emphasis on learning and improving the visitor experience.
- Borrowing, with the financing of the borrowing funded by either Central Government, Council Tax or savings within the revenue budget
- Contributions from the revenue budget
- Capital Receipts generated as a result of the LSVT with Cross Keys Housing which is on a 30 year formulaic agreement
- Disposal of assets.

- 5.2.2 In addition the Council continues to investigate alternative ways in which funding can be delivered although these sources have been severely impacted by recent Government Spending Review and subsequent austerity measures. These include:
- Public Private Partnership
 - Building Schools for the Future (BSF) Project
 - Making Better Use of Local Authority Assets
- 5.2.3 The Council recognised that it has neither the capacity, and in some instances, the expertise to deliver the ambitious Growth Agenda contained in the capital programme. The relatively short programme makes it impracticable to recruit additional staff given the time that it will take for them to achieve the necessary level of competence. Consultants with the requisite skills are therefore being used to deliver this programme.
- 5.2.4 To meet the challenging objectives of the Council and the associated Capital needs it is essential that maximum capital receipts are generated where practicable. However, the Council will not dispose of Property Assets at less than the market valuation unless there is an overriding need which is supported by a Business Case.
- 5.2.5 The Business Case will consider the difference in value between the proposed capital receipt and the maximum capital receipt that could have been obtained following receipt of the valuation which is procured through Strategic Property.
- 5.2.6 The Council has been successful in securing funding from all the aforementioned sources in the past. However, to meet the ambitions of the Council an ambitious programme of disposals was implemented as part of the Councils 2007-10 Medium Term Financial Strategy (MTFS). This has been reviewed annually and the Medium Term Financial Budget 2012-17 includes an updated list of properties under consideration. The focus includes a review of any surplus land and property assets of the Council. Those assets that have high liabilities, are underused, and occupy valuable sites and/or are no longer required for service delivery will be disposed.
- 5.2.7 It should be noted that the economic recession continues to have a significant impact on the funding on the Capital Programme, with the capital receipts target hit by a fall in value of both land and property and the Council receiving a reduction in demand for the larger sites.

5.3 Children's Services Requirements

- 5.3.1 Peterborough's Children's Single Delivery Plan 2011 sets out how the Council and its partners through the Greater Peterborough Partnership and Peterborough Children's Trust will work together to achieve better outcomes for Peterborough's children and young people. The Department is currently reviewing its Corporate Asset Management Planning process but has a robust system of school related Asset Management Plans. Children's Services is currently working towards 'Delivery through Localities'; this may ultimately lead to locating services within certain localities and some attendant property requirements.
- 5.3.2 The Department also plans to re-introduce the School Organisation Plan once a statutory document. This strategic document will include information on demography and will inform the planning of schools places (including the need for additional schools) into the future.
- 5.3.3 Previously 99% of Children's Services capital expenditure has been Government grant funded. With pressures on Government funding it should be borne in mind that current funding streams may not be sufficient to meet the pressing demands of an increase in demand for school places from the current population and to meet the needs of future growth plans.
- 5.3.4 The Local Authority has completed Phase 1 of a major modernisation of Peterborough's secondary schools through the city's Secondary School Review Project covering all secondary schools in the city in two main phases. This commenced with the opening of the new Hampton College in September 2005. In September 2007 the Thomas Deacon Academy and the Voyager School opened as successor schools to 5 closing secondary schools. The Voyager

School is covered by a PFI contract as are the extensions and refurbishments to Jack Hunt School and Ken Stimpson Community School.

- 5.3.5 In parallel with these major projects, The Kings School, St John Fisher Catholic High School and Arthur Mellows Village College are all nearing completion of major refurbishments, including additional facilities, funded through successful bidding for Government grants.
- 5.3.6 Bushfield Community College has entered the Governments Academy programme and opened as Ormiston Bushfield Academy in September 2009. Plans for a new school building due to open shortly are in the construction stage.
- 5.3.7 Phase 2 of the Review, covering Stanground College and Orton Longueville School has now been accepted into the Governments BSF programme. Plans for a replacement school and a major refurbishment programme are in the early stages of negotiation with the Government.
- 5.3.8 As part of the School Place Planning process, it has been identified that due to changes in our demographic predictions; there may be a short fall of Secondary School places. As part of the School Organisation Plan several alternatives are being investigated to meet this pressure. This may have implications for existing Council assets.
- 5.3.9 The Government's plans for investment in the Primary School Estate were announced in November 2008. This is a 15 year programme which anticipates that 50% of the Council's primary school estate will benefit from projects ranging from total rebuild to minor refurbishment. The Primary Strategy Document approved by the Government will inform the decisions made on which schools benefit from the initial £8m available for 2009 - 2011. However the pressing demands of additional school places over the next few years has already meant a major review of this programme and aspirations of addressing suitability and condition needs of the Primary school estate will now be focused on having to provide additional school places.
- 5.3.10 Continuing investment in the primary school estate through a comprehensive programme of mechanical and electrical improvements and fabric upgrades hopefully will still be able to be fulfilled.
- 5.3.11 Children's services are committed to incorporating sustainable solutions into all of its building projects, working towards the Government's target of zero carbon schools by 2016. Government funding towards some specific zero carbon elements for the new Welland Primary School has been awarded and technical designs are currently being worked up. This should produce some qualitative data that will be shared with schools around the country
- 5.3.12 An increased pressure on primary school places and the need to provide 6th form facilities at the secondary school has required the Council to invest in a school building programme in the Hampton area in addition to the planned growth from the Section 106 agreement.
- 5.3.13 The Government funding secured for a major refurbishment programme at Clare Lodge continues as a phased project.

5.4 Option Appraisal and Project Prioritisation

- 5.4.1 The capital resources calculation for the next 3 financial year's takes account of the Council's agreed policy for prioritising capital proposals. Priority is given to schemes that;
- Are consistent with policy priorities identified in the Council's Action Plans in particular those working towards the Councils longer term strategic objectives
 - Meet the principles of the Sustainable Community Strategy
 - Allow spending in accordance with allocations and specific resources
 - Relate to commitments from previous years
 - Address strategic maintenance needs of existing assets from the AMP
 - Assist in the maintenance of existing service provision

- Maximise the availability of external funding to enhance value for money
- Meet mandatory and or statutory requirements

5.4.2 Should it be decided that the most appropriate route for financing a project is through the Council's capital programme, there is a robust appraisal mechanism that ensures that all projects work together towards the delivery of the key outcomes.

5.4.3 Capital project proposals and an agreed capital programme are developed from action plans evolving through the Policy and Service Planning Cycle. Comprehensive Area Assessments use of resources may also influence project proposals since option appraisals take account of property issues.

5.4.4 As part of this process capital proposals are invited from Service providers and options are identified and appraised. The Council's various Project Boards confirm the requirement and proceed to the next stage with regular reports back. This does not preclude the requirement to obtain the necessary approvals as set out in Contract Regulations. It ensures that projects are tested before they get to this stage.

5.4.5 It is now mandatory that the CPO is consulted as part of this process. If the project is in accordance with the Asset Management Plan the CPO or their delegated officer for property signs approval to the project and considers any property implications arising from the project. Targets are set for all projects and programmes requiring capital investment in accordance with the Council's Asset Management Plan.

5.4.6 The need to reduce revenue costs associated with property ownership which in part are linked into environmental considerations such as carbon reduction commitment, reducing energy inefficiencies, what happens to the property at the end of its useful life etc require a committed consideration of total life costs, requiring risk assessments to be undertaken to evaluate differing options and the risk/benefits of doing/not doing a project. Emphasis should be placed on reduce, re-use and recycle where practicable rather than renew.

5.5 Links to the Capital Programme

5.5.1 The Head of Strategic Finance is responsible for co-ordinating the Council's capital programme. The preparation of that programme starts in the early autumn of each year when the likely level of capital resources including capital receipts from the sale of surplus property and development sites is identified. The extent of funding required is determined by bids submitted by Directorates. These are then prioritised against an agreed matrix which identifies those which should be given priority. This will reflect the Medium Term Financial Strategy and determines the levels of capital spend

5.5.2 The resources for the capital programme will come from the following sources:

- Capital Receipts
- Capital grants and third party contributions
- Supported and unsupported borrowing

5.5.3 These resources are aggregated to give the total amount available to fund the capital programme in the next year. After taking into account the level of slippage and commitments the level of resources available for new starts is determined.

5.5.4 Using the best information available the likely level of capital receipts is also projected for the next two years. As the review process continues to develop confidence in the projected disposals for the next few years is becoming greater and as such the estimated resources become more realistic. An estimate of the likely level of other capital resources is also made for the following two years.

5.6 Financial Planning for the future (3-5 year action plan)

- 5.6.1 The capital resources projection currently allows a 5 year capital programme to be set. As the review process becomes more sophisticated the level of resources for future years will become more certain, allowing the Council to develop a capital programme which extends to a 10 year rolling programme.
- 5.6.2 The revised capital programme for 2012/13 is yet to be confirmed. This will include the rolling programme for Structural Maintenance of Council Buildings. This programme will be reviewed in line with the level of resources available and in accordance with the development of the Asset Management Plan and the Capital Strategy.
- 5.6.3 As additional resources are confirmed, the Council will add schemes to the capital programme or reduce the borrowing requirements.
- 5.6.4 The Council will also look to maximise the use of external resources to deliver Council objectives. Funding opportunities that have an impact on the property portfolio are considered at the Corporate Asset Management Group. Consideration will include:
- Identify and disseminate information on relevant funding opportunities within the Council.
 - Analyse and evaluate funding opportunities in relation to Peterborough City Council's strategy and long term objectives, and to recommend appropriate bidding strategies.
 - Provide specific advice to Directorate staff on project funding opportunities.
 - Lead on the development of cross-Council and inter-agency bids and initiatives, as appropriate.
 - Provide intelligence/analysis to Cabinet Members, Directors and lead staff
 - Develop and maintain high level relationships and contact with the representatives of principal UK agencies and organisations.
 - Develop and continuously improve relationships with key partners in respect of external funding.
 - Support and develop external and internal funding networks that focus on increasing funding leverage and improving capability internally and externally to develop successful relevant bids.
 - Identify quantitative and qualitative performance measures and to collate and compile corporate performance reports on external funding.

5.7 Financial Planning for the future (6-10 year action plan)

5.7.1 Growth Bids

To support the existing and approved Council strategies, particularly those associated with growth such as the Core Strategy, Integrated Development Plan, and Local Transport Plan, there are a variety of growth bids that are necessary in order to deliver future infrastructure requirements. These include new schools, highways and transport schemes. These bids are dependent on the rate of growth within the City over the next ten years, and may be funded through a variety of funding streams which require further exploration such as, but not limited to:

- Third Party contributions – grants and developers
- Tax incremental Financing – awaiting further consultation on this area following the recent localisation of business rates consultation
- Business Rates – for example, supplementary business rate usage or locally led increase in business rates to support infrastructure
- Community Infrastructure Levy expected to be implemented from April 2013
- New Homes Bonus

- Capital Receipts
- Corporate Borrowing – either through traditional PWLB methods or consideration to a Council bound issuance

Chapter 6 - Towards the Future

6.1 Getting More From Less

- 6.1.1 At present day-to-day management of property is left to those Services that use it to deliver a service. Whilst major maintenance will be funded from Strategic Maintenance (AMP Budget) the balance is funded from the services. This tends to be responsive and is unlikely to take into account the long term future of the asset.
- 6.1.2 In addition the Council is suffering from an ageing Property Stock. There has been an under-investment in the property portfolio and Peterborough, in common with many other authorities, faces a maintenance liability in excess of £50M that will have to be addressed.
- 6.1.3 The current approach has led to a portfolio that is not focussed on council-wide delivery. Some services are being delivered from assets simply because the building has become available and not that it is ideally located and fit-for-purpose. A more strategic approach would lead to a Property Portfolio that is targeted on service delivery consistent with the efficient use of assets.
- 6.1.4 The Council is required to obtain Value for Money from the property it uses. It must ensure that their property portfolio is tailored to the needs of the Council with sufficient flexibility built into assets to ensure that it can respond efficiently and effectively to changing requirements.
- 6.1.5 The current perceived piecemeal approach is leading to expenditure across the whole of the portfolio without focussing on those areas where there is a long term need and in-house expertise is not being fully utilised. In contrast, a more centralised approach to the management of property would lead to:
- A consolidation of the property portfolio into core assets i.e. those that have a long term future.
 - Savings generated from economies of scale.
 - Efficient and effective use of the property portfolio.
- 6.1.6 In addition we would wish to achieve the following outcomes:
- Enhanced customer and Stakeholder satisfaction – leading to greater VFM. This will be measured by benchmarking, market testing and customer satisfaction questionnaires
 - Affordability – a clear process for assessing prudence, affordability and sustainability.
 - Compliance with statutory and regulatory codes
 - Improved corporate management – the ability to demonstrate clear linking between corporate and service goals
 - Environment – Sustainability through efficient use of resources and minimise the impact of our property portfolio on the environment.

6.2 The Next Steps

- 6.2.1 The next three years there are many changes that will face PCC and in particular they will focus on the effective use of Property Assets. The targets for property will be subject to change. However it is possible for us to identify both medium and long term targets.
- 6.2.2 Given the above the following action will be undertaken to support the rationalisation of the property portfolio:
- Market Testing of areas of Strategic Property. It is proposed that in the first instance this will concern itself with the Investment Properties.
 - Savings outlined by inclusion within the budget strategy
 - Implications of the Green Shoots project and combining property resources across government sector organisations
- 6.2.3 Work will continue to rationalise the property portfolio. Agile and flexible working will be introduced together with sweating assets through maximising occupation. The aim is that up to 30% of staff who are able to operate without a permanent office location /desk space, will work both from home or various offices as needs arise. Together this will involve a different way of working with the Council moving away from where an outcome is delivered to focusing on where it is required.

Chapter 7 - The Strategic Approach to Property

7.1 The Current Position

- 7.1.1 Whilst there have been prestigious new developments such as the Voyager School, property acquisitions such as Peterscourt, and other developments such as PFI for schools, the underlying trend is of an ageing property stock.
- 7.1.2 This is confirmed by the increasing backlog of Maintenance and further compounded by the impact of new legislation such as the Disabilities Discrimination Act 1995, Regulatory Reform (Fire Safety) Order, Asbestos Act, and Energy Performance requirements etc. The total maintenance liability projected over a ten year period exceeds £28m based on 08/09 figures. The planned refresh of the property data over 2011-13 will provide an updated position and take into account properties either demolished or sold during the last two financial years...

7.2 The Way Ahead

- 8.2.1 It is clear that we must drive towards a more efficient use of the Property Portfolio. As a Council we need to look at ways in which we can make more of our existing portfolio whilst disposing of those which do not meet an operational need or fail to meet the necessary performance criteria.
- 8.2.2 In addition the establishment of Peterborough as a Growth Area will also lead to greater investment in the PCC area. Working with Opportunity Peterborough and other Partners, PCC will also lead on encouraging inward investment from the public and private sectors.
- 8.2.3 In April 2007 Cabinet agreed the Corporate Property Strategy. This sets out how the Council will ensure that property is effectively and efficiently managed. In essence it establishes the following:
- The Council will aim to re-use properties which are declared surplus unless they have reached the end of their life in terms of council service provision. Any future use will be subject to the completion of a Business Case that is supported by an Option Study, Investment Appraisal.
 - Any building works including demolition, refurbishment, new-build, or alteration will be subject to the completion of a business case that will include an option study, investment appraisal and whole life costs and will be submitted for approval to the CPO.
 - Services will advise Strategic Property of a 'Need' in terms of Property. When property is declared surplus Strategic Property will seek to align this opportunity with a requirement.
 - Surplus property will be offered to Groups, Services and Partner Organisations. If there is no future use identified within 4 weeks then the property will be declared surplus and Cabinet will be advised of the recommendation for disposal. Only in exceptional circumstances will a property be removed from the disposals list and only then with the agreement of the CPO and Cabinet Member responsible for property.
 - Where the Council holds properties 'In Trust' for the use of the Community then the Council will seek to make maximum use of these facilities or support Trustees to maximise benefits from the property.
 - The Council will seek to minimise the use of Leasehold Properties. The Council will only enter into these types of arrangements for the short-term and when such a move is supported by a Business case that includes an investment appraisal and Option Study. Only Strategic Property working for the CPO will enter into negotiations and agree terms for a Lease or Licence.
 - The Council will aim to co-locate operational activities to maximise use and benefit from economies of scale.

- The Council will aim to dispose of those operational property assets that have the greatest outstanding liabilities and/or no longer meet service needs. These liabilities will include DDA, Backlog of maintenance, Energy Efficiency, Asbestos etc.
- The Council will look to reduce the Backlog of maintenance by:
 - Identifying core assets and targeting expenditure in these areas.
 - Using the Backlog of Maintenance as a key indicator when considering the business case for the disposal or retention of assets.
 - Increasing expenditure

In addition the position regarding Backlog of Maintenance will be reported to Cabinet annually when the data has been refreshed.

- The Council will work with partners to maximise the joint use property and benefit from economies of scale through Green Shoots and development of a Civic Hub in the future.
- The Council will transfer ownership of property to partners where the objectives of that partner accord with the objectives of the Council e.g. Growth projects.
- The Council will ensure that all assets built by or on behalf of the Council accord with good practice, demonstrate value for money (through Total Life Costs considerations) and are economically and environmentally sustainable.
- The Council will focus expenditure onto those assets that have a long term future.
- Accommodation will be provided in accordance with the Accommodation Strategy contained within part 2 of this report.

8.2.4 This combined approach will ensure that there is a reduction of the maintenance liability. However it should also be noted that as long as the council holds a property portfolio there will be a maintenance liability. This will need to be planned for to ensure that there is a structured and cohesive approach to the management of the portfolio.

The Disposal Option

8.2.5 The process for dealing with surplus assets is set out in Part 2 of this Plan. However there are factors that will be considered in coming to a disposal solution.

8.2.6 The disposal of an asset is not a decision that will be taken lightly. The criteria that will be considered are summarised below:

8.2.7 Location

8.2.14 Value

8.2.8 Suitability

8.2.15 Alternative use value

8.2.9 Maintenance liability

8.2.16 Energy Cost

8.2.10 Annual Maintenance costs

8.2.17 Running Costs

8.2.11 Age

8.2.18 Covenants

8.2.12 Condition

8.2.19 Potential future uses

8.2.13 Capacity

8.2.20 Sustainability

8.2.21 Each asset will be assessed against each of these criteria. However any decisions will be based on the strategic need for a particular asset in a particular area and the impact of the closure and eventual disposal would align with the overall council objectives. It will also be supported by a fully developed business case.

8.2.22 The whole of the property portfolio will be kept under review. Those operational assets held by services will be robustly challenged. This will require services to justify the holding of assets. As a Council we will only continue to hold those assets where there is:

- A justified operational requirement
- An acceptable investment return
- A strategic reason
- Social need.

8.2.23 The council will also consider disposal of assets to partner organisations. In such circumstances such partner organisations will also need to agree to sign up to the delivery for options that align with those of the council. In addition the council will reserve the right to bring those assets back into council ownership. Also such assets will not be disposed of without the permission of the council and the partner organisation will also take on all maintenance liabilities.

8.2.24 In addition the council may look to dispose of assets to community organisations. In such circumstances the council will need to be certain that any community organisation is capable of actively managing such assets. Similarly any such agreement will allow for the use of the asset for community uses.

7.4 Outcomes

7.4.1 The Strategic approach to property must lead to a Property Portfolio that is tailored to the outcomes of the Council. Property does not exist for properties sake. The approach outlined will not only lead to a rationalised property portfolio but it will also ensure that the Council has a portfolio for the future. A Portfolio that has the flexibility and efficiency to take the Council into the future

7.5 Surplus Property - Declaration and Procedures

- 7.5.1 As soon as a Head of Service becomes aware that property used by his / her service may become surplus to the requirements of that service (either through a service review or otherwise) the CPO will be advised immediately.
- 7.5.2. If a building or structure is at any time vacated by a service, it is the duty of the Head of Service to make arrangements, in consultation with the CPO, regarding security and insurance of that property.
- 7.5.3 The CPO must be consulted over any Cabinet / Strategy /CMDN report mentioning potential closure / vacation of a property. This will enable the CPO to inform and comment on the implications for the service and the Council over the future of that property and likely timescale for disposal.
- 7.5.4 When a Head of Service can confirm that a property definitely will be / is surplus to that services requirements, they will advise the CPO. The following information will be provided:
- The future of any fixtures and fittings in the property
 - Arrangements for services and utilities and meter readings if necessary
 - Arrangements for security, fire and any other alarms
 - Arrangements for physical security of the property
 - Arrangements for any heating system in the property
 - Labelling and hand over of keys
 - Date for the property to be transferred to the responsibility of CPO.
 - Details of where costs associated with the previous use of the building e.g. dilapidations are to be booked to.
- 7.5.5. The CPO will only accept the asset when:
- It is secure and the necessary security measures are in place
 - The asset is safe or alternatively Strategic Property agrees to take the asset with the outstanding safety issues.
 - It is wind and watertight
 - Operating Costs budgets i.e. rent, rates, insurances security, FM etc have been transferred to Strategic Property.
 - Any income is transferred to Strategic Property
 - The keys are provided
- 7.5.6 In some instances the CPO will require the service declaring the property/land surplus to undertake certain works. For example this could include demolitions or dilapidations. These will be agreed before the CPO accepts the asset.
- 7.5.7. The service declaring the asset surplus should also make sufficient provision to cover dilapidations costs if there is no longer a requirement for the asset, if the lease (if applicable) is to be surrendered or the lease has come to an end.
- 7.5.8. On the date that the property is transferred to the responsibility of the CPO, the service declaring the property surplus will have:
- No further physical management responsibility for the property.
 - No further responsibility for the capital charges, business rates (NNDR), energy costs, security and essential repair & maintenance for that property.
- 7.5.9 Once the CPO has been informed of a property being considered as surplus by a service, and as soon as is appropriate, he will approach all appropriate Heads of Service across the Council.

This approach will be by e-mail and will identify the property and location, and invite any interest from other services (or their partners organisations) with a deadline for response. If no response is received within 4 weeks then it will be assumed that there is no future use for the asset. Any future use of the asset will be supported by an Option Study that will include a Whole Life Costing. The CPO reserves the right not to offer any asset to Head of Service if there is a Strategic requirement to use that asset in another way.

7.5.10. In considering interest in the property, the Head of Service will be required to:

- Identify service need for additional property requirements
- Identify funding for the costs likely to be associated with the property - CPO will endeavor to provide information on capital charges, business rates (NNDR), energy costs and repair & maintenance allowance.
- Identify when occupation is likely to be required from and, if not indefinite, the period of occupation required
- Respond within a set timescale.

7.5.11. Where two or more services are interested in the property and joint occupation is not possible or agreeable, the CPO will initiate negotiations between the services concerned to resolve the conflicting claims for occupation. The Corporate Asset Management Group (CAMG) will initially consider any unresolved conflicting claims. In cases of continuing dispute, these would be referred to CMT for consideration.

7.5.12. When a service wishes to take over an asset it will, from the date stipulated by the CPO, take over the full operating and management costs of the asset. The costs of this will be borne entirely by the Service taking the asset. There will be no transfer of funds from Strategic Property.

7.6 CMDN - Surplus Declaration and Future of the Property

7.6.1. Where a service has a potential use the property (either alone or as joint occupation with another service), the CPO will arrange for the transfer of the property to that service or services. This will initially involve a CMDN prepared by the CPO involving both the service declaring the property surplus and the service(s) requiring occupation. Subject to CMDN, the CPO will then arrange for the transfer at an agreed date

- of the property
- of management responsibility for the property
- to the service(s) requiring occupation (as appropriate).

7.6.2. Where there is a strategic reason to retain a property but no identified, immediate service need, the CPO will report this to CAMG and Portfolio Holder with details of:

- an identified future need.
- proposals for management of the property in the meantime
- a budget for management of the property as the service declaring the property surplus will not continue to be responsible for associated costs.

7.6.3. Where there is no service requirement for the property and no strategic reason to retain the property, the CPO will take immediate steps to report this to CAMG. Such a report will request that the property is declared surplus to the Council's requirements and is disposed of on the open market by the CPO. The subsequent agreed terms of any such disposal will be reported to the Cabinet for approval.

7.6.4. Where there is no service requirement for the property or there is no market for a disposal the CPO will report this to Cabinet with details of:

- any alternative strategy for the property - demolition, gifting the property to an external body
- proposals for the management of the property in the meantime

- budget for management of the property as the service declaring the property surplus will not be responsible for associated costs.

Asset Management Plan Glossary of Terms

Acronym	Meaning
AMP	Asset Management Plan
CAMG	Corporate Asset Management Group
CAMP	Corporate Asset Management Plan
CMDN	Cabinet Member Decision Notice
CMT	Corporate Management Team
COPROP	The Association of Chief Corporate Property Officers in Local Government
CAA	Comprehensive Area Assessment
CIPFA	Chartered Institute of Public Finance
CPO	Corporate Property Officer
CSCI	Commission for Social Care Inspection
DCLG	Department of Communities and Local Government
DDA	Disabled Discrimination Act
DEFRA	Department for Environmental Food and Rural Affairs
EDRMS	Electronic Document Retrieval Management System
GIS	Geographical Information System
IRR	Internal Rate of Return
NNDR	National Non-Domestic Rates
NOF	New Opportunities Fund
OP	Opportunity Peterborough
PB	Property Board
PCC	Peterborough City Council
PCT	Primary Care Trust
RICS	The Royal Institution of Chartered Surveyors
VFM	Value for Money

Treasury Strategy, Prudential Code and Minimum Revenue Provision Strategy

The Prudential Code & Treasury Management Strategy 2012-2022

Including the Minimum Revenue Policy 2012-13

1. Introduction

1.1 Background

- 1.1.1 The Council is required to operate a balanced budget, which means that cash raised through the year will meet cash expenditure. The role of treasury management is to ensure cash flow is adequately planned so that cash is available when it is needed. Surplus monies are invested in low risk counterparties commensurate with the Council's low risk appetite ensuring that security and liquidity are achieved before considering investment return.
- 1.1.2 Another role of treasury management is to fund the Council's capital programme. The programme provides a guide to the borrowing need of the Council and the planning of a longer term cash flow to ensure capital obligations are met. The management of long term cash may involve arranging short or long term loans or using longer term cash flow surpluses.
- 1.1.3 CIPFA defines treasury management as:

“ The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting requirements

- 1.2.1 The Council is required to receive and approve, as a minimum, three reports each year. These reports are to be scrutinised by the Audit Committee before being recommended to Council.
- 1.2.2 The Prudential Code and Treasury Strategy report will cover:
- the capital programme (including prudential indicators)
 - a Minimum Revenue Provision (MRP) Policy
 - the Treasury Management Strategy including treasury indicators; and
 - an Investment Strategy
- 1.2.3 A mid year Treasury Management Report will update members or the Audit Committee with the progress of the capital position, amending prudential indicators as necessary, and whether any of the strategy needs revising.
- 1.2.4 An Annual Treasury Report will provide details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2012/13

1.3.1 The strategy for 2012/13 will cover

- Capital programme and the Prudential Indicators
- MRP strategy
- Current treasury position
- Treasury Indicators
- Prospects for interest rates
- Borrowing Strategy
- Policy on borrowing in advance of need
- Debt rescheduling
- Investment Strategy
- Creditworthiness Policy
- Policy on use of external service providers

1.3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the DCLG MRP Guidance, the CIPFA Treasury Management Code and the DCLG Investment Guidance.

2. The Capital Prudential Indicators 2012/13 to 2021/22

2.1 The Council's capital programme is the key driver of the treasury management activity. The output of the capital programme is reflected in the prudential indicators which are designed to assist member's overview and confirm the capital programme.

2.2 **Indicator 1** - Capital Expenditure - this Prudential Indicator is a summary of the Council's estimated capital expenditure for the forthcoming financial year and the following nine financial years.

(1a) Capital Expenditure	2010/11 <i>Actual</i> £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Adult Social Care	0.4	1.3	3.8	3.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Chief Executives	4.6	3.9	13.5	4.3	2.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Children's Services	22.4	46.3	72.9	20.3	14.5	6.4	3.4	3.4	3.6	0.8	0.8	0.8
Operations	21.5	16.4	19.4	15.7	14.5	30.3	12.3	9.8	9.7	9.7	9.7	9.7
Strategic Resources	10.8	15.8	35.0	41.3	24.5	10.3	6.7	4.5	4.8	4.6	3.5	4.5
Invest to save*	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	59.7	83.7	244.6	84.9	56.0	48.3	23.7	19.0	19.4	16.4	15.3	16.3

* The cost of borrowing associated with the Invest to Save scheme will be offset by the income generated in accordance with the approved business cases.

2.3 The table below summaries the above capital expenditure and how it will be funded either from grants, contributions, or capital receipts with the remaining 'net financing need for the year' to be sourced via borrowing.

(1b) Capital Expenditure & Financing	2010/11 Actual £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Capital Expenditure	59.7	83.7	144.6	84.9	56.0	48.3	23.7	19.0	19.4	16.4	15.3	16.3
Invest to save*	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financed by:												
Capital receipts	4.0	9.9	15.5	2.4	7.0	0.9	0.9	6.5	2.0	1.0	0.0	0.0
Capital grants & contributions	32.4	47.9	33.7	7.8	9.3	12.4	6.9	7.9	7.9	7.9	7.9	6.9
Net financing requirement	23.3	25.9	195.4	74.7	39.7	35.0	15.9	4.6	9.5	7.5	7.4	9.4

* The cost of borrowing associated with the Invest to Save scheme will be offset by the income generated in accordance with the approved business cases.

2.4 **Indicator 2** - Capital Financing Requirement (CFR) - the CFR is the total historic capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing requirement. Any capital expenditure which has not immediately been paid for will increase the CFR.

2.5 The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) included on the Council's balance sheet following the IFRS conversion in 2010/11. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes.

2.6 The tables shows the CFR estimates for the next ten financial years:

(2) Capital Financing Requirement	2010/11 Actual £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
CFR – Core Capital Programme	230.7	247.5	333.6	398.0	426.3	449.2	452.5	444.0	440.2	434.0	427.1	421.8
CFR - Invest to save*	0.0	0.0	100.0	98.5	96.8	95.2	93.4	91.5	89.6	87.5	85.3	83.0
Movement in CFR	14.7	16.8	186.1	62.9	26.6	21.3	1.5	(10.4)	(5.7)	(8.3)	(9.1)	(7.6)
Movement in CFR represented by												
Net financing requirement	23.3	25.9	195.4	74.7	39.7	35.0	15.9	4.6	9.5	7.5	7.4	9.4
Less MRP & other financing	(8.6)	(9.1)	(9.3)	(11.8)	(13.1)	(13.7)	(14.4)	(15.0)	(15.2)	(15.8)	(16.5)	(17.0)
Movement in CFR	14.7	16.8	186.1	62.9	26.6	21.3	1.5	(10.4)	(5.7)	(8.3)	(9.1)	(7.6)

* The cost of borrowing associated with the Invest to Save scheme will be offset by the income generated in accordance with the approved business cases.

2.7 **Indicator 3** - Actual and estimates of the ratio of financing costs to net revenue budget. This indicator identifies the proportion of the revenue budget which is taken up in financing capital expenditure i.e. the net interest cost and the provision to repay debt.

(3) Ratio of financing costs to net revenue budget	2010/11 Actual %	2011/12 Est. %	2012/13 Est. %	2013/14 Est. %	2014/15 Est. %	2015/16 Est. %	2016/17 Est. %	2017/18 Est. %	2018/19 Est. %	2019/20 Est. %	2020/21 Est. %	2021/22 Est. %
Ratio - Core Capital Programme	4.5	4.8	5.3	6.5	7.4	7.8	7.8	7.8	7.6	7.6	7.6	7.5
Ratio - Invest to save*	0.0	0.0	0.6	1.6	1.6	1.5	1.6	1.4	1.5	1.4	1.4	1.5
Total ratio	4.5	4.8	5.9	8.1	9.0	9.3	9.4	9.2	9.1	9.0	9.0	9.0

* The cost of borrowing associated with the Invest to Save scheme will be offset by the income generated in accordance with the approved business cases.

2.8 **Indicator 4** - Actual and estimates of the incremental impact of capital investment decisions on council tax. The calculation of this indicator is based upon the estimated amount of the capital programme that is to be financed from borrowing. The calculation is based on the interest assumptions for borrowing that have been included in the previous and current MTFs capital financing budget. It also includes an estimate of the additional revenue cost arising from those schemes financed via borrowing.

(4) Incremental impact of capital investment decisions on Council Tax	2010/11 Actual £000	2011/12 Est. £000	2012/13 Est. £000	2013/14 Est. £000	2014/15 Est. £000	2015/16 Est. £000	2016/17 Est. £000	2017/18 Est. £000	2018/19 Est. £000	2019/20 Est. £000	2020/21 Est. £000	2021/22 Est. £000
CFR budget - previous MTFs	13,180	14,245	17,319	21,280	25,574	26,278	26,443	26,443	26,443	26,443	26,443	26,443
CFR budget	12,268	12,959	17,602	26,326	29,994	32,314	33,871	34,242	34,554	34,875	35,173	35,546
Incremental change	(912)	(1,286)	283	5,046	4,420	6,036	7,428	7,800	8,111	8,433	8,730	9,104
Council Tax D Base (1,000's)	55.95	55.95	56.51	57.07	57.64	58.22	59.00	59.00	60.00	61.00	61.00	62.00
Incremental impact on Council Tax (Diff. = budget / tax base)	(16.29)	(22.98)	(33.93)	(14.72)	(25.48)	2.58	26.24	32.87	37.01	41.14	45.46	50.18
Invest to save impact*	0.00	0.00	38.94	103.14	102.16	101.1	99.66	99.33	98.18	97.10	97.65	96.65
Total incremental impact	(16.29)	(22.98)	5.01	88.42	76.68	103.68	125.90	132.20	135.19	138.24	143.11	146.83

* The cost of borrowing associated with the Invest to Save scheme will be offset by the income generated in accordance with the approved business cases.

3. Minimum Revenue Provision (MRP) Policy

- 3.1. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, equipment, etc. Such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP).
- 3.2. DCLG Regulations require full Council to approve a MRP statement in advance of each year. A variety of options are provided to Councils to calculate this revenue charge and the Council must satisfy itself that the provision is prudent.
- 3.3. The Council is recommended to approve the following MRP statement:

Capital Expenditure Incurred	MRP Methodology
Historic debt liability and expenditure funded by supported borrowing	Continue to be charged at the rate of 4% in accordance with existing practice outlined in former DCLG regulations
Expenditure funded by unsupported borrowing reflected within the debt liability after the 31 st March 2008 and up to 31 st March 2009	Asset Life Method, equal instalments - MRP will be based on the estimated life of assets equally across each year
Expenditure funded by unsupported borrowing reflected within the debt liability after the 31 st March 2010	Asset Life Method, annuity method – MRP will be based on the prevailing PWLB interest rate for a loan with a term equivalent to the estimated life of the project.

- 3.4. The Council is participating in the Local Authority Mortgage Scheme (LAMS) and during 2011/12 deposited £1m with Lloyds TSB. This deposit is treated as capital expenditure, as a loan to a third party. The CFR will increase by the total of this indemnity. The deposit is due to be returned in full at maturity in five years time with interest paid annually. Once the deposit matures, and funds are returned to the Council, the funds are classed as a capital receipt (as it is a loan) and the CFR will reduce accordingly. As this is a temporary five year arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period so there is no MRP application.
- 3.5. Repayments included in annual PFI and finance leases are applied as MRP, and the associated amounts are included in these Prudential Indicators.
- 3.6. For more detailed guidance on MRP see the DCLG website <http://www.communities.gov.uk/documents/localgovernment/pdf/1502003.pdf>

4. Treasury Management Strategy

4.1 Treasury Management Policy

4.1.1 The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet the Council's service requirements. This will involve both the management of cash flow and, where the capital programme requires, the organisation of appropriate borrowing facilities. This strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

4.1.2 The Council's primary treasury management objectives are:

- a) to invest available cash balances with a number of dependable institutions over a spread of maturity dates in accordance with the Council's lending list;
- b) to reduce the revenue cost of the Council's debt in the medium term by obtaining financing at the cheapest rate possible; and
- c) to seek to reschedule debt at the optimum time.

4.2 Current Treasury Position

4.2.1 **Indicator 5** - The Council's treasury position at 31st March 2011, with estimates for future years, are summarised below. The table shows the actual external borrowing (the treasury management operations) against the capital borrowing requirement (CFR), highlighting any over or under borrowing.

4.2.2 This indicator was amended by CIPFA in November 2011, and this MTF5 will be the first time for its amended inclusion. Whilst this indicator has been produced in accordance with the Prudential Code, it should be noted that it does not reflect the Council's ability to borrow in advance of need (future years capital expenditure), and therefore care needs to be taken when comparing actual performance against this indicator.

(5) Net debt & capital financing requirement	2010/11 <i>Actual</i> £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
External Borrowing												
Market Borrowing	134.5	134.5	135.8	324.1	388.7	416.9	439.6	442.3	442.3	442.3	442.3	442.3
Repayment of borrowing	0.0	(1.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expected change in borrowing	0.0	2.9	188.3	64.6	28.2	22.7	2.7	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	46.0	43.4	41.2	39.5	38.0	36.5	35.3	34.2	33.2	32.3	31.3	30.3
Actual borrowing at 31 March	180.5	179.2	365.3	428.2	454.9	476.1	477.6	476.5	475.5	474.6	473.6	472.6
CFR – borrowing need	230.6	247.5	433.6	496.5	523.1	544.4	545.9	535.5	529.8	521.5	512.4	504.8
Under / (over) borrowing	(31.9)	(68.3)	(68.3)	(68.3)	(68.2)	(68.3)	(68.3)	(59.0)	(54.3)	(46.9)	(38.8)	(32.2)
Investments at 31st March	(18.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net borrowing (Borrowing less investments)	180.5	179.2	365.3	428.2	454.9	476.1	477.6	476.5	475.5	474.6	473.6	472.6

4.3 Prudential and Treasury Indicators

- 4.3.1 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its total borrowing, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 4.3.2 The Executive Director - Strategic Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this medium term financial strategy (MTFS).

4.3.3 **Indicator 6** - The Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed.

(6) Operational Boundary	2010/11 <i>Actual</i> £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Borrowing	134.5	214.1	402.4	467.0	495.2	517.9	520.6	511.3	506.6	499.2	491.1	484.5
Other long term liabilities	46.0	43.4	41.2	39.5	37.9	36.5	35.3	34.2	33.20	32.3	31.3	30.3
Total	180.5	257.5	443.6	506.5	533.1	554.4	555.9	545.5	539.8	531.5	522.4	514.8

4.3.4 **Indicator 7** - The Authorised Limit for external borrowing - this represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by full Council.

1. This is a statutory limit determined under section 3 (1) of the Local Government Act 2003.
2. The Council is asked to approved the following Authorised limit:

(7) Authorised Limit	2010/11 <i>Actual</i> £m	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Borrowing	134.5	214.1	495.2	517.9	520.6	530.6	530.6	530.6	530.6	530.9	530.6	530.6
Other long term liabilities	46.0	43.4	41.2	39.5	37.9	36.5	35.3	34.2	33.20	32.3	31.3	30.3
Total	180.5	257.5	536.4	557.4	558.5	567.1	565.9	564.8	563.8	562.9	561.9	560.9

4.4 Prospects for interest rates

4.4.1 The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates to assist with borrowing and investment decisions. The Sector forecast for bank base rate and PWLB new borrowing is as follows:

Sector's Interest Rate (All rates shown as %)	Now	Dec 11	Mar 12	Jun 12	Sep 12	Dec 12	Mar 13	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15
Sector's Bank Rate View	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.25	2.50
5yr PWLB Rate	2.25	2.30	2.30	2.30	2.30	2.40	2.50	2.60	2.70	2.80	2.90	3.10	3.30	3.50	3.70
10yr PWLB Rate	3.33	3.30	3.30	3.30	3.40	3.40	3.50	3.60	3.70	3.80	4.00	4.20	4.40	4.60	4.80
25yr PWLB Rate	4.24	4.20	4.20	4.20	4.30	4.30	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10	5.20
50yr PWLB Rate	4.26	4.30	4.30	4.30	4.40	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10	5.20	5.30

4.4.2 Sector's interest rate forecasts, detailed previously, are based on their views of the future economic climate, and they consider that:

- Growth in the UK economy is expected to be weak over the next two years due to areas of uncertainty that will affect the UK. These include the worsening of the Eurozone debt crisis and the impact on the financial markets, and the impact of the Government's austerity plans on confidence and growth. There is a risk of a technical recession where the level of real national output declines over two successive quarters causing a contraction in the total volume of production in the economy.
- Bank Rate is not expected to increase until quarter three of 2013 due to the weak outlook for economic growth despite inflation being well above the Monetary Policy Committee inflation target. There is a potential for the start of Bank Rate increases to be delayed even further if growth remains weak.
- Fixed interest borrowing rates are based on UK gilt yields. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period.
- However, gilt yields are currently at historically low levels due to investor concerns over the Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis has evolved.
- This challenging and uncertain economic outlook has several key treasury management implications:
 - Investment returns are likely to remain relatively low during 2012/13;
 - Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital - any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

4.5 Borrowing Strategy

4.5.1 The Council is currently maintaining an under-borrowed position (see 4.2). This means that the CFR has not been fully funded with new debt as cash supporting the Council's reserves, balances and cash flow has been used. This strategy is prudent as investments returns are low and counterparty risk is relatively high in the current economic climate.

4.5.2 The MTFs is based on the following borrowing assumptions for the next ten years. However, the borrowing strategy is under constant review throughout the year as a result to changes in interest rates and borrowing opportunities. The proposed strategy for 2012/13 financial year is:

- a) To continue to run down cash balances and forego interest earned at historically low rates.

- b) To consider the rescheduling (early redemption and replacement) of loans to maximise interest rate savings and possible redemption discounts.
- c) If there was a significant risk of a sharp fall in long and short term rates e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- d) If there was a significant risk of a much sharper rise in long and short term rates than currently forecast, perhaps rising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- e) To maintain an appropriate balance between PWLB and market debt in the debt portfolio and a balance in the maturity profile of debt.
- f) To give full consideration to other debt instruments for example Bonds as an alternative to PWLB borrowing. Due regard will be given to money laundering regulations.

4.5.3 There are three debt treasury indicators which restrain the activity of the treasury function within certain limits. This manages risk and reduces the impact of any adverse movement in interest rates. The indicators are:

- **Indicator 8** - Upper limit on variable rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments. This has been set at 100% of the borrowing requirement.
- **Indicator 9** - Upper limit on fixed interest rate exposure. This identifies a maximum limit for fixed interest rates based upon the debt position net of investments. This has been set at 25% of the borrowing requirement.
- **Indicator 10** - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

Interest Rate Exposure (Upper Limits)	2010/11 <i>Actual £m</i>	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
(8) Limits on fixed interest rates based on net debt	116.3	214.1	495.2	517.9	520.6	530.6	530.6	530.6	530.6	530.6	530.6	530.6
(9) Limits on variable interest rates based on net debt	0.0	53.5	123.8	129.5	130.1	132.6	132.6	132.6	132.6	132.6	132.6	132.6

(10) Maturity Structure of borrowing	Upper Limit
Under 12 months	40%
12 months to 2 years	40%
2 years to 5 years	80%
5 years to 10 years	80%
10 years and above	100%

4.6 Policy on Borrowing in Advance of Need (Future Capital Expenditure)

- 4.6.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.
- 4.6.2 The Council will ensure there is a clear link between the capital programme across the future years and the maturity profile of the existing debt portfolio which supports the need to take funding in advance of capital expenditure.
- 4.6.3 The Council will ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered and factored into the MTFS.
- 4.6.4 Consideration will be given to the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

4.7 Debt Rescheduling on Existing Debt Portfolio

- 4.7.1 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates there may be potential to generate savings by switching from the existing long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Debt rescheduling will only be carried out on current debt portfolio as future borrowing will be carried out as per this strategy and over shorter periods of time.
- 4.7.2 The reasons for rescheduling will include:
- the generation of cash savings and/or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the debt portfolio.
- 4.7.3 All rescheduling will be reported to the Audit Committee at the earliest opportunity.

4.8 Annual Investment Policy

- 4.8.1 The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
- 4.8.2 The Council's investment priorities are the security of capital and the liquidity of investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 4.8.3 The borrowing of monies purely to invest and make a return is unlawful and the Council will not engage in such activity. However, at any time the Council may obtain a loan or other financing at what are considered advantageous opportunities in anticipation of future capital expenditure, which can be invested temporarily. The Council may also borrow in the day to day management of its cash flow operations or as an alternative to redeeming higher yielding investments.
- 4.8.4 Investment instruments identified for use in the financial year are listed in Appendix 1 under the 'Specified' and 'Non-Specified' Investment categories. Counterparty limits will be as set through the Council's Treasury Management Practices.

4.8.5 Investment Counterparty Selection Criteria and Investment Strategy

- 4.8.6 Based on current forecasts, it is anticipated that the Council will use surplus cash balances to support capital expenditure before considering taking out further borrowing. Therefore investment activity will be kept to a minimum.
- 4.8.7 However, where it is necessary for investments to be undertaken in order to manage the Council's cash flows, the Council's primary principle is for the security of its investments. After this main principle the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 4.8.8 The Executive Director - Strategic Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.
- 4.8.9 The Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies and one meets the Council's criteria and the other one does not, the institution will fall outside the lending criteria. This

complies with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

- 4.8.10 In order to minimise the risk to investing, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The Council uses the creditworthiness service provide by Sector Treasury Services which uses ratings from all three rating agencies, Fitch, Moodys and Standard and Poors, as well as Credit Default Swap (CDS) spreads. Sector monitors ratings on a real time basis and notifies clients immediately on any rating changes or possible downgrades.
- 4.8.11 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three rating agencies by Sector.
- If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria it will be removed from the Council's lending list immediately.
 - In addition to the use of credit ratings the Council will be advised of information in movement in CDS's against the iTraxx (brand name for the group of credit default swap index products) benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Councils lending list.
- 4.8.12 Sole reliance will not be placed on the use of Sector's service. The Council will also use market data, market information, information on government support for banks and the credit ratings of that government support.
- 4.8.13 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-Specified investments), and is shown in the order of use by the Council, below:
- UK Local Authorities
 - Barclays Bank, the Council's own banker. If Barclays fall below the criterion in 4.8.14 then the bank will be used for transactional purposes only and cash balances will be minimised.
 - UK Government (including gilts and the Debt Management Account Deposit Facility (DMADF))
 - Local Authority Mortgage Scheme. Under this scheme the Council has placed funds of £1m with Lloyds Bank for a period of five years. This is classified as being an indemnity arrangement, rather than a treasury management investment, and is therefore outside of the Specified/Non specified categories but is included in this for completeness.
 - Banks Group 1 - Part nationalised UK banks - Lloyds Banking Group plc (Bank of Scotland and Lloyds TSB) and Royal Bank of Scotland Group plc (National Westminster Bank, The Royal Bank of Scotland and Ulster Bank Ltd). These banks can be included if they continue to be part nationalised and / or they meet the ratings below.
 - Banks Group 2 – good credit quality - the Council will only use banks which are UK banks and have, as a minimum the following credit ratings: (See Appendix 3 for explanation of the credit ratings)

Agency	Short Term	Long Term	Viability / financial strength	Support
Fitch	F1	A	a	1
Moody's	P-1	Aa	C	
Standard & Poor's	A-1	A		

- Building Societies – if they meet the ratings above
- Money Markey Funds - AAA rated

4.8.14 Sector's approach to assessing creditworthiness of institutions is by combining credit ratings, credit watches, credit outlooks and CDS spreads to produce a colour coding system which the Council uses to determine the duration of investments. The Council will use counterparties within the following maximum maturity periods, in order to mitigate the risk of investing in these institutions.

Sector Banding	Description	Examples UK Banks falling into this classification as at 10.01.12
Blue	1 year (only applies to nationalised/semi nationalised UK banks)	Lloyds Banking Group Plc, Royal Bank of Scotland Group Plc
Orange	1 year	
Red	6 months	
Green	3 months	Barclays Bank, HSBC, MBNA, Santander UK
No colour	The Council will not invest with these institutions	

4.8.15 The proposed criteria for Specified and Non-Specified investments are shown in Appendix 1 for approval. During this time of significant economic uncertainty due regard will be taken of the selection criteria outlined in 4.8.14, when using the options outlined in Appendix 1.

4.8.16 Investment returns expectations - Bank Base Rate is forecast to remain unchanged at 0.50% before starting to rise from quarter three in 2013. Bank Rate forecasts for financial year ends are:

Financial Year	Bank Base Rate	Forecast
2011/12	0.50%	There is a downside risk to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts to two years ahead, exceed the Bank of England's 2% target rate.
2012/13	0.50%	
2013/14	1.25%	
2014/15	2.50%	

4.8.17 **Indicator 11** - Upper limit for total principal sums invested for over 364 days. This limit is set with regard to the Council's liquidity requirements and to reduce the need for an early sale of an investment, and is based on the availability of funds after each year-end.

(11) Interest Rate Exposure (Upper Limits)	<i>2010/11 Actual £m</i>	2011/12 Est. £m	2012/13 Est. £m	2013/14 Est. £m	2014/15 Est. £m	2015/16 Est. £m	2016/17 Est. £m	2017/18 Est. £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Principal sums invested > 364 days	0	1.0	3.0	5.0	7.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

4.8.18 At the end of the year, the Council will report on its investment activity as part of its Annual Treasury Report to the Audit Committee.

4.8.19 The Executive Director - Strategic Resources may appoint external fund managers to access markets not available to the in-house treasury team, diversify the investment portfolio and to optimise investment income returns. Fund Managers will only be used if the Executive Director - Strategic Resources is satisfied the risk of loss is minimised and they can provide material out-performance when compared against comparative cash benchmarks. Fund Managers must comply with the Annual Investment Strategy.

4.8.20 The Council uses Sector as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

4.8.21 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which they value will be assessed are properly agreed and documented, and subjected to regular review.

4.9 Treasury Management Scheme of Delegation

4.9.1 The following is a list of the main tasks involved in treasury management and who in the Council is responsible for them:

Full Council / Audit Committee

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of Annual Strategy.

Audit Committee / S151 Officer (Executive Director - Strategic Resources)

- Approval of / amendments to the Council's adopted clauses, Treasury Management Policy Statement and Treasury Management Practices.
- Budget consideration and approval.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations.

Section 151 Officer (Executive Director - Strategic Resources) / Head of Corporate Services / Financial Manager-Corporate Accounting

- Reviewing the Treasury Management Policy and procedures and making recommendations to the responsible body.
- Recommending clauses, treasury management policy/practices and making recommendations to the responsible body.
- Submitting regular treasury management reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.

APPENDIX 1

Specified and Non-Specified Investments

Specified Investment:

- Offer high perceived security such as placements with Central Government Agencies, Local Authorities or with organisations that have strong credit ratings
- They offer high liquidity i.e. short term or easy access to funds
- Are denominated in £ sterling
- Have maturity dates of no more than 1 year
- For an institution scheme to qualify as a 'Specified Investment' it must have a minimum rating (see 4.8.10)

APPROVED "SPECIFIED" INVESTMENTS				
Investment Type	Maximum Maturity period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Debt Management Agency Deposit Facility	Currently only accepts deposits up to 6 months duration.	UK Government backed	N/A	75
Term deposits with UK Government & Local Authorities	6 months	Sovereign risk / high security although not credit rated	100	20
Term deposits & Certificates of Deposit with Banks Group 1	6 months	Minimum ratings - F1 (Fitch - short term) AAA (long term)	100	15
UK Government & Local Authority Stock Issues	6 months	Sovereign risk / high security although not credit rated	100	20
Term deposits & Certificates of Deposit with Banks Group 2	6 months	Minimum ratings – F1 (Fitch-short term) A (long term)	50	10
Deposit accounts with regulated UK building societies	6 months	Minimum ratings - F1 (Fitch short term) A (long term)	50	10

APPROVED "SPECIFIED" INVESTMENTS				
Investment Type	Maximum Maturity period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Money Market Funds	Repayable on call, without notice.	Minimum rating – AAA (Fitch)	50	10
Commercial Paper (short term obligations issued by banks, corporations & other issuers).	6 months	Minimum short term rating - F1 (Fitch) (Held by custodian)	10	10
Gilt & Bond Funds (open ended mutual funds investing in Gov. & corporate bonds)	Highly liquid, may be sold at any time.	Minimum rating - AAA-(Fitch, S&P A-1 etc)	10	10
Reverse Gilt Repos (Gilts bought with commitment to sell on a specified date or on call, at agreed price)	6 months	UK Government backed (Held by custodian)	10	10
Treasury Bills	Maturities of up to 6 months Issued through a bidding process at a discount to face value	UK Government backed (Held by custodian)	10	10
Bonds issued by a financial institution guaranteed by UK Government	6 months	UK Government backed (Held by custodian)	10	10
Bonds issued by multilateral development banks	6 months	Minimum rating – AAA (Fitch, S&P A-1etc)	10	10

Non-Specified Investment:

- With the same institutions classified as “specified” investments but have maturity dates in excess of one year, or
- Are offered by organisations that are not credit rated or the credit rating does not meet the criteria set out above
- In the current economic climate the Council has run down its cash balances as an alternative to borrowing and investments have been made short term and the Council would not consider using investments that fall under the ‘Non-Specified’ Investments category at this time.

APPROVED "NON - SPECIFIED" INVESTMENTS				
Investment Type	Repayable / Maturity Period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Term deposits with UK Government & Local Authorities	Maturities of 1 - 5 years	Sovereign risk / high security although not credit rated	20	20
Term deposits & Certificates of Deposit with Banks Group 1	Maturities of 1 - 5 years Certificates of Deposit are tradable	Minimum ratings - F1(Fitch - short term) AAA (long term)	10	10
UK Government & Local Authority Stock Issues	Maturities of 1 - 10 years but tradable	Sovereign risk / high security although not credit rated	10	10
Term deposits & Certificates of Deposit with Banks Group 2	Maturities of 1 - 5 years Certificates of Deposit are tradable	Minimum ratings – F1 (Fitch-short term) A (long term)	20	10
Deposit accounts with regulated UK building societies	Maturities of 1 – 5 years	Minimum ratings - F1 (Fitch short term) A (long term)	5	5
Foreign Government Stock Issues (priced in £ Sterling)	Maturities of 1 - 10 years but tradable	Minimum rating – AAA (Fitch, S&P A-1etc) (Held by custodian)	5	5
Term deposits with UK building societies without formal credit ratings	Maturities of up to 1 year	Financial position assessed by Executive Director-Strategic Resources	5	5
Bonds issued by a financial institution guaranteed by UK Government	Maturities of 1 - 10 years but tradable	UK Government backed Minimum rating – AAA (Fitch, S&P etc)	5	5

APPROVED "NON - SPECIFIED" INVESTMENTS				
Investment Type	Repayable / Maturity Period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Bonds issued by multilateral development banks	Maturities of 1 - 10 years but tradable	Minimum rating - AAA (Fitch, S&P A-1etc)	5	5
Floating Rate Notes (fixed term but interest rate varies quarterly)	Maturities of 1 - 5 years but tradable	Financial position assessed by Executive Director- Strategic Resources. Requires capital or revenue financing as share or loan capital.	5	5
Bonds issued by corporate issuers other than sovereign bonds	Maturities of 1 - 10 years but tradable	Minimum rating – AAA (Fitch, S&P A-1etc) Requires capital or revenue financing as share or loan capital	5	5

APPENDIX 2

Summary of capital and treasury prudential indicators

Summary of capital & treasury prudential indicators	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.
(1) Capital expenditure	£59.7m	£83.7m	£144.6m	£84.9m	£56.0m	£48.3m	£23.7m	£19.0m	£19.4m	£16.4m	£15.3m	£16.3m
Invest to Save	£0.0m	£0.0m	£100.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m
Revised Capital Expenditure	£59.7m	£83.7m	£244.6m	£84.9m	£56.0m	£48.3m	£23.7m	£19.0m	£19.4m	£16.4m	£15.3m	£16.3m
(2) Capital Financing Req. (CFR)	£230.6m	£247.5m	£333.6m	£398.0m	£426.3m	£449.2m	£452.5m	£444.0m	£440.2	£434.0m	£427.1m	£421.8m
Invest to save	£0.0m	£0.0m	£100m	£98.5m	£96.8m	£95.2m	£93.4m	£91.5m	£89.6m	£87.5m	£85.3m	£83.0m
Revised CFR	£230.7m	£247.5m	£433.6m	£496.5m	£523.1m	£544.4m	£545.9m	£535.5m	£529.8m	£521.5m	£512.4m	£504.8m
(3) Ratio of financing costs to net revenue budget	4.5%	4.8%	5.3%	6.5%	7.4%	7.8%	7.8%	7.8%	7.6%	7.6%	7.6%	7.6%
Invest to save	0%	0%	0.6%	1.6%	1.6%	1.5%	1.6%	1.4%	1.5%	1.4%	1.4%	1.4%
Revised ratio of financing costs to net revenue budget	4.5%	4.8%	5.9%	8.1%	9.0%	9.3%	9.4%	9.2%	9.1%	9.0%	9.0%	9.0%
(4) Incremental impact of capital investment on Council Tax	(£16.29)	(£22.98)	(£33.93)	(£14.72)	(£25.48)	£2.58	£26.24	£32.87	£37.01	£41.14	£45.46	£50.18
Invest to save	£0.00	£0.00	£38.94	£103.14	£102.16	£101.1	£99.66	£99.33	£98.18	£97.10	£97.65	£96.65
Revised incremental impact	(£16.29)	(£22.98)	£5.01	£88.42	£76.68	£103.68	£125.90	£132.2	£135.19	£138.24	£143.11	£146.83
(5) Net borrowing	£180.5m	£179.2m	£265.3m	£329.7m	£358.0m	£380.9m	£384.2m	£383.1m	£382.1m	£381.1m	£380.1m	£379.1m
Invest to save	£0.0m	£0.0m	£100.0m	£98.5m	£96.9m	£95.2m	£93.4m	£93.4m	£93.4m	£93.5m	£93.5m	£93.5m
Revised net borrowing	£180.5m	£179.2m	£365.3m	£428.2m	£454.9m	£476.1m	£477.6m	£476.5m	£475.5m	£474.6m	£473.6m	£472.6m
(6) Operational boundary for External Debt	£180.5m	£257.5m	£343.6m	£408.0m	£436.2m	£459.2m	£462.4m	£454.0m	£450.2m	£444.0m	£437.1m	£431.7m
Invest to save	£0.0m	£0.0m	£100m	£98.5m	£96.9m	£95.2m	£93.5m	£91.5m	£89.6m	£87.5m	£85.3m	£83.1m
Revised operational boundary	£180.5m	£257.5m	£443.6m	£506.5m	£533.1m	£554.4m	£555.9m	£545.5m	£539.8m	£531.5m	£522.4m	£514.8m

Summary of capital & treasury prudential indicators	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	<i>Actual</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>	<i>Est.</i>
(7) Authorised Limit for External debt	<i>£180.5m</i>	<i>£257.5m</i>	<i>£439.5m</i>	<i>£462.2m</i>	<i>£465.0m</i>	<i>£473.6m</i>	<i>£472.4m</i>	<i>£471.3m</i>	<i>£470.3m</i>	<i>£469.4m</i>	<i>£468.4m</i>	<i>£467.4m</i>
Invest to save	<i>£0.0m</i>	<i>£0.0m</i>	<i>£96.9m</i>	<i>£95.2m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>	<i>£93.5m</i>
Revised authorised limit	<i>£180.5m</i>	<i>£257.5m</i>	<i>£536.4m</i>	<i>£557.4m</i>	<i>£558.5m</i>	<i>£567.1m</i>	<i>£565.9m</i>	<i>£564.8m</i>	<i>£563.8m</i>	<i>£562.9m</i>	<i>£561.9m</i>	<i>£560.9m</i>
(8) Upper limit for fixed interest rate exposure	<i>£116.3m</i>	<i>£214.1m</i>	<i>£495.2m</i>	<i>£517.9m</i>	<i>£520.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>	<i>£530.6m</i>
Invest to save	<i>£0.0m</i>	<i>£0.0m</i>	<i>£96.8m</i>	<i>£95.2m</i>	<i>£93.4m</i>	<i>£91.5m</i>	<i>£89.6m</i>	<i>£87.5m</i>	<i>£85.3m</i>	<i>£83.0m</i>	<i>£83.0m</i>	<i>£83.0m</i>
Revised upper limit for fixed interest rate exposure	<i>£116.3m</i>	<i>£214.1m</i>	<i>£592.0m</i>	<i>£613.1m</i>	<i>£614.0m</i>	<i>£622.1m</i>	<i>£620.2m</i>	<i>£618.1m</i>	<i>£615.9m</i>	<i>£613.6m</i>	<i>£613.6m</i>	<i>£613.6m</i>
(9) Upper limit for variable interest rate exposure	<i>£0.0m</i>	<i>£53.5m</i>	<i>£123.8m</i>	<i>£129.5m</i>	<i>£130.1m</i>	<i>£132.6m</i>	<i>£132.6m</i>	<i>£132.6m</i>	<i>£132.6m</i>	<i>£132.6m</i>	<i>£132.6m</i>	<i>£132.6m</i>
Invest to save	<i>£0.0m</i>	<i>£0.0m</i>	<i>£24.2m</i>	<i>£23.8m</i>	<i>£23.4m</i>	<i>£22.9m</i>	<i>£22.4m</i>	<i>£21.9m</i>	<i>£21.3m</i>	<i>£20.8m</i>	<i>£20.8m</i>	<i>£20.8m</i>
Revised upper limit for variable interest rate exposure	<i>£0.0m</i>	<i>£53.5m</i>	<i>£148.0m</i>	<i>£153.3m</i>	<i>£153.5m</i>	<i>£155.5m</i>	<i>£155.0m</i>	<i>£154.5m</i>	<i>£154.0m</i>	<i>£153.4m</i>	<i>£153.4m</i>	<i>£153.4m</i>

Explanation of credit ratings

Agency	Short Term	Long Term	Viability/financial strength	Support
Fitch	F1 -Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; a “+” may be added to denote any exceptionally strong credit feature.	A -High credit quality. ‘A’ ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	a - High fundamental credit quality. ‘a’ ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to default .This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	1 -A bank for which there is an extremely high probability of external support. The potential provider of support is highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long Term Rating floor of ‘A-‘.
Moody’s	P-1 -superior ability to repay short-term debt obligations	Aa -high quality and are subject to very low credit risk	C -Possess intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These banks will display either acceptable financial fundamentals within a predictable and stable operating environment or good financial fundamentals within a less predictable and stable operating environment.	
Standard & Poor’s	A-1 -The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.	A -more susceptible to the adverse effects of changes in circumstances and economic conditions. However the obligor’s capacity to meet its financial commitment on the obligation is still strong.		