

CABINET

4 FEBRUARY 2013

MEDIUM TERM FINANCIAL STRATEGY

**BUDGET 2013/14 AND
MEDIUM TERM FINANCIAL PLAN TO 2022/23**

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RESOURCES**

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**Growing the right way for
a bigger, better Peterborough**

PETERBOROUGH

CITY COUNCIL

BUDGET 2013/14 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) TO 2022/23	1
The MTFS in a Community Context	15
Report of the Chief Finance Officer	16
1. Key Figures	33
2. Capacity Bids	35
Appendix 2a – Capacity Bids – Inescapable	35
Appendix 2b – Capacity Bids – Essential	38
3. Savings	39
Appendix 3a – Savings – Service Reductions	39
Appendix 3a – Savings – New Savings and Efficiencies	41
Appendix 3a – Savings – Additional Income	45
Appendix 3a – Savings – Terms and Conditions	46
4. Fees and Charges Schedule	47
5. Reserves Position	53
6. Budget Monitoring – Probable Outturn	54
7. Treasury Strategy, Prudential Code and Minimum Revenue Position	59
8. Capital Strategy, Programme and Disposals	82
9. Asset Management Plan	107
10. Supplementary Information - Schools	144
Budget Consultation	149

CABINET	AGENDA ITEM No 3
4 FEBRUARY 2013	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton – Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Executive Director - Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

BUDGET 2013/14 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) TO 2022/23

RECOMMENDATIONS	
FROM : Cllr David Seaton	Deadline date: Council Meeting 6 March 2013
<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 2013/14:</p> <ol 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 2012/13. c) The draft revenue budget for 2013/14 and indicative figures for 2014/15 to 2022/23 (including the capacity bids and saving proposals). d) The draft capital programme for 2013/14 to 2022/23 and associated capital strategy, treasury strategy and asset management plan. e) The proposed council tax freeze in 2013/14 and indicative increases for planning purposes of 2% for 2014/15 to 2022/23. f) To spend at the level of the Dedicated Schools Grant for 2013/14 to 2022/23. g) The proposals for reserves and balances. h) The proposals for setting fees and charges for 2013/14 including the indicative fees and charge increases for 2014/15 and 2015/16. i) The proposal for the deferral of mandatory implementation of auto enrolment of pensions for employees until 30 September 2017. <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, the impact that dwelling and business growth locally will have in future funding arrangements and the next Spending Round being published in the first half of 2013.</p> <p>4. That Cabinet note that government Grants will not be confirmed until the final settlement is released in February 2013.</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.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to present budget proposals for 2013/14 through to 2022/23, in line with the provisional local government finance settlement for 2013/14 and in advance of some Department for Education specific grants being announced. The report contains three key sections:

- Cabinet report and summary of council funding implications, including proposals on council tax;
- The draft MTFs, including capital strategy, asset management plan and Treasury Strategy. This will allow consultation to take place on these elements; and
- The budget consultation document to enable scrutiny, stakeholder and public consultation.

2.2 This report sets out proposals for consultation to enable Cabinet at its meeting on 25 February to make recommendations to be made to the meeting of Full Council on 6 March 2013.

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 approved by Full Council at the meeting of 10 October 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	25 February 2013
Date for relevant Council Meeting	6 March 2013	Date for submission to Government department	Communities and Local Government (CLG) 13 March 2013

3. FUTURE BUDGET PROSPECTS AND BUDGET PROPOSALS 2013/14 TO 2022/23

3.1 Cabinet firmly believe that budgets over the medium term that support the council’s key priorities should be put forward and that these should meet the changing characteristics of the city, its residents, businesses and those that visit the city.

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 2012/13 and the national funding arrangements implications beyond 2013/14. 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 6 March 2013.

Priorities and approach

- 3.3 The proposals put forward in this paper maintain our commitment to:
- Growth, regeneration and economic development of the city to bring new investment and jobs Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned;
 - Improving educational attainment and skills for all of our children and young people allowing them to seize the opportunities offered by new jobs and our university provision thereby keeping their talent and skills in the city;
 - Safeguarding children and vulnerable adults;
 - The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments;
 - Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

4. 2012/13 BUDGET AND PROBABLE OUTTURN

Overview

- 4.1 The current MTFs approved a deficit budget for 2012/13 on the basis that it would use reserves to balance the 2012/13 budget and bring forward and deliver further savings that would provide a surplus in 2013/14. The budget was set in continued challenging financial circumstances of reduced funding from central government, the economic conditions resulting in slow growth and reduced income, increasing demand on social care budgets and the need to balance council priorities whilst minimising service reductions.
- 4.2 Cabinet received an update on the position at their meeting in late September outlining some of the financial issues that were emerging during the course of the financial year. This included significant cost pressures relating to:
- Increased demand on Adult Social Care budgets due to an increasingly elderly population, with people living longer and other adults developing more complex needs ;
 - Increased numbers of looked after children since the budget for 2012/13 was set and legal costs associated with children taken into care;
 - Traditional income streams for the council such as parking, planning income and commercial properties have seen a limited increase if any coupled with the income streams not keeping pace with original budget assumptions;
 - The impact on resources across the Council required to resolve budgetary issues may compromise the Council's business transformation programme and a prudent view has been to include a 12 month delay into the current year with the expectation that these savings will be realigned into future financial years as part of the budget setting process.
- 4.3 These cost pressures have been offset in part corporately and further work continues to reduce the council's overall over spend although it has not yet

been possible to completely offset the over spend. If the council has an over spend for 2012/13 this will need to be met from reserves. A summary of the latest forecast is shown below.

Department	Probable Outturn £k
Adult Social Care	-1,353
Children Services	-751
Operations	-86
Chief Executive	424
Legal and Democratic Services	88
Strategic Resources	-1,457
Corporate Solutions	1,638
REVISED TOTAL – surplus (+) / deficit (-)	-1,497

- 4.4 Further detail on the cost pressures that the council is facing and how we intend to tackle it in the future is outlined in more detail in the budget consultation document.
- 4.5 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.
- 4.6 The budget monitoring report later in MTFS provides additional information.

5 MTFS 2013/14 to 2022/23

FINANCIAL SETTLEMENT 2013/14

- 5.1 The provisional local government finance settlement was announced on 19 December 2012 for 2013/14 being the third year of the Spending Review 2010 and the first year of the new funding arrangements allowing councils to retain a proportion of business rate growth locally. There remains uncertainty on the final year of the Spending Review for 2014/15 with only limited information being made available. For 2014/15, the council can expect to see a further reduction in grant and this has been factored into the MTFS. Government has announced that it intends to publish details of the next Spending Round during the first half of 2013.
- 5.2 The outline of the provisional settlement is as follows:
- The reduction of local government funding within the current Spending Review was originally 28% (or equivalent to 24% in cash terms) over the four years. Subsequent Government announcements have removed further monies from local government funding so that during the four year Spending Review period the reduction in local government spending has increased from 24% to 32% in cash terms.

- For 2013/14, the government is claiming that Peterborough has received an increase in 'Spending Power' of £0.3m. We believe this analysis excludes a number of grants, and the actual picture is the £1.7m further grant reduction in 2013/14 with a further £6.8m reduction in 2014/15.
- For Peterborough, excluding NHS Funding and the New Homes Bonus grant, the council will see £28.5m grant reduction increase to £33.4m reduction by 2014/15 the end of the current Spending Review period. However, the council will see some benefit in NHS funding and the New Homes Bonus compared to original MTFs forecasts of £3.7m. This will increase to £7.6m over the same period. It should be noted that the extra funding is subject to the Spending Round. The net reduction over the period is £26m.
- Within the funding arrangements, the government has included the population census information and this has been reflected in Peterborough's settlement. The council has been lobbying the government for some years that the funding system government use to apportion funding to councils does not recognise the increasing population of the city, so this is a welcome change.
- However, grant claw back removes £5.1m from the council's settlement in 2013/14 (£2.5m in 2012/13) and passes it to other council's to reduce their grant cuts. The council will again by lobbying government over the approach to claw back, particularly as the new funding arrangements will mean that it will not be released to the council as government are not expecting to make changes to the revenue support grant methodology as part of the localisation of business rates scheme councils will now operate within.
- The new funding arrangements will mean the council will receive £91.9m in start up funding allocation in 2013/14 and an indicative £83.6m in 2014/15 which comprises of the following:

	2013/14 £m	2014/15 £m
Revenue Support Grant	55.2	45.8
Baseline Funding (Business Rates Baseline)	36.7	37.8
Start Up Funding allocation	91.9	83.6

- The business rate baseline relates to the council's share of the business rates that Peterborough collects within the scheme of the localisation of business rates. Under the new funding arrangements, the council will retain 49% of locally collected business rates as part of its baseline funding and will also make a payment to central government called a tariff that has been calculated by the government. The council will pay a tariff each year as the council's actual business rates collected is in excess of the share that the council can retain locally as baseline funding.
- The business rates baseline will increase each year by government projections of growth and RPI. If the council is able to achieve business rate growth above government assumptions on the baseline funding set each year, the council will be able to retain a proportion of business rates locally after paying a levy on growth to the government. The council estimate that this would be 41.7 pence to the pound. The Revenue Support Grant will be determined by government and is likely

to see further reductions not least due to the possible further reductions in the forthcoming Spending Round announcement during 2013.

- The Education Support Grant and Adoption Reform Grant funding grants have not yet been announced which have significant financial implications for the council if the announcement is different to the council's best estimate of £4m. These new grants were formally part of the Formula Grant and Early Intervention Grant and were used as part of setting the budget. The council is also waiting for other less significant grants to be announced.
- The new funding arrangements top slice local government funding to provide sufficient funding for government to fund the New Homes Bonus grant. The 2013/14 settlement removed £89m grant (0.3% of national spending control totals) than was required on provisional 2013/14 data and therefore this money will be returned to councils. The council have included an estimate in the MTFS.

5.3 Prior to the provisional settlement announcement, the Chancellors autumn statement 2012 included the following, and the financial implications have been factored into the budget proposals accordingly:

- The government has announced that local government funding will reduce in 2014/15 by a further £447m as part of the commitment to reduce the national deficit and this is reflected in the MTFS. The council estimate this reduction to be £1.4m and this has been reflected in the MTFS.
- The government set aside some additional funding for highways maintenance capital monies and this has been factored into the MTFS accordingly.
- The government has set aside additional capital investment in schools to alleviate pressure on school places and increase the number of free schools available.

5.4 The settlement is provisional at this stage, and will be confirmed over the next few weeks. The consultation period on the provisional settlement closed 15 January 2013 and the council submitted a response to the consultation. The main issue for the council remains the claw back of formula grant from Peterborough's funding.

BUDGET SUMMARY

5.5 The summary figures underpinning the council tax proposals are:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Funding					
Dedicated Schools Grant	133,388	133,388	133,388	133,388	133,388
Revenue Support Grant	55,166	45,757	45,000	44,228	43,441
Baseline Funding	36,701	37,826	38,583	39,355	40,142
Other Council Grant	18,674	19,510	19,510	19,510	19,510
Benefit Grant	70,202	70,202	70,202	70,202	70,202
Parish Precepts	417	417	417	417	417
Council Tax	56,580	58,641	60,495	62,405	64,374
Total Funding	371,128	365,741	367,595	369,505	371,474
Total Expenditure	371,128	373,535	378,752	383,308	390,093
Budget Surplus(+)/ Deficit(-)	0	-7,794	-11,157	-13,803	-18,619

- 5.6 At the same time that the council is experiencing unprecedented reductions in funding, the council is also experiencing significant pressures. 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.
- 5.7 The budget proposals Cabinet will be consulting upon therefore consider both the continuing grant reduction and the pressures, 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.
- 5.8 Whilst the council has been able to balance 2013/14 with the savings proposals within this budget consultation and absorb the further grant reduction based on the provisional funding announcement for the council, there remains a significant gap in 2014/15. The estimated further grant reduction the council is now expecting in 2014/15 is £7m and is the majority of the 2014/15 deficit. The table below illustrates the predicted deficits that the council is facing from 2014/15.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Deficit	0	-7,794	-11,157	-13,803	-18,619

- 5.9 Given the uncertainty on the future of the council's funding and needing to fully assess the implications and opportunities arising from localising business rates, the council's approach has been to balance 2013/14 and look at the scale of deficits over a ten year plan. Cabinet may need to revisit the future budgets during summer 2013 once the next Spending Round has been published and once the localisation of business rates has been fully

implemented. By Cabinet adopting this approach, the council can consider developing further efficiencies demonstrating value for money and protect front line services as much as possible.

Capacity Bids

- 5.10 In preparing the MTFS 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.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Inescapable	8,968	12,353	20,077	21,512	22,697
Essential	900	500	450	450	450
Total	9,868	12,853	20,527	21,962	23,147

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.

Savings

- 5.11 The council's approach is still founded on the basis of the council being efficient, effective and accessible. The draft MTFS 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:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Service Reductions	3,811	4,691	4,645	4,565	4,565
New savings and efficiencies	12,461	14,092	15,360	17,782	19,537
Additional Income	135	3,981	14,932	17,675	18,385
Terms and Conditions	620	620	620	620	620
Total	17,027	23,384	35,557	40,642	43,107

6. CAPITAL PROGRAMME 2013/14 TO 2022/23

- 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 2013/14 to 2017/18 and the second table extending the summary for a further five years to 2022/23.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Total Capital Expenditure	251,999	226,007	74,945	38,086	26,944
Financed by:					
Grants & Third Party Contributions	25,966	14,347	7,562	12,002	10,502
Capital Receipts	12,710	7,720	1,295	2,175	2,675
Capital Financing Requirement (Borrowing)	213,323	203,940	66,088	23,909	13,767
Total Capital Financing	251,999	226,007	74,945	38,086	26,944

Capital Programme 2018/19 to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£k	£k	£k	£k	£k
Total Capital Expenditure	19,807	15,780	14,782	15,523	15,523
Financed by:					
Grants & Third Party Contributions	6,792	5,827	5,827	5,650	5,192
Capital Receipts	4,000	2,000	-	-	-
Capital Financing Requirement (Borrowing)	9,015	7,953	8,955	9,873	10,331
Total Capital Financing	19,807	15,780	14,782	15,523	15,523

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 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 twelfth lowest council tax (some £89 per year lower than the average, and £302 lower than the highest).

- 7.2 Cabinet remains committed to keeping council tax low, and although the council's budget set in February 2012 shows a proposed increase in council tax for the financial year 2013/14 of 2.95 per cent, the Cabinet are proposing to freeze council tax for this year.
- 7.3 If these proposals are agreed at Full Council on 6 March 2013 the amount of council tax paid to Peterborough City Council for council services will remain the same. However we do not know yet if the police, fire or parish councils are planning to increase their council tax charge.
- 7.4 The council is able to freeze council tax as our prudent budget plans enable us to take advantage of a grant offered by the Government. Government has made no announcements regarding the availability of grant to support this in 2014/15 and beyond. As such the MTFs assumes, for planning purposes only, a 2% increase in later years. We will continue to work with Government to see if it is possible to keep council tax as low as possible over these future years.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Council Tax increase	0.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Band D	£1,128	£1,151	£1,174	£1,197	£1,221
Council Tax Base - Band Ds	50,158	50,966	51,547	52,131	52,722
Council amount raised (£m)	56.6	58.6	60.5	62.4	64.4

The equivalent Band D Council Tax figure for 2012/13 is £1,128 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.

The tax base shown above is the adjusted tax base after making the necessary amendments for the council tax support reduction scheme in accordance with legislation. The unadjusted tax base used for budget setting purposes in comparison to the current MTFs assumptions is as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Current MTFs	57,217	57,789	58,367	58,951	59,541
Unadjusted council tax base	57,558	58,134	58,715	59,302	59,895

- 7.5 The impact is that for 2013/14:
- 2013/14 – council tax is frozen
 - The council will be eligible for a council tax freeze grant in 2013/14 resulting in an additional funding to the council of £649k in 2013/14 and 2014/15 based on the provisional finance settlement
 - 2014/15 to 2022/23 – an increase of 2.00% for planning purposes

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.
- Parish Councils – they do not receive any direct funding from the Government so no grant is available for them.

7.6 The proposal to freeze council tax will mean that the council will not be subject to the calculation to determine whether the council will need to undertake a referendum for setting an excessive council tax. The principle outlined in the provisional settlement determines that a council has set an excessive council tax if the council increases its basic relevant amount of council tax by 2.00%. Police and fire have similar calculations to undertake and parish councils are exempt from this principle.

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

Council Tax Benefit

7.8 In its 2010 Spending Review the Government announced that it would localise support for Council Tax from April 2013, and at the same time reduce expenditure by 10%. This means that there will no longer be a nationally governed Council Tax Benefit (CTB) scheme and each Council will set their own schemes. However, Pensioners will be protected under these new arrangements and CTB for this group will continue to be subject to national controls, meaning pensioners will not have their CTB reduced by these legislative changes.

7.9 The Council's Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted and resulting in no additional pressure on the council's budget.

7.10 The local scheme was consulted on during autumn with Cabinet considering and recommending a 30% reduction in council tax benefit at its meeting on 21 January 2013. Full Council are due to approve the local scheme on 30 January 2013.

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. FEES AND CHARGES

9.1 As part of setting the budget, the existing fees and charges have been reviewed including a review of all opportunities to generate additional income for any new services the council is providing.

- 9.2 The average fees and charges range from 0% to 5% with the exception of planning fee increases which will increase by 15% following an announcement by Government in November 2012. A schedule of fees and charges has been included in the MTFS.

10. CONSULTATION

- 10.1 The budget consultation will be in the public domain on 25 January 2013, confirmed by Cabinet at its meeting on 4 February and will run until 5 March 2013 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. The consultation will be open for nearly six weeks. Cabinet wanted to ensure that residents, partner organisations, businesses and other interested parties have the chance to comment on 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
- Joint Meeting of the Scrutiny Committees and Commissions
- Consultation event open to Neighbourhood Councils
- Trades Unions
- Staff briefings and feedback
- Discussions with the business community
- Discussion with Parish Councils

11. ANTICIPATED OUTCOMES

- 11.1 The priorities and vision outlined in the Sustainable Community Strategy 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.

12. REASONS FOR RECOMMENDATIONS

- 12.1 The Council must set a lawful and balanced budget.
- 12.2 The Council is required to set a Council Tax for 2013/14 within statutory prescribed timescales and in accordance with the local referendum requirements contained within the Localism Act 2011.
- 12.3 Before setting the level of Council Tax, the Council must have agreed a balanced budget.

13. ALTERNATIVE OPTIONS CONSIDERED

- 13.1 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.

14. IMPLICATIONS

14.1 Elected Members

- 14.1.1 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.
- 14.1.2 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.

14.2 Legal Implications

- 14.2.1 These are considered within the main body of the report.

14.3 Human Resources

- 14.3.1 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 63 Full time equivalent posts. 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.
- 14.3.2 The government is changing the law on pensions to ensure more people are saving for their retirement, by requiring employers to automatically enrol eligible job holders into a qualifying workforce pension scheme. The regulations will apply to employees and workers of the city council plus schools staff in maintained, community, voluntary controlled, community special or maintained nursery schools from 1 July 2013 (the 'staging date').
- 14.3.3 As more staff save for their retirement, the increasing pension scheme membership will have significant budgetary implications, as well as requiring extra administration to manage auto enrolment. As an employer it will not be possible to opt out of auto enrolment but the legislation does allow for deferment of those eligible job holders, who are in post prior to the staging date, for four years.
- 14.3.4 In accordance with the transitional provisions set out in the Employer's Duties (Implementation) Regulations 2010/4, automatic enrolment to the Local Government Pension Scheme and Teachers Pension Scheme under the Pensions Act 2008 (as amended) is delayed until 30 September 2017, in

relation to eligible job holders who are in post prior to the staging date of 1 July 2013.

14.4 Equality Impact Assessments

14.4.1 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.

14.5 Future Service Delivery

14.5.1 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.

15. BACKGROUND DOCUMENTS

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

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:

- Growth, regeneration and economic development of the city to bring new investment and jobs Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned;
- Improving educational attainment and skills for all of our children and young people allowing them to seize the opportunities offered by new jobs and our university provision thereby keeping their talent and skills in the city;
- Safeguarding children and vulnerable adults;
 - The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments;
 - 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 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 (or equivalent to 24% in cash terms) over four years. Over the last two years, the grant for the council has been reduced by over £17m.
- 1.2.2 Subsequent government announcements have removed further monies from local government. During the four year Spending Review period the reduction in local government spending would therefore increase from 24% to 32% in cash terms. The council will therefore face further grant reductions of £1.7m in 2013/14 and £6.8m in 2014/15. This will take the total reduction in grant over 4 years to nearly £26m.
- 1.2.3 For 2013/14, the Government is claiming that Peterborough has received an increase in its 'Spending Power' of £0.3m. We believe that this analysis excludes a number of grants, and the actual picture is the £1.7m decrease outlined above.
- 1.2.4 The Council does appear to have received a relatively better settlement than some other Councils. The provisional funding announcement for Peterborough does recognise the population information from the census 2011. The council has been lobbying the government for some years that the funding system government use to apportion funding to councils does not recognise the increasing population of the city, so this is a welcome change.

- 1.2.5 However, grant claw back removes £5.1m from the council's settlement in 2013/14 (£2.5m in 2012/13) 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 new funding arrangements will mean that it will not be released to the council as government are not expecting to make changes to the revenue support grant methodology as part of the localisation of business rates scheme councils will now operate within.
- 1.2.6 The impact of the grant reductions and pressures arising from increased population and the economic growth forecasts present the council with challenging circumstances on how to deliver services in future. Despite the council putting in extensive plans to deal with the initial grant reduction over the previous two years, it is inevitable that with recent government announcements, the council will need to make further savings.
- 1.2.7 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.
- 1.2.8 The provisional settlement was announced in 19 December 2012 with some significant grant allocations still to be announced. The budget setting timetable and consultation timetable has been updated to reflect the lateness of the announcement. All consultation events and activity have been arranged to fit with the revised timetable over the next six weeks that the consultation will be open. Full Council has been deferred to ensure this happens. 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.
- 1.2.9 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.
- 1.2.10 The MTFS covers 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.
- 1.2.11 Moving to a funding system that funds the council based on business and dwelling growth provides the council with opportunities to increase funding levels. To maximise the opportunity, the council will need to consider development plans for future growth.
- 1.2.12 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 2013/14 AND THE FUTURE PUBLIC FINANCE POSITION

1.3.1 The provisional local government finance settlement was announced on 19 December 2012. The Chancellors Autumn Statement on 5 December also implements further reduction on local government funding.

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

- For 2013/14, the government is claiming that Peterborough has received an increase in 'Spending Power' of £0.3m. The council believe this analysis excludes a number of grants, and the actual picture is the £1.7m further grant reduction in 2013/14 with a further £6.8m reduction in 2014/15.
- A number of amendments have been made to the formula grant to implement the localisation of business rates. As such the existing formula grant will now include some former specific grants, the council tax support funding allocation relating to the implementation of local council tax benefit schemes and will also remove in its entirety the Local Authority Central Spend Equivalent Grant with the council receiving some of this grant back for maintained schools within the Education Support Grant. These changes will now see the council receive Revenue Support Grant and baseline funding of business rates, together known as Start Up Funding allocation.
- Grant claw back removes £5.1m from Peterborough next year and passes it to other councils to reduce their grant cuts (on top of the £2.5m lost in 2012/13)
- The Education Support Grant and Adoption Reform Grant funding grants have not yet been announced which have significant financial implications for the council if the announcement is different to the council's best estimate of £4m. These new grants were formally part of the Formula Grant and Early Intervention Grant and were used as part of setting the budget. The council is also waiting for other less significant grants to be announced.
- The new funding arrangements top slice local government funding to provide sufficient funding for government to fund the New Homes Bonus grant. The 2013/14 settlement removed £89m grant (0.3% of national spending control totals) than was required on provisional 2013/14 data and therefore this money will be returned to councils. The council have included an estimate in the MTFs.
- Public Health responsibilities will transfer to the council from 1 April 2013. The council will receive a grant of £8.4m in 2013/14 and £9.3m in 2014/15 to be spent on public health services and associated costs.

1.3.3 Due to the changes to the funding system, government has issued councils with an adjusted 2012/13 grant analysis for comparison purposes to enable councils to compare what grant they would have received if the localisation of business rates system was being operated during 2012/13. As part of the changes, following consultation, government made some minor changes to the existing formula grant methodology including recognising the population data to establish 2013/14 individual council levels of Revenue Support Grant. In future financial years, government are not proposing to make any further updates to data and as such the Revenue Support Grant will only be updated to reflect the amount of Revenue Support Grant that the government intend to allocate to local government. The following table illustrates the changes for Formula Grant since 2011/12 for Peterborough.

		Unadjusted	Adjusted	Provisional Settlement
	2011/12	2012/13	2012/13	2013/14
	£m	£m	£m	£m
Formula Grant Entitlement	84.5	76.5	75.2	78.8
Less claw back (*)	4.8	2.4		5.1
Formula Grant (Old Methodology)	79.7	74.1	75.2	73.7
<i>% decrease on grant received</i>	<i>-10.2%</i>	<i>-7.0%</i>		<i>-0.5%</i>

- 1.3.4 The new funding arrangements which include the Formula Grant will mean the council will receive £91.9m in start up funding allocation in 2013/14 and an indicative £83.6m in 2014/15 which is comprises of the following:

	2013/14	2014/15
	£m	£m
Revenue Support Grant	55.2	45.8
Baseline Funding (Business Rates Baseline)	36.7	37.8
Start Up Funding allocation	91.9	83.6

- 1.3.5 The business rate baseline relates to the council's share of the business rates that Peterborough collects within the scheme of the localisation of business rates. Under the new funding arrangements, the council will retain 49% of locally collected business rates as part of its baseline funding and will also make a payment to central government called a tariff that has been calculated by the government. The council will pay a tariff each year as the council's actual business rates collected is in excess of the share that the council can retain locally as baseline funding.
- 1.3.6 The business rates baseline will increase each year by government projections of growth and RPI. If the council is able to achieve business rate growth above government assumptions on the baseline funding set each year, the council will be able to retain a proportion of business rates locally after paying a levy on growth to the government. The council estimate that this would be 41.7 pence to the pound. The Revenue Support Grant will be determined by government and is likely to see further reductions not least due to the possible further reductions in the forthcoming Spending Round announcement during 2013.
- 1.3.7 The new funding arrangements expose the council to volatility in business rates income throughout the year, for example the impact of business rates appeals that are concluded during the financial year even if the costs relate to previous financial years. The council will also be exposed to a decline of business rate income in future to a total of 7.5% decline in business rates before the government will provide additional funding.
- 1.3.8 Prior to the provisional settlement announcement, the Chancellors autumn statement 2012 included the following and the financial implications have been factored into the budget proposals accordingly:

- The government has announced that local government funding will reduce in 2014/15 by a further £447m as part of the commitment to reduce the national deficit and this is reflected in the MTFS. The council estimate this reduction to be £1.4m and this has been reflected in the MTFS.
- The government set aside some additional funding for highways maintenance capital monies and this has been factored into the MTFS accordingly.
- The government has set aside additional capital investment in schools to alleviate pressure on school places and increase the number of free schools available.

1.3.9 For the council's financial planning, the council has taken the following approach:

- For 2013/14 and 2014/15 – revised reductions in grant in line with the provisional finance settlement, making estimates of grants still to be announced. The final settlement is expected early February 2013.
- From 2015/16 onwards – Assume the council's overall funding level will remain 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 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 twelfth lowest council tax (some £89 per year lower than the average, and £302 lower than the highest).
- 1.4.2 Cabinet remains committed to keeping council tax low, and although the council's budget set in February 2012 shows a proposed increase in council tax for the financial year 2013/14 of 2.95 per cent, the Cabinet are proposing to freeze council tax for this year.
- 1.4.3 If these proposals are agreed at Full Council on 6 March 2013 the amount of council tax paid to Peterborough City Council for council services will remain the same. However we do not know yet if the police, fire or parish councils are planning to increase their council tax charge.
- 1.4.4 The council is able to freeze council tax as our prudent budget plans enable us to take advantage of a grant offered by the Government. Government has made no announcements regarding the availability of grant to support this in 2014/15 and beyond. As such the MTFS assumes, for planning purposes only, a 2% increase in later years. We will continue to work with Government to see if it is possible to keep council tax as low as possible over these future years.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Council Tax increase	0.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Band D	£1,128	£1,151	£1,174	£1,197	£1,221
Council Tax Base - Band Ds	50,158	50,966	51,547	52,131	52,722
Council amount raised (£m)	56.6	58.6	60.5	62.4	64.4

The equivalent Band D Council Tax figure for 2012/13 is £1,128 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.

The tax base shown above is the adjusted tax base after making the necessary amendments for the council tax support reduction scheme in accordance with legislation. The unadjusted tax base used for budget setting purposes in comparison to the current MTFS assumptions is as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Current MTFS	57,217	57,789	58,367	58,951	59,541
Unadjusted council tax base	57,558	58,134	58,715	59,302	59,895

1.4.5 The impact is that for 2013/14:

- 2013/14 – council tax frozen
- The council will be eligible for a council tax freeze grant in 2013/14 resulting in an additional funding to the council of £649k in 2013/14 and 2014/15 based on the provisional finance settlement
- 2014/15 to 2022/23 – an increase of 2.00% for planning purposes

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.
- Parish Councils – they do not receive any direct funding from the Government so no grant is available for them.

1.4.6 The proposal to freeze council tax will mean that the council will not be subject to the calculation to determine whether the council will need to undertake a referendum for setting an excessive council tax. The principle outlined in the provisional settlement determines that a council has set an excessive council tax if the council increases its basic relevant amount of council tax by 2.00%. Police and fire have similar calculations to undertake and parish councils are exempt from this principle.

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

Council Tax Benefit

- 1.4.8 In its 2010 Spending Review the Government announced that it would localise support for Council Tax from April 2013, and at the same time reduce expenditure by 10%. This means that there will no longer be a nationally governed Council Tax Benefit (CTB) scheme and each Council will set their own schemes. However, Pensioners will be protected under these new arrangements and CTB for this group will continue to be subject to national controls, meaning pensioners will not have their CTB reduced by these legislative changes.
- 1.4.9 The Council's Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted and resulting in no additional pressure on the council's budget.
- 1.4.10 The local scheme was consulted on during autumn with Cabinet considering and recommending a 30% reduction in council tax benefit at its meeting on 21 January 2013. Full Council are due to approve the local scheme on 30 January 2013.

1.5 BUDGET SUMMARY

- 1.5.1 The summary figures underpinning the council tax proposals are:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Funding					
Dedicated Schools Grant	133,388	133,388	133,388	133,388	133,388
Revenue Support Grant	55,166	45,757	45,000	44,228	43,441
Baseline Funding	36,701	37,826	38,583	39,355	40,142
Other Council Grant	18,674	19,510	19,510	19,510	19,510
Benefit Grant	70,202	70,202	70,202	70,202	70,202
Parish Precepts	417	417	417	417	417
Council Tax	56,580	58,641	60,495	62,405	64,374
Total Funding	371,128	365,741	367,595	369,505	371,474
Total Expenditure	371,128	373,535	378,752	383,308	390,093
Budget Surplus(+)/ Deficit(-)	0	-7,794	-11,157	-13,803	-18,619

- 1.5.2 Whilst the council has been able to balance 2013/14 with the savings proposals within this budget consultation and absorb the further grant reduction based on the provisional funding announcement for the council, there remains a significant gap in 2014/15. The estimated further grant reduction the council is now expecting in 2014/15 is £7m and is the majority of the 2014/15 deficit. The table below illustrates the predicted deficits that the council is facing from 2014/15.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Deficit	0	-7,794	-11,157	-13,803	-18,619

1.5.3 Given the uncertainty on the future of the council's funding and needing to fully assess the implications and opportunities arising from localising business rates, the council's approach has been to balance 2013/14 and look at the scale of deficits over a ten year plan. Cabinet may need to revisit the future budgets during summer 2013 once the next Spending Round has been published and once an understanding of the localisation of business rates has been fully implemented. By Cabinet adopting this approach, the council can consider developing further efficiencies demonstrating value for money and protect front line services as much as possible.

1.5.4 There remains considerable uncertainty over the financial position for a number of reasons including the following:

- There is limited information available on the 2014/15 settlement with only headline information being released. The recent Autumn Statement has already made further reductions and this may change
- The next Spending Round 2013 details will be published in the first half of 2013
- The new funding arrangements will enable the council to keep a proportion of growth in business rates
- The country is likely to be returning to a healthier economic position

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.

Capacity Bids

1.5.5 In preparing a MTFS 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.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Inescapable	8,968	12,353	20,077	21,512	22,697
Essential	900	500	450	450	450
	9,868	12,853	20,527	21,962	23,147

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.

Savings

1.5.6 The Council's approach is still founded on the basis of the council being efficient, effective and accessible. The draft MTFS 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:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Service Reductions	3,811	4,691	4,645	4,565	4,565
New savings and efficiencies	12,461	14,092	15,360	17,782	19,537
Additional Income	135	3,981	14,932	17,675	18,385
Terms and Conditions	620	620	620	620	620
Total	17,027	23,384	35,557	40,642	43,107

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 The council regularly reviews the level of reserves as part of in year budget monitoring, setting the budget and at the end of the financial year in line with the council’s reserve policy. 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.
- 1.6.3 There is much debate nationally and more recently locally in the general level of reserves held by councils. Reserves are set aside for either a specific purpose, consideration to the general market conditions, the internal control framework in operation and the probability and financial impact of service risks.
- 1.6.4 Estimated levels of reserves for the next two years are outlined below. This includes sums that we hold on behalf of others and sums that we are independently advised to hold e.g. insurance reserve.

	Estimated balance at 31.03.13	Estimated balance at 31.03.14
	£k	£k
General Fund – This can be used to meet budget issues	6,000	6,000
Capacity Building Reserve – This enables us to implement saving proposals	981	622
Departmental Reserve – The majority of this reserve relates to City College Peterborough who operate on academic year funding and retain a reserve for potential claw back from awarding bodies	796	751
Schools Capital Expenditure Reserve - Monies held on behalf of schools for capital spend	1,832	1,832
Insurance, and other minor reserves – These reserves are held for a specific purpose and cannot therefore be used for budget setting purposes	2,354	2,283
TOTAL	11,963	11,488

1.6.5 Projected movements on reserves for this MTFS are shown in the reserves section later in the MTFS.

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

- Pressures in 2012/13 may need to be supported by use of the Capacity fund
- The new funding arrangements expose the council to risk if business rates decline. The government will only provide support if the council's business rates declines beyond 7.5%, the safety net threshold set by the new funding arrangements. For 2013/14, the safety net threshold will be in the region of £2.7m on the council's funding level. However, the council will benefit with increased funding if business rates growth exceeds baseline funding levels subject to a levy payment. The council will keep 41.7 pence in the pound in growth achieved above the baseline funding level for the council.
- The new funding arrangements expose the council to volatility in business rates income throughout the year, for example the impact of business rates appeals that are concluded during the financial year even if the costs relate to previous financial years
- The budget setting process has identified risks in 2013/14 including an estimate for the pay award negotiated nationally which is outside of the council's control. The risks are outlined in section 1.7.2 of this report.
- The savings proposals put forward in this consultation document in 2013/14 total £17m. If these savings proposals are updated during the

budget consultation any shortfall will need to be covered from either finding other saving proposals, reducing bids, increasing council tax or from reserves

- The capacity fund assumes an estimate to fund the costs associated with implementing the savings proposals including headcount implications. It may be necessary to increase / decrease this estimate.

1.6.7 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. Last year, the general fund balance assumed that £1.2 would be transferred into the general fund to maintain the balance at £6m during 2013/14. The one off investment required as part of the budget proposals makes the necessary adjustment in the council's budget to maintain the general fund balance.
- 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

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

1.6.8 The Director has reviewed the financial risks identified (see Section 1.7 below), and the expected level of reserves at 1 April 2013. 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 2013/14, including a medium term financial plan to 2022/23, 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 current grant settlement is for 2013/14 only with limited information available for 2014/15 and the next Spending Round due imminently which could result in further reductions beyond 2014/15	Prudent approach to forecasting outlined in section 1.3.7 above. Ensure council actively reviews new proposals to assess impact for future planning Following the Spending Round 2013 announcement, the council will review financial implications on the councils budget
Overall Budget	Inflation risk including the pay award	Monitor inflation position and forecasts, and review impact on

Area	Risk	Action to Mitigate Risk
	Budget assumes that inflation remains low in the medium term	<p>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 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	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	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 have been included in the MTFS anticipating 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	<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 children's and adult social care. The demographics of the latter will remain under review due to Peterborough's ageing population above national average and complexities in cases being identified. The need for such services remains difficult to predict, and support must be provided</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 children's and adult social care.</p> <p>Savings plans are also based intervention and reducing need and service demand</p>

Area	Risk	Action to Mitigate Risk
	where needed.	
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.	<p>Progress will be monitored via the monthly budget monitoring process.</p> <p>Specific provision has been made in the budget to support the costs of change needed to provide capacity to deliver these savings.</p> <p>The business transformation programme will be delivered in partnership with Serco.</p>
Overall Budget	Impact of recession	<p>Review through monthly budget monitoring.</p> <p>A prudent view has been taken on the timescales for recovery to impact and updated in the MTFS e.g. in income levels</p>
Overall Budget	<p>Impact of service issues on financial management, including:</p> <ul style="list-style-type: none"> • Childrens services improvement programme • The transfer of Public Health into the council from April 2013 	<p>Robust, adequately resourced programme management arrangements are in place.</p> <p>Savings plans have factored in the challenges of delivering service changes at the same time</p> <p>The transfer of Public Health will include transfer of a ring fenced grant. A current review of the provisional grant announcement has been made to review financial risk to the council</p>
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	<p>Government Grants. The budget is supported by a number of specific government grants. Two significant grants (Education Support Grant and Adoption Reform Grant) have not yet been announced and the council has used a best estimate to the expected funding.</p> <p>Any change to the provisional announcements and the grants not yet announced will have a financial consequence on the council's budget setting</p>	<p>Reviewed through monitoring of budget and management information on a monthly basis.</p> <p>Review of government websites to confirm allocations at earliest opportunity and budgets reviewed as appropriate.</p>

Area	Risk	Action to Mitigate Risk
Government funding	The new funding arrangements will be based in part around business rate growth and dwelling growth. The council will benefit from any growth in business rates but will also have to share the risk of volatility of collecting business rates, changes to business rates during the financial year and administration costs associated with collecting business rates. Furthermore the safety net payment scheme to top up councils for loss in business rates income would require a decrease in business rates of 7.5%.	The finance team will align forecasts using a more detailed approach with planning and revenue and benefit colleagues to monitor business and dwelling growth as part of the budget setting process and at regular intervals during the financial year. On a monthly basis reports will be available to monitor business rates income.
Council Tax and Council Tax Benefit	Localisation of council tax benefit scheme if eligible claimants increase beyond forecasts, non collection of council tax and future council tax increases may result in a pressure if future schemes are no longer viable to be self financing	The council tax benefit scheme is required to be approved annually by Full Council. At regular intervals during the financial year, an assessment will be completed to assess actual data against the budget forecast through budget monitoring and budget setting.
Council Tax and Council Tax Benefit	Implementation of the Universal Credit from October 2013 although operated by the Department for Work and Pensions may have a financial consequence arising from shared data between the council and DWP to confirm council tax claimants	The Department for Work and Pensions continue to affirm that they intend to work closely with councils to provide and share data accordingly. This will be regularly monitored during the financial year. At regular intervals during the financial year, an assessment will be completed to assess actual data against the budget forecast through budget monitoring and budget setting
Council Tax and Council Tax Benefit	Legislation now requires council's to adjust the council tax base for council tax benefit and allows the tax base to be adjusted for certain council tax discounts. The information used to populate the adjusted tax base is estimated using the best projections available at the time of setting the current budget therefore future	At regular intervals during the financial year, an assessment will be completed to assess actual data against the budget forecast through budget monitoring and budget setting

Area	Risk	Action to Mitigate Risk
	forecasts of tax base may be less reliable and could cause a pressure on the budget	
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 FEES AND CHARGES

1.8.1 As part of setting the budget, the existing fees and charges have been reviewed including a review of all opportunities to generate additional income for any new services the council is providing.

1.8.2 The average fees and charges range from 0% to 5% with the exception of planning fee increases which will increase by 15% following an announcement by Government in November 2012. A schedule of fees and charges has been included in the MTFS.

1.9 EDUCATION FUNDING

1.9.1 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.

1.9.2 The estimated Dedicated Schools Grant for 2013/14 is £133m. The final figure for 2013/14 will not be confirmed until early 2013, when pupil numbers are finalised.

1.9.3 Education funding for schools is changing in 2013/14 with the government introducing a nation formula for schools funding. Further detail can be seen at the end of the MTFS in appendix 10.

1.10 CAPITAL PROGRAMME 2013/14 TO 2022/23

1.10.1 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.

1.10.2 The Capital Programme is included in the MTF5. In summary, the programme is in the next table.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£k	£k	£k	£k	£k
Total Capital Expenditure	251,999	226,007	74,945	38,086	26,944
Financed by:					
Grants & Third Party Contributions	25,966	14,347	7,562	12,002	10,502
Capital Receipts	12,710	7,720	1,295	2,175	2,675
Capital Financing Requirement (Borrowing)	213,323	203,940	66,088	23,909	13,767
Total Capital Financing	251,999	226,007	74,945	38,086	26,944

Capital Programme 2018/19 to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£k	£k	£k	£k	£k
Total Capital Expenditure	19,807	15,780	14,782	15,523	15,523
Financed by:					
Grants & Third Party Contributions	6,792	5,827	5,827	5,650	5,192
Capital Receipts	4,000	2,000	-	-	-
Capital Financing Requirement (Borrowing)	9,015	7,953	8,955	9,873	10,331
Total Capital Financing	19,807	15,780	14,782	15,523	15,523

1.10.3 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.

1.10.4 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.

1.10.5 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.

1.10.6 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.

1.10.7 The council has also looked carefully at how it borrows to support the capital programme. 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 2013/14 financial year is:

- a) To consider the rescheduling (early redemption and replacement) of loans to maximise interest rate savings and possible redemption discounts.
- b) 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.
- c) 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.
- d) To maintain an appropriate balance between PWLB and market debt in the debt portfolio and a balance in the maturity profile of debt.
- e) To give full consideration to other debt instruments e.g. Local Authority Bonds as an alternative to PWLB borrowing. Due regard will be given to money laundering regulations.

1.11 ASSET MANAGEMENT PLAN

1.11.1 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 increasing liabilities for repairs and maintenance.
- A property portfolio that is not suited to Council needs for service delivery now and into the future.
- An ad-hoc approach to management of the portfolio i.e. currently service departments manage their property in isolation leading to inconsistencies across the Council.

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

- The delivery of in excess of £26m of Capital Receipts in a falling market over the next ten years to support the Council's Capital Budget.
- Using Property in different ways to support the Growth Agenda.
- Maintaining revenue streams in a falling market. Current forecasts indicate a rental stream of £3.5m to year end 2012/2013.

1. Key Figures

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Schools Funding	133,388	133,388	133,388	133,388	133,388	133,388	133,388	133,388	133,388	133,388
Business Rates Baseline	36,701	37,826	38,583	39,354	40,141	40,944	41,763	42,598	43,450	44,319
Revenue Support Grant	55,166	45,757	45,000	44,229	43,442	42,639	41,820	40,985	40,133	39,264
Other Grants	18,674	19,510	19,510	19,510	19,510	19,510	19,510	19,510	19,510	19,510
Benefit Grants	70,202	70,202	70,202	70,202	70,202	70,202	70,202	70,202	70,202	70,202
Parish Precepts	417	417	417	417	417	417	417	417	417	417
Council Tax Base	53,700	56,580	58,641	60,495	62,405	64,374	66,404	68,498	70,657	72,883
Council Tax Growth Estimate	2,880	911	668	686	707	728	751	773	797	821
Council Tax Increase	0	1,150	1,186	1,224	1,262	1,302	1,343	1,386	1,429	1,474
Collection Fund Deficit	0	0	0	0	0	0	0	0	0	0
Total Funding	371,128	365,741	367,595	369,505	371,474	373,504	375,598	377,757	379,983	382,278
Gross Departmental Control Totals	378,287	384,066	393,782	401,988	410,053	413,979	418,908	424,445	429,552	432,515
Less: Savings 2013/14										
New Savings and Efficiencies	-12,461	-14,092	-15,360	-17,782	-19,537	-19,252	-19,496	-20,102	-20,804	-23,052
Additional Income	-135	-3,981	-14,932	-17,675	-18,385	-18,721	-19,134	-19,965	-20,277	-20,352
Terms and Conditions	-620	-620	-620	-620	-620	-620	-620	-620	-620	-620
Service Reductions	-3,811	-4,691	-4,645	-4,565	-4,565	-4,565	-4,565	-4,565	-4,565	-4,565
Sub Total	-17,027	-23,384	-35,557	-40,642	-43,107	-43,158	-43,815	-45,252	-46,266	-48,589
Capacity Bids 2013/14										
Capacity Bid - Inescapable	8,968	12,353	20,077	21,512	22,697	23,484	23,949	24,429	24,913	25,399
Capacity Bid - Essential	900	500	450	450	450	450	450	450	450	450
Sub Total	9,868	12,853	20,527	21,962	23,147	23,934	24,399	24,879	25,363	25,849
Total Expenditure	371,128	373,535	378,752	383,308	390,093	394,755	399,492	404,072	408,649	409,775
Budget Surplus/Deficit(-)	0	-7,794	-11,157	-13,803	-18,619	-21,251	-23,894	-26,315	-28,666	-27,497

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Council Tax increase	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	£	£	£	£	£	£	£	£	£	£
Council Tax Band D	1,128.03	1,150.59	1,173.60	1,197.07	1,221.01	1,245.43	1,270.34	1,295.75	1,321.67	1,348.10
Council Tax Base - Band Ds	50,158	50,966	51,547	52,131	52,722	53,318	53,921	54,530	55,145	55,766

2. Capacity Bids

Appendix 2a – Capacity Bids – Inescapable

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Adult Social Care	Mental Health – Residential placements	880	1,080	1,080	1,080	1,080
Adult Social Care	Mental Health – Community care costs	220	220	220	220	220
Adult Social Care	Demographics and transitions pressure	748	748	748	748	748
Adult Social Care	Costs associated with The Social Care White Paper	260	260	260	260	260
Children Services	Support for Looked After Children	1,300	1,300	1,300	1,300	1,300
Children Services	Legal costs	160	160	160	160	160
Children Services	Transport costs	250	250	0	0	0
Corporate	Balances	1,189	0	0	0	0
Corporate	Pension costs	64	72	81	90	421
Operations	Operations income shortfall	699	930	1,172	1,429	1,860
Operations	Fees and charges shortfall	280	280	280	280	280
Operations	A16 verge maintenance	0	60	60	60	60

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Operations	Additional cleaning of city centre following recent improvements	117	117	117	117	117
Operations	Increase contract costs associated with bus routes	535	535	535	535	535
Strategic Resources	Risk management contingency	207	207	207	207	207
Strategic Resources	Registrars Office	19	19	19	19	19
Strategic Resources	Citizenship Income – reduction in income received	13	13	13	13	13
Strategic Resources	Enterprise – contract variations to accommodate increase in properties and amenity services	245	245	245	245	245
Strategic Resources	Street cleansing	150	0	0	0	0
Strategic Resources	Repairs and Maintenance	100	100	100	100	100
Strategic Resources	Commercial Property Portfolio	373	403	403	403	403
Strategic Resources	Carbon Reduction Commitment	0	117	117	117	117
Strategic Resources	Recovery of Collection Fund deficit	256	0	0	0	0
Strategic Resources	Impact on cash flow with option to pay council tax over 12 months	16	16	16	16	16

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Strategic Resources	Capital bids – impact of capital programme bids	887	5,221	12,944	14,113	14,536
TOTAL		8,968	12,353	20,077	21,512	22,697

Appendix 2b – Capacity Bids – Essential

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Chief Executive	Your Peterborough	80	0	0	0	0
Chief Executive	Sports village	50	50	0	0	0
Chief Executive	Riverside Opportunity Area (additional revenue costs)	100	0	0	0	0
Children Services	Ofsted Recommendations	670	450	450	450	450
TOTAL		900	500	450	450	450

3. Savings

Appendix 3a – Savings – Service Reductions

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Adult Social Care	Eligibility criteria	350	500	500	500	500
Adult Social Care	Meals Service subsidy	87	87	87	87	87
Adult Social Care	Learning Disability day services	200	250	250	250	250
Children Services	Play Services	110	110	110	110	110
Children Services	Reduction in Targeted Services	60	60	60	60	60
Children Services	Children's Centres	201	401	401	401	401
Children Services	Direct Intervention Service	300	300	300	300	300
Operations	Voluntary sector/Community centre/Social Fund grants	607	607	607	607	607
Operations	Tackle the pressure on bus routes on contracts renewal	267	535	535	535	535
Operations	Future Savings on bus subsidies	238	500	500	500	500
Operations	Cease funding for Halfords Tour Series	60	60	38	0	0
Operations	Closure of Enterprise Centre	116	66	42	0	0

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Operations	Reduce the Community Leadership Fund	72	72	72	72	72
Operations	Supporting people – non-sheltered schemes	706	706	706	706	706
Operations	Supporting people – sheltered housing schemes	192	192	192	192	192
Strategic Resources	Enterprise Peterborough – Reduction in brown bin collections over winter	45	45	45	45	45
Strategic Resources	Vivacity – Revised library opening times	200	200	200	200	200
TOTAL		3,811	4,691	4,645	4,565	4,565

Appendix 3a – Savings – New Savings and Efficiencies

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Adult Social Care	ILSS framework	600	1,000	1,000	1,000	1,000
Adult Social Care	ICES Equipment	250	250	250	250	250
Adult Social Care	Learning Disability residential commissioning	250	500	500	500	500
Adult Social Care	Client transport service	50	100	100	100	100
Adult Social Care	Increase use of independent providers for re-ablement services	50	100	100	100	100
Adult Social Care	Review of assessment and care management	100	200	200	200	200
Adult Social Care	Sensory support service review	75	100	100	100	100
Adult Social Care	Occupational Therapy review	100	150	150	150	150
Adult Social Care	HIV/Aids service review	100	100	100	100	100
Adult Social Care	Supplies and services	50	50	50	50	50
Adult Social Care	Direct Payments	100	100	100	100	100
Adult Social Care	Mental Health social care	300	300	300	300	300
Adult Social Care	Review of back office	100	150	150	150	150

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Chief Executive	Work to move forward the redevelopment of Northminster	60	0	0	0	0
Chief Executive	Delete Infrastructure post	40	40	40	40	40
Chief Executive	Opportunity Peterborough – withdrawal of funding so that it is entirely self-financing by 2016/17	0	100	250	380	380
Chief Executive	Greater Peterborough Partnership	50	50	50	50	50
Chief Executive	Reduce cost of training and projects across the Chief Executive's Department	50	50	50	50	50
Chief Executive	Marketing savings	15	15	15	15	15
Chief Executive	Implement a revised delivery model of the Council's Commissioning function	750	1,000	1,000	1,000	1,000
Chief Executive	Centralisation of the Council's performance management function	150	150	150	150	150
Chief Executive	Trade Union Facilities Agreement – contribution towards costs	16	16	16	16	16
Chief Executive	Permanent deletion of funding for the Deputy Chief Executive	200	200	200	200	200
Chief Executive	Growth funding	0	925	2,400	4,425	5,900
Children Services	New role of LA in Education	768	768	768	768	768
Children Services	Skills Service	120	120	120	120	120
Children Services	Austerity Measures	65	65	65	65	65
Children Services	City College	250	250	250	250	250

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Corporate	Ongoing impact of savings made in 2012/13 following voluntary redundancies	107	107	107	107	107
Corporate	Ongoing impact of savings made in 2012/13 – staff car parking income	125	125	125	125	125
Corporate	Ongoing impact of savings made in 2012/13 – Equalities function absorbed within services	25	25	25	25	25
Legal and Governance Services	Members Allowances budget	75	0	0	0	0
Operations	Additional savings through highways procurement	250	250	250	250	250
Operations	Planning, Environment, Transport and Engineering savings	351	351	351	351	351
Operations	Transfer remaining 10 per cent of John Mansfield Centre to City College Peterborough	83	83	83	83	83
Operations	Reduce costs and increase income from the Travel Choice Visitors Centre to either make it cost neutral or close	55	75	75	75	75
Operations	Reduce costs of maintaining bus shelters	27	25	23	20	20
Operations	Internal health and safety	50	50	50	50	50
Operations	Neighbourhood savings including Neighbourhood Committees, community cohesion, regulatory services and community safety	400	400	400	400	400
Public Health	Efficiencies in public health support costs	300	300	300	300	300
Public Health	Public Health proposal built into previous budget to generate efficiencies and savings through working with	600	600	600	600	600

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
	Neighbourhoods					
Public Health	Savings and efficiencies between Public Health and Children Services	200	200	200	200	200
Strategic Resources	Reduced External Audit fee	50	50	50	50	50
Strategic Resources	Finance function efficiencies	0	50	50	50	50
Strategic Resources	Pension strain budget	1,511	1,446	1,403	1,361	1,319
Strategic Resources	Strategic Client Services – The council’s internal team that manage strategic partnerships. Proposal is to reduce staffing costs	80	80	80	80	80
Strategic Resources	ICT Services – Planned reduction in Broadband costs	100	100	100	100	100
Strategic Resources	ICT Services – Planned further reduction in contract spend	100	100	100	100	100
Strategic Resources	Energy initiatives (increased net income / reduced costs)	450	450	450	450	450
Strategic Resources	Capital financing adjustments – to reflect changes in the capital programme and reductions in the cost of borrowing	2,863	2,376	2,064	2,376	2,698
TOTAL		12,461	14,092	15,360	17,782	19,537

Appendix 3a – Savings – Additional Income

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Adult Social Care	Charging policy review	250	250	250	250	250
Children Services	Clare Lodge	250	250	250	250	250
Operations	Sponsorship of events and income generation	25	7	0	0	0
Strategic Resources	Reduction in Internal Audit costs by increased partnership working	15	15	15	15	15
Strategic Resources	Waste 2020 costs / savings	-488	-555	502	2,826	3,277
Strategic Resources	Solar Energy	83	2,715	9,924	10,181	10,326
Strategic Resources	Wind and Solar energy - Proposal to extend to generation of wind energy in addition to solar energy	0	1,299	3,991	4,153	4,267
TOTAL		135	3,981	14,932	17,675	18,385

Appendix 3a – Savings – Terms and Conditions

Department	Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Corporate	Removal of sickness pay for first three days of absence	200	200	200	200	200
Corporate	Removal of automatic increments	420	420	420	420	420
TOTAL		620	620	620	620	620

4. Fees and Charges Schedule

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
Adult Social Care	Strategic Commissioning	Day services	1.7%	Council Lead	
Adult Social Care	Strategic Commissioning	Homecare - hourly rate	1.5%	Council Lead	
Adult Social Care	Strategic Commissioning	Homecare - Extra Care Schemes	2.5%	Council Lead	
Adult Social Care	Strategic Commissioning	Homecare - Direct payment rates	2.6%	Council Lead	
Adult Social Care	Strategic Commissioning	Meals on wheels	1.5%	Council Lead	
Adult Social Care	Strategic Commissioning	Residential Homes	1.5%	Council Lead	
Adult Social Care	Care Services	Respite - over capital threshold	1.5%	Council Lead	
Chief Executive	Communications	Media Sales	3.0%	Council Lead	
Chief Executive	Land charges	Search fees	0.0%	Council Lead/Statutory	
Chief Executive	Mayoralty/Civic	Civic Room Lettings	5.2%	Council Lead	
Children's Services	Children & Families	Hire charges	0.0%	Council Lead	
Children's Services	Childrens Social Care	Unauthorised absence penalty notice	0.0%	Statutory	

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
Children's Services	Learning & Skills	Placement costs recovery	0.0%	Statutory	
Children's Services	Learning & Skills	Parental contribution to Bus Passes issued	0.0%	Council Lead	
Operations	Business Regulations	Hackney Carriage Licensing	3.2%	Council Lead	
Operations	Business Regulations	Public Entertainment Licences	0.0%	Statutory	
Operations	Business Regulations	Gambling Act Licensing	0.0%	Statutory	
Operations	Business Regulations	Other Environmental Health Licensing	4.0%	Council Lead	
Operations	Business Regulations	Animal Welfare Licensing	3.2%	Council Lead	
Operations	Business Regulations	Lottery Licensing	0.0%	Statutory	
Operations	Business Regulations	Houses of Multiple Occupation License	0.0%	Statutory	
Operations	Business Regulations	Trading Standards	0.8%	LACORS (Local Authority Coordination of Regulated Services)	
Operations	Business Regulations	Street Trading Consents (Non Pedestrian Area)	3.2%	Council Lead	
Operations	Business Regulations	Construction, Design and Management Fees	3.0%	Statutory	
Operations	Business	Community Protection - Environmental	0.0%	Statutory	

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
	Regulations	Protection Act			
Operations	Business Regulations	Community Protection - Water Analysis	0.3%	Statutory	
Operations	Business Regulations	Community Protection - Environmental Enforcement	0.0%	Statutory	
Operations	City Centre Operations	City Services Street Trading	1.9%	Council Lead	
Operations	City Centre Operations	Tourism - Tickets sold on behalf of event organisers	0.0%	Council Lead	
Operations	Parking Services	Off Street Parking	0.0%	Council Lead	
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	0.0%	Council Lead	
Operations	Passenger Transport	Queensgate Bus Station – departure fees	0.0%	Council Lead	
Operations	Planning	Planning Fees and Charges	15.0%	Council Lead/Statutory	New levels of fees announced by the government in November 2012
Operations	Planning	Building control Fees and Charges	0.0%	Council	

Directorate	Service Area	Charge	Average % increase in fees & Charges	Council Lead/Statutory	Comments
				Lead/Statutory	
Operations	St Georges Hydrotherapy Pool	Swimming fees	0.0%	Council Lead	
Operations	Street Works	Licenses and permits	1.3%	Council Lead	
Operations	Trans and Development	Highways Development	0.0%	Council Lead	
Strategic Resources	Bereavement Services	Cemetery – interment fees	3.6%	Council Lead	
Strategic Resources	Bereavement Services	Crematorium – cremation fees	4.3%	Council Lead	
Strategic Resources	Bereavement Services	Crematorium - memorial Sales	4.0%	Council Lead	
Strategic Resources	Registration Services	Private Citizenship Ceremonies	4.4%	Council Lead	
Strategic Resources	Registration Services	Approved Premises/Registration Office	5.3%	Council Lead	
Strategic Resources	Registration Services	Nationality Checking	7.0%	Council Lead	
Strategic Resources	Registration Services	Baby Naming/Renewal of Vows	6.9%	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

The previous table shows the average increase for specific fees and charges for 2013/14. The table below shows the proposed overall increase in additional income from fees and charges at service level for 2014/15 and 2015/16. The resultant income has been built into the current MTFs and further detail on the increase for individual charges will be provided in the relevant future years MTFs. The increases are based upon a general policy of increasing fees and charges by approximately 2.5% overall in each year, however some increases at this level will generate less income e.g. within Adult Social Care due to means testing and maximum increases. Childrens services are showing a zero increase as their fees and charges are being dealt with separately within the budget process and feature within other savings packages. Taking these and other similar adjustments into account the level of additional income in 2013/14 and 2014/15 is 2.3% and for 2015/16 is 2.4%.

The council now provide minimal concessions within the fees and charges pricing structure although this is partly because many fees and charges now feature as part of contracts, e.g. for leisure services. The only concessions in 2013/14 are reductions in charges to site banners within Bridge Street for registered charities and for applications involving high hedge disputes from individuals receiving pension credit or income support.

Allotments concession – A 30% reduction for pensioners or those receiving benefit. The concession will only apply for the first allotment held by the individual.

Department/Service Area	% Proposed Increase 2014/15	% Proposed Increase 2015/16
Adult Social Care		
Day Services	2.4%	2.6%
Day Services – other unit recharges	2.4%	2.3%
Homecare	2.5%	2.5%
Meals	2.5%	2.5%
Residential including nursing	1.5%	1.5%
Respite	2.6%	2.5%
Adult Social Care Total	2.1%	2.1%
Chief Executive		
Communications	2.6%	2.6%
Land Charges	0.0%	0.0%
Mayoralty/Civic	2.0%	3.9%
Chief Executive Total	1.0%	1.0%
Children's Services Total	0.0%	0.0%
Operations		
Business Regulations - Hackney Carriages	3.0%	3.0%
Business Regulations - Licensing	0.2%	0.2%

Department/Service Area	% Proposed Increase 2014/15	% Proposed Increase 2015/16
Business Regulations - Trading Standards	0.0%	1.0%
Business Regulations - Other	1.4%	1.4%
City Centre Operations	0.0%	0.0%
Parking Services- (Except PCN's)	2.5%	2.5%
Parking Services - PCN's	10.1%	0.0%
Passenger Transport - Queensgate Bus Station - Departure Fees	2.2%	0.0%
Planning Services	0.0%	7.3%
Planning - Building Control	2.5%	2.5%
St Georges Hydrotherapy Pool – swimming fee	0.0%	0.0%
Street Works	0.2%	2.5%
Transport and Development	0.0%	0.0%
Operations Total	2.5%	2.5%
Strategic Resources		
Peterborough Cemeteries - Interment Fees	2.5%	2.5%
Peterborough Crematorium - Cremation Fees	2.5%	2.5%
Peterborough Crematorium - Memorial Sales	2.5%	2.5%
Registration Services	2.5%	2.5%
Strategic Property – Property Rents	Varies	Varies
Strategic Resources Total	2.5%	2.5%
Grand Total	2.3%	2.4%

5. Reserves Position

	2012/13	2013/14	2014/15	2015/16	2016/17
	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
General Fund Balance – This can be used to meet budget issues	6,000	6,000	6,000	6,000	6,000
Capacity Building Reserve – This enables the council to implement saving proposals	981	622	59	59	59
Departmental Reserve – The majority of this reserve relates to City College Peterborough	796	751	746	741	736
Insurance Reserve	2,277	2,177	2,077	1,977	1,877
Schools Capital Expenditure Reserve	1,832	1,832	1,832	1,832	1,832
Parish Council Burial Ground Reserve	40	40	40	40	40
LAMS Reserve	14	14	14	14	14
Building Control Reserve	0	30	70	0	0
Hackney Carriage Reserve	5	5	5	5	5
School Leases Reserve	18	17	19	23	0
TOTAL	11,963	11,488	10,862	10,691	10,563

Note – The reserves do not include provision at this stage to cover any resultant overspend on revenue budgets for 2012/13

6. Budget Monitoring – Probable Outturn

BUDGET MONITORING POSITION NOVEMBER 2012 – Probable Outturn

Revenue Monitoring

The latest forecast of the year end position is an overspending of £1,497k which represents an improvement of £1,772k compared to the position reported to Cabinet in September. Table 1 below summarises the budget monitoring position for November which is set out in more detail in appendix A.

During the course of the year the budgetary position is updated each month and reported in detail to departmental management teams and is summarised to CMT. As risks and pressures arise directors and their staff take appropriate action to minimise the impact by managing the pressures downwards, reviewing planned expenditure and commitments and by making additional efficiency savings within the service. In addition to the specific departmental actions, corporate solutions have been identified which has served to reduce the reported deficit and these have been reported to CMT during the year and are included in the table below.

At this stage the reported over spend is assumed to be managed by departments and has not at this stage been shown as being funded through a reserve.

Table 1

Sept Cabinet Variance £k	DEPARTMENT	Budget 2012/13 £k	Probable Outturn 2012/13 £k	Forecast Variance 2012/13 £k
-1,547	Adult Social Care	44,344	45,697	-1,353
-992	Children Services	28,433	29,184	-751
-331	Operations	20,310	20,396	-86
334	Chief Executive Department	7,931	7,419	512
-2,366	Strategic Resources	43,057	44,514	-1,457
1,633	Corporate Solutions	0	-1,638	1,638
-3,269	TOTAL Under spend (+) / Over spend (-)	144,075	145,572	-1,497

1. DEPARTMENTAL POSITION AND KEY VARIANCES

1.1 Adult Social Care has improved by £194k since September. This is predominantly due to improving performance on urgent case reviews and reducing placement costs (£575k) and further vacancy savings (£105k), which have been offset by additional pressures on mental health services of £470k.

1.2 Children's Services has seen an improvement of £241k since September which results from net additional pressures of £1,832k which has been offset by an increase in the action plan of £2,073k. The key additional pressures include looked after children costs £801k, home to school transport £200k, short break reviews £304k, introduction of a new IT system £187k, financing of capital scheme £158k and corporate budget adjustments £151k.

- 1.3 The Operations department has improved by £245k since the September report. The key reductions since that time are on the local development framework £148k and community transport £153k.
- 1.4 Chief Executive is reporting an improvement of £178k with the only significant change being a further reprofiling of the growth projects budget of £141k.
- 1.5 Strategic Resources is reporting an improvement of £909k since the previously reported figures. A significant improvement in capital and treasury related costs of £1,453k has been offset by a forecast overspend of £150k on repairs and maintenance to public buildings, £170k in respect of Enterprise contracts following increased growth within the city since the contract begun and £220k in reduced income from trade waste and the Materials Recycling Facility.
- 1.6 The report continues to reflect the previously reported position on business transformation projects and corporate solutions which add a net £258k to the overall adverse position.

2. CAPITAL PROGRAMME

- 2.1 The table below sets out the position for the councils capital investment at departmental level together with the associated financing as at the end of November 2012:

Capital Programme by Directorate	Budget 1 April 2012	Budget as at November 2012	Budget to Date	Actual Expenditure to date	Spend Against Budget to Date	Forecast Outturn
	£000	£000	£000	£000		£000
Adult Social Care	4,524	1,901	1,105	237	21%	1,901
Chief Executive Department	14,517	6,392	4,512	2,020	45%	6,392
Childrens Services	72,911	78,756	52,848	41,577	79%	78,756
Operations	20,594	17,436	11,750	5,725	49%	17,436
Strategic Resources	37,515	18,641	12,777	5,865	46%	18,641
Renewable Energy / Invest to Save	101,824	5,044	4,051	2,346	58%	5,044
Total	251,885	128,170	87,043	57,770	66%	128,170
Financed by:						
Grants & Contributions	35,232	39,515	20,538	20,538	100%	39,515
Capital Receipts	15,495	5,332	456	456	100%	5,332
Borrowing - Invest to Save	100,000	3,220	2,393	1,605	67%	3,220
Borrowing	101,158	80,103	63,656	35,171	55%	80,103
Total	251,885	128,170	87,043	57,770	66%	128,170

- 2.2 The table shows that the current year's budget has been reduced significantly by £123.7m which has been reprofiled into future years, predominantly into 2013/14. The key change is under the renewable energy budget where £96.8m has been reprofiled and where specific schemes are being reviewed and assessed on the basis of rigorous business cases. As previously reported two business cases have been approved, Schools Solar Panels - Phase 1 and Wind and Solar Energy Project which are progressing.

- 2.3 The other key changes to the programme are reprofiling of the waste strategy scheme £15m (Strategic Resources), reprofiling care provision £3.1m (Adults) and reprofiling the stadium stem centre £8m (Chief Executives). The increase in Children's services reflects in year pressures on the school building programme
- 2.4 On the current programme the actual expenditure to date of £57.8m is £29.3m short of the profiled budget to date (£87.0m) and represents a spending level of 66% of corresponding budget. However all departments are forecasting full spend of the current budget by the year end and therefore no variance against the revised budget is being forecast.
- 2.5 The key impact of the reprofiling on the financing requirements for 2012/13 is to reduce the councils borrowing requirement by £118m (including invest to save schemes), net reductions of £6m to capital receipts and grants and contributions balance the budget.
- 2.6 The Invest to Save has so far spent £3.2m on the following schemes:
- Schools Solar PV Installation - £2.4m of Invest to Save budget has been approved to carry out installation of solar panels to school buildings. Phase 1 of the programme has already been completed where 12 schools now benefit from the renewable energy that is generated from these panels. It is hoped that the programme will be further rolled out across schools in Peterborough. Feasibility is being undertaken to establish whether this is possible, with a further £5m agreed for this Phase 2 programme.

3. RESERVES

- 3.1 Estimated levels of reserves for the next two years are outlined below. This includes sums that we hold on behalf of others and sums that we are independently advised to hold e.g. insurance reserve.

	Estimated balance at 31.03.13	Estimated balance at 31.03.14
	£k	£k
General Fund – This can be used to meet budget issues	6,000	6,000
Capacity Building Reserve – This enables us to implement saving proposals	981	622
Departmental Reserve – The majority of this reserve relates to City College Peterborough who operate on academic year funding and retain a reserve for potential claw back from awarding bodies	796	751
Schools Capital Expenditure Reserve - Monies held on behalf of schools for capital spend	1,832	1,832
Insurance, and other minor reserves – These reserves are held for a specific purpose and cannot therefore be used for budget setting purposes	2,354	2,283
TOTAL	11,963	11,488

REVENUE MONITORING REPORT AS AT 30th November 2012

Sept Cabinet Variance £k		Budget 2012/13 £k	Forecast Spend 2012/13 £k	Forecast Variance 2012/13 £k
	ADULT SOCIAL CARE			
4	Director of Adult Social Care	386	382	4
-776	Strategic Commissioning	34,548	35,480	-932
-948	Care Services Delivery	8,315	9,076	-761
90	Quality, Information and Performance	1,951	1,636	315
83	Finance and Organisational Change	-856	-877	21
-1,547	TOTAL ADULT SOCIAL CARE	44,344	46,697	-1,353
	CHILDREN SERVICES			
-348	Education and Resources	-750	337	-1,087
-2,112	Strategy, Commissioning and Prevention	20,104	23,251	-3,147
-500	Safeguarding Family and Communities	9,079	9,637	-558
1,968	Departmental Action Plan	0	-4,041	4,041
-992	TOTAL CHILDREN SERVICES	28,433	29,184	-751
	OPERATIONS			
4	Business Support	406	414	-8
-889	Commercial Operations	-1,486	-592	-894
21	Directors Office	1,025	620	405
-306	Neighbourhoods	6,113	6,647	-534
-33	Planning, Environment, Transport and Engineering	14,252	13,742	510
872	Departmental Action Plan		-435	435
-331	TOTAL OPERATIONS	20,310	20,396	-86
	CHIEF EXECUTIVE'S DEPARTMENT			
3	Chief Executive's Office	341	338	3
51	Legal and Governance Services	3,709	3,621	88
30	Chief Executive Departmental Support	209	179	30
250	Growth and Regeneration	2,197	1,806	391
0	Communications	517	517	0
0	Human Resources	958	958	0
334	TOTAL CHIEF EXECUTIVE'S DEPARTMENT	7,931	7,419	512

Sept Cabinet Variance £k		Budget 2012/13 £k	Forecast Spend 2012/13 £k	Forecast Variance 2012/13 £k
	STRATEGIC RESOURCES			
0	Director's Office	198	198	0
231	Corporate Services	15,811	14,076	1,735
0	Environment Capital	694	694	0
11	Internal Audit	327	283	44
0	Insurance	30	30	0
-467	Strategic Client Services	-1,581	-1,178	-403
0	Peterborough Serco Strategic Partnership	7,816	7,816	0
0	ICT	3,700	3,700	0
-245	Waste and Operational Services Management	12,978	13,763	-785
-30	Cultural Services	4,313	4,419	-106
30	Registration and Bereavement	-1,232	-1,241	9
0	Westcombe Engineering	3	58	-55
-470	TOTAL STRATEGIC RESOURCES	43,057	42,618	439
-1,896	Business Transformation		1,896	-1,896
1,633	Corporate Solutions		-1,638	1,638
-3,269	TOTAL GENERAL FUND	144,075	145,572	-1,497

7. Treasury Strategy, Prudential Code and Minimum Revenue Position



The Prudential Code
&
Treasury Management Strategy
2013/14 to 2022/23

Including the Minimum Revenue Policy 2013/14



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 needs 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 programme, 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 2013/14

1.3.1 The strategy for 2013/14 will cover

- Policy on use of external service providers
- 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
- Treasury Management Scheme of Delegation

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

1.4 Treasury Management Consultants

1.4.1 The Council uses Sector as its external treasury management advisors.

1.4.2 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 external service providers.

1.4.3 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 their value will be assessed are properly agreed and documented and subjected to regular review.

2. Capital Prudential Indicators 2013/14 to 2022/23

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.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
(1a) Capital Expenditure	Actual £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
Adult Social Care	0.4	1.9	1.2	1.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Chief Executives	3.0	4.6	16.9	2.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Children's Services	45.4	78.8	41.7	19.2	26.6	14.0	7.9	3.6	0.9	0.9	0.8	0.8
Operations	16.1	17.3	28.0	25.8	28.5	16.9	13.7	10.6	9.6	9.6	9.6	9.6
Strategic Resources	12.4	16.5	67.4	176.3	18.5	5.9	4.0	4.3	4.0	3.0	3.8	3.8
Invest to save*	-	3.2	96.8	-	-	-	-	-	-	-	-	-
Total	77.3	122.3	252.0	226.0	74.9	38.1	26.9	19.8	15.8	14.8	15.5	15.5

* The cost of borrowing associated with this scheme will be offset by the income generated in accordance with the approved business case

2.3 The table overleaf 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.

2.4 The Invest to Save scheme, Renewable Energy projects and the Energy From Waste plant are included in the tables that detail total capital expenditure and the funding resources to

be used. However, these schemes will either generate income or generate savings or avoid additional costs eg landfill tax. Therefore the borrowing costs associated with these projects will have no overall impact on the Council's bottom line. The generated income / savings are detailed in previous pages of this MTFS.

(1b) Capital Expenditure & Financing	2011/12 <i>Actual</i> £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	2022/23 Est. £m
Capital Expenditure	77.3	119.1	155.2	226.0	74.9	38.1	26.9	19.8	15.8	14.8	15.5	15.5
Invest to save*	-	3.2	96.8	-	-	-	-	-	-	-	-	-
Financed by:												
Capital receipts	7.1	5.3	12.7	7.7	1.3	2.2	2.7	4.0	2.0	-	-	-
Capital grants & contributions	41.3	39.8	26.0	14.4	7.6	12.0	10.5	6.8	5.8	5.8	5.7	5.2
Net financing requirement	28.9	77.2	213.3	203.9	66.0	23.9	13.7	9.0	8.0	9.0	9.8	10.3

* The cost of borrowing associated with this scheme will be offset by the income generated in accordance with the approved business case (see comment in 2.4)

2.5 **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.

2.6 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.

2.7 The following table shows the CFR estimates for the next ten financial years:

(2) Capital Financing Requirement	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
CFR B/fwd	230.6	250.2	318.0	521.6	711.5	760.4	766.1	761.2	751.1	739.4	728.0	717.0
Borrowing	19.6	64.6	106.8	189.9	48.9	5.7	(4.9)	(10.1)	(11.7)	(11.4)	(11.0)	(11.8)
Invest to Save*	-	3.2	96.8	-	-	-	-	-	-	-	-	-
CFR C/fwd	250.2	318.0	521.6	711.5	760.4	766.1	761.2	751.1	739.4	728.0	717.0	705.2
Movement in CFR	19.6	67.8	203.6	189.9	48.9	5.7	(4.9)	(10.1)	(11.7)	(11.4)	(11.0)	(11.8)
Net financing requirement	28.9	77.2	213.4	203.9	66.0	23.9	13.7	9.0	8.0	9.0	9.8	9.6
Less MRP & other financing	(9.3)	(9.3)	(9.8)	(14.0)	(17.2)	(18.2)	(18.7)	(19.1)	(19.7)	(20.3)	(20.9)	(21.6)
Movement in CFR	19.6	67.9	203.6	189.9	48.8	5.7	(5.0)	(10.1)	(11.7)	(11.3)	(11.1)	(12.0)

* The cost of borrowing associated with this scheme will be offset by the income generated in accordance with the approved business case (see comment in 2.4)

2.8 **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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.
Total ratio *	5.3%	5.4%	7.2%	10.7%	13.0%	13.4%	13.2%	13.1%	13.0%	13.0%	12.9%	12.9%

* See comment in 2.4

2.9 **Indicator 4** - Actual and estimates of the incremental impact of capital investment decisions on council tax.

2.10 The calculation of this indicator is based upon the estimated amount of the capital programme that is to be financed from borrowing.

2.11 The calculation is based on the interest assumptions for borrowing and MRP charges that have been included in the previous and this MTFS for the capital financing budget.

2.12 This indicator shows the incremental impact on the 'adjusted' council tax base.

(4) Incremental impact of capital investment decisions on Council Tax	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	<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>
Incremental change in capital financing budget between MTFS's on Band D Council Tax (£)	(25.00)	(20.35)	(31.62)	8.78	14.43	34.91	36.19	36.59	36.17	37.05	37.41	43.36

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. CLG 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 CLG 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 participates in the Local Authority Mortgage Scheme (LAMS) and during 2011/12 deposited £1m with Lloyds TSB, with further contributions expected in future years (see Capital Programme Summary).
- 3.5. Such deposits are treated as capital expenditure, as a loan to a third party. The CFR will increase by the total these indemnities. Operation of the Scheme sees these deposits returned in full at maturity, period of five years, 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 are anticipated to be returned in full, there is no MRP application. However, the Council has agreed to place a proportion of the interest received on the deposit into an earmarked reserve to mitigate the impact if the indemnity is used over that period of the Scheme.
- 3.6. Repayments included in annual PFI and finance leases are applied as MRP, and the associated amounts are included in these Prudential Indicators.
- 3.7. For more detailed guidance on MRP see the CLG website https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11297/2089512.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 2012, with estimates for future years, are summarised below. The table shows the actual external borrowing (Gross Debt) against the CFR.

(5) Gross debt & capital financing requirement	2011/12 <i>Actual</i> £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	2022/23 Est. £m
External Borrowing												
Market Borrowing	134.5	142.9	200.7	404.3	591.7	638.0	641.1	638.3	635.4	632.5	629.4	626.2
Repayment of borrowing	(1.6)	(10.0)	(15.0)	(10.0)	-	-	-	-	-	-	-	(1.1)
Expected change in borrowing	10.0	67.9	218.6	197.4	46.3	3.0	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(2.0)
Other long-term liabilities	43.5	41.3	39.6	38.0	36.6	35.4	34.3	33.3	32.3	31.3	30.3	29.6
Gross Debt at 31 March	186.4	242.1	443.9	629.7	674.6	676.4	672.6	668.7	664.7	660.7	656.5	652.7
CFR	250.2	318.0	521.6	711.5	760.4	766.1	761.2	751.1	739.4	728.0	717.0	705.2
% of Gross Debt to CFR	74.5%	76.1%	85.1%	88.5%	88.7%	88.3%	88.4%	89.0%	89.9%	90.7%	91.6%	92.5%

4.2.2 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 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 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

4.2.3 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).

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

(6) Operational Boundary	2011/12 <i>Actual</i> £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	2022/23 Est. £m
Borrowing	142.9	614.2	653.1	658.8	656.3	653.7	651.1	648.3	645.5	642.6	639.5	636.2
Other long term liabilities	43.5	41.3	39.6	38.0	36.6	35.4	34.3	33.3	32.3	31.3	30.3	29.6
Total	186.4	655.5	692.7	696.8	692.9	689.1	685.4	681.6	677.8	673.9	669.8	665.8

4.2.5 **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. The Government

retains an option to control either the total of all Council's plans, or those of a specific Council, although this power has not yet been exercised.

2. The Council is asked to approved the following Authorised limit:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
(7) Authorised Limit	<i>Actual</i>	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.
	<i>£m</i>	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Borrowing	142.9	673.1	668.8	668.8	666.3	663.7	661.1	658.3	655.5	652.6	649.5	646.2
Other long term liabilities	43.5	41.3	39.6	38.0	36.6	35.4	34.3	33.3	32.3	31.3	30.3	29.6
Total	186.4	714.4	708.4	706.8	702.9	699.1	695.4	691.6	687.8	683.9	679.8	675.8

4.3 Prospects for interest rates

4.3.1 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 (note that the PWLB Borrowing Rate includes the Certainty Rate adjustment):

4.3.2 The council successfully applied to be one of the principal local authorities that would qualify for the Certainty Rate, during the period 1 November 2012 to 31 October 2013. This results in the Council being able to benefit from reduced interest rates on PWLB loans by 20 basis points (0.2%).

4.3.3 The MTFs assumes borrowing taken at the 50 year period with an average taken across the quarters for that year. The Chief Finance Officer believes this prudent as it mitigates some of the risk of PWLB rate rise.

Sector's Interest Rate (All rates shown as %)	Now	Mar 13	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16
Sector's Bank Rate View	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	1.50	1.75
5yr PWLB Rate	1.97	1.50	1.50	1.60	1.60	1.70	1.70	1.80	2.00	2.20	2.30	2.50	2.70	2.90
10yr PWLB Rate	2.95	2.50	2.50	2.60	2.60	2.70	2.70	2.80	3.00	3.20	3.30	3.50	3.70	3.90
25yr PWLB Rate	4.06	3.80	3.80	3.80	3.80	3.90	3.90	4.00	4.10	4.30	4.40	4.60	4.80	5.00
50yr PWLB Rate	4.18	4.00	4.00	4.00	4.00	4.10	4.10	4.20	4.30	4.50	4.60	4.80	5.00	5.20
Budget Assumption	4.06		4.03				4.28				4.90			

4.3.2 Sector's interest rate forecasts, detailed above, are based on their views of the future economic climate, and they consider that:

- The economic recovery in the UK since 2008 has been the slowest recovery in recent history, although the economy did come out of recession in the third quarter of 2012. Growth prospects are weak and consumer spending is likely to remain under pressure due to the repayment of personal debt, employment fears and low optimism for economic growth.
- The primary drivers of the UK economy are likely to remain external. 40% of the UK exports go to the Eurozone, so the difficulties in this area as well as US fiscal tightening are likely to hinder UK Growth.
- Bank Rate is not expected to increase until quarter four of 2014 due to the weak outlook for economic growth. There is a potential for the start of Bank Rate increases to be delayed even further if growth remains weak.
- Longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK and the high volume of debt issuance in other major western countries.

- This challenging and uncertain economic outlook has several key treasury management implications:
 - The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of high quality counterparties for shorter time periods.
 - Investment returns are likely to remain relatively low during 2013/14 and beyond.
 - Borrowing interest rates continue to be attractive and may remain relatively 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.

4.4 Borrowing Strategy

4.4.1 The Council is currently maintaining an under-borrowed position, where CFR balance is greater than gross debt. This is in line with the agreed strategy that the Council's cash balances be used to fund capital expenditure before additional borrowing is undertaken.

4.4.2 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 2013/14 financial year is:

- a) To consider the rescheduling (early redemption and replacement) of loans to maximise interest rate savings and possible redemption discounts.
- b) 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.
- c) 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.

- d) To maintain an appropriate balance between PWLB and market debt in the debt portfolio and a balance in the maturity profile of debt.
- e) To give full consideration to other debt instruments e.g. Local Authority Bonds as an alternative to PWLB borrowing. Due regard will be given to money laundering regulations.

4.4.3 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 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 100% of the borrowing requirement.
- **Indicator 9** - 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 25% of the borrowing requirement

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Interest Rate Exposure (Upper Limits)	Actual £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
(8) Limits on fixed interest rates based on net debt	142.9	714.4	698.4	696.7	692.9	689.1	685.3	681.5	677.7	673.8	1,397.9	1,393.8
(9) Limits on variable interest rates based on net debt	-	178.6	174.6	174.2	173.2	172.3	171.3	170.4	169.4	168.4	349.5	348.4

- **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.

(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%

4.5 Policy on Borrowing in Advance of Need (Future Capital Expenditure)

- 4.5.1 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 as such practice is unlawful, see 4.7.3.
- 4.5.2 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.
- 4.5.3 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.
- 4.5.4 Consideration will be given to the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

4.6 Debt Rescheduling on Existing Debt Portfolio

4.6.1 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.

4.6.2 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.

4.6.3 All rescheduling will be reported to the Audit Committee at the earliest opportunity.

4.7 Annual Investment Policy

4.7.1 The Council's investment policy has regard to the CLG'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").

4.7.2 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.

4.7.3 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.

4.7.4 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.

4.7.5 Investment Counterparty Selection Criteria and Investment Strategy

4.7.6 As the Council has run down its cash balances, surplus cash will be generated from cash flow movements e.g. a grant received in advance of spend or from borrowing in advance of need. Therefore investment activity will be kept to a minimum.

4.7.7 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.

4.7.8 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.

4.7.9 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.

4.7.10 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 provided 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.

4.7.11 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 Council's lending list.

4.7.12 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.

4.7.13 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, follows:

- UK Local Authorities
- Barclays Bank, the Council's own banker. If Barclays fall below the criterion in 4.7.15 then the following strategy will be followed:
 - The Council would withdraw any money held in the call account, current limit £5m, and place with the Debt Management Office.
 - As the Council will still require to use the Barclays accounts for transactional purposes, a minimum balance of £100k will be left overnight to prevent the account becoming overdrawn and incurring overdraft fees
 - An amendment to the Treasury Strategy could be proposed to lower the minimum ratings and would be taken to both Audit Committee and Council for approval. This could also be an option if all the UK banks were downgraded at the same time and not just Barclays.
 - Seek advice from Sector.

The above approach has been developed following consideration of:

- that the Council needs banking facilities to process daily banking transactions, and such activity presents a lower risk profile compared to investment activity
- the significant impact, resource requirement, and risk exposure of changing bank provider
- the possible state and stability of the banking sector and viable alternative suppliers
- 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 and therefore accounted for as a capital expenditure transaction, rather than a treasury management investment. Therefore LAMS is outside the Specified/Non specified categories but is included in this Strategy for completeness. The Council can place a further £9m into LAMS. The limit per counterparty is £2m therefore an additional £1m can be placed with Lloyds. Any other counterparty used will fall outside the Specified/Non specified categories as per the reason stated above. Therefore the minimum credit criteria need not apply to the LAMS scheme.
- 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
- Bill Payment Service – The Council currently has a contract with Santander UK who collect payments of Council Tax through the post office via various methods of payment such as Paypoint. The funds that are collected are transferred to the Council daily thus minimising the risk of Santander UK holding the Council's cash. This arrangement for the bill payment service falls outside the investment criteria for investments therefore any downgrade of Santander UK will not affect this service. However this arrangement will be closely monitored to ensure funds continue to be transferred daily.

4.7.14 The Council's lending list will comprise of the institutions that meet the investment criteria above. Each counterparty on the list is assigned a counterparty limit as per the table in Appendix 1. Counterparties that no longer meet the investment criteria due to a credit rating downgrade will be

removed from the list and any changes will be approved by the Executive Director-Strategic Resources. Approval will also be required if any new counterparties are added to the lending list.

4.7.15 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	Eg UK Banks 14.11.12
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	

4.7.16 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 4.7.15, when using the options outlined in Appendix 1.

4.7.17 Investment returns expectations - Bank Base Rate is forecast to remain unchanged at 0.50% before starting to rise from quarter four in 2014. Bank Rate forecasts for financial year ends are:

Financial Year	Bank Base Rate	Forecast
2012/13	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 for longer 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.
2013/14	0.50%	
2014/15	0.75%	
2015/16	1.75%	

4.7.18 **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)	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
Principal sums invested > 364 days	-	3.0	5.0	7.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

4.7.19 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.

4.7.20 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 Treasury Management Scheme of Delegation

4.8.15 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.

Specified and Non-Specified Investments

APPENDIX 1

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 4.7.10)

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

APPROVED "NON - SPECIFIED" INVESTMENTS				
Investment Type	Repayable / Maturity Period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
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
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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	<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>
(1) Capital expenditure (£m)	77.3	122.3	252.1	226.0	74.9	38.1	26.9	19.8	15.8	14.8	15.5	15.5
(2) Capital Financing Req. (CFR) (£m)	250.2	318.0	521.6	711.5	760.4	766.1	761.2	751.1	739.4	728.0	717.0	705.2
(3) Ratio of financing costs to net revenue budget	5.3%	5.4%	7.2%	10.7%	13.0%	13.4%	13.2%	13.1%	13.0%	13.0%	12.9%	12.9%
(4) Incremental impact of capital investment on Council Tax (£) Adjusted	(25.00)	(20.35)	(31.57)	8.89	14.54	35.01	36.29	36.69	36.28	37.15	37.51	43.46
(5) % of gross debt to the CFR	69.1%	76.1%	85.1%	88.5%	88.7%	88.3%	88.4%	89.0%	89.9%	90.8%	91.6%	92.5%
(6) Operational boundary for External Debt (£m)	186.3	665.5	692.7	696.7	692.9	689.1	685.3	681.5	677.7	673.8	669.8	665.7
(7) Authorised Limit for External debt (£m)	186.3	714.4	698.4	696.7	692.9	689.1	685.3	681.5	677.7	673.8	669.8	665.7
(8) Upper limit for fixed interest rate exposure (£m)	142.9	714.4	698.4	696.7	692.9	689.1	685.3	681.5	677.7	673.8	669.8	665.7
(9) Upper limit for variable interest rate exposure (£m)	-	178.6	174.6	174.2	173.2	172.3	171.3	170.4	169.4	168.4	167.4	166.4

Explanation of credit ratings

APPENDIX 3

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.		

8. Capital Strategy, Programme and Disposals

Capital Strategy

2013 – 2023

Contents Page

Introduction and Strategic Principles	85
Aims of the Strategy	86
Strategic Context.....	86
Sustainable Community Strategy	86
Local Development Framework	87
Key Areas of Council Capital Investment.....	88
Adult Social Care.....	88
Delivery of Growth Schemes (Chief Executive Department)	88
Culture and Leisure (Strategic Resources)	89
Strategic Property (Strategic Resources)	90
Transport (Operations)	91
Community Infrastructure (Operations)	91
Children’s Services	93
Sources of Capital Funding.....	97
Procurement Strategy	99
Conclusion.....	100

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1 Introduction and Strategic Principles

- 1.1 The Capital Strategy outlines how Peterborough City Council (PCC) will manage its capital resources to help achieve the strategic priorities of the Council. It is good practice that the Capital Strategy and Asset Management Plans are regularly reviewed and revised to meet the changing priorities and circumstances. The Council's capital strategy is reviewed on an annual basis to reflect the changing needs and priorities of the residents.
- 1.2 The strategy is intrinsically linked with the Medium Term Financial Strategy (MTFS) and the Asset Management Plans (AMP's) of the Council and should be read in conjunction with these documents.
- 1.3 Over the period of the 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:
- 1.4 **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.
 - Making sure assets yield maximum return, through effective ongoing asset management, consistent with levels of investment. (see Asset Management Plan).
- 1.5 **Principle 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.
- 1.6 **Principle 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.
- 1.7 **Principle 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 e.g. 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.

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 Management Strategy, Prudential Code and Minimum Revenue Provision);
- Optimal use of the Council's existing assets, and reflects the AMP;
- Asset management plan's 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, financially prudent, sustainable and integrated with the 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 PCC 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 MTFS.

3.2 Sustainable Community Strategy (SCS) ¹

3.2.1 An influence for the need of capital investment is the major growth aspirations of the council. Growth requires investment in infrastructure, and the Council plays a major role in securing and providing such investment. The context for the growth ambition is Peterborough's SCS which sets ambitious plans for a 'bigger and better Peterborough', including the delivery of 'substantial and truly sustainable growth'

3.2.2 Like the MTFS the capital strategy is driven by the 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

¹ SCS - http://www.gpp-peterborough.org.uk/documents/SustainableCommunityStrategy_003.pdf

local priorities underpinning the SCS are set out in the Single Delivery Plan (SDP) which identifies the key priorities for the next five years. These have both informed the production of this Capital Strategy.

3.3 Local Development Framework (LDF)²

3.3.1 To facilitate and coordinate this growth, the City Council is well advanced in preparing its LDF, or 'Local Plan', which is a set of planning policy documents to guide growth. The key planning policy documents are:

- The Core Strategy, which sets the headline growth targets (25,500 dwellings, 20,000 new jobs) and sustainable development policy – adopted 2011
- The Site Allocations Documents, which identifies on a map the precise location for new development – adopted 2012
- Minerals and Waste Core Strategy and Site Allocations Documents – adopted 2011 and 2012 respectively
- Planning Policies Document – due for adoption in late 2012
- City Centre Plan, which sets detailed policy and opportunity areas within the city centre – consultation through 2013 and adoption in 2014.

3.3.2 Having these up to date plans in place puts the Council in an excellent position to encourage and guide public and private investment decisions.

3.3.3 The major growth identified in the above policy documents will require substantial funding for the infrastructure requirements, which such growth generates (on top of funding required to maintain our existing infrastructure). The sources of such funding are wide ranging, including government grants, private sector investment and our own corporate resources. It should also be noted that this growth will also in turn generate additional funding which will offset some of the investment cost, such as increases in Council Tax revenues from additional homes built, additional New Homes Bonus grant from government, and through the new funding arrangements surrounding Business Rates where local authorities are able to keep an element relating to growth.

3.3.4 To coordinate the infrastructure requirements associated with growth, the Council has embarked on preparing an Infrastructure Delivery Schedule (IDS)³; the first such schedule was approved by Cabinet on 24 September 2012. The IDS is intended to be refreshed and approved annually by Cabinet. The IDS is a 'live' schedule of the entire infrastructure needed to support sustainable growth in Peterborough, with an indication of when such infrastructure is needed and how much it might cost. The IDS is linked into the Council's project management system (Verto). A variety of funding sources will then be used to pay for the items on the IDS, in a prioritised way, including from:

- Developer Contributions.
- Government and Other Grants.
- City Council's own capital investment.

² LDF – http://www.peterborough.gov.uk/planning_and_building/planning_policy/draft_development_plans/local_development_framework.aspx

³IDS - <http://www.peterborough.gov.uk/pdf/3.%20IDS%202012%20PDCS%20Versiona.pdf>

4 Key Areas of Council Capital Investment

4.1 The Council's Capital Programme for 2013/14 to 2022/23 totals £699.5m and is summarised in Annex 1. Individual schemes are itemised in Annex 3.

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 Cabinet agreed a revised and updated Older People's Accommodation Strategy in July 2012. This builds on the previous strategy: An Older People's Accommodation and Housing Related Support Strategy that was jointly produced by the Council and the Primary Care Trust (PCT). 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.

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 provision of supported housing within Peterborough for people with disabilities or mental health difficulties will continue to be a requirement. 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, assistive technology e.g. tele-care, tele-health 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 (CoreLogic) has been installed during 2012/13.

4.3.6 The Council will continue to review and monitor the provision of support for older people and those with dementia. Additional support services for people with dementia may be considered in partnership with independent providers and the voluntary sector.

4.4 Delivery of Growth Schemes (Chief Executive Department)

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 mechanisms for securing the necessary contributions towards funding and maintaining this infrastructure.

- 4.4.2 Work is underway on the City Centre Development Plan⁴, this will be a key driver in helping the city centre become 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 Improving the city centre began in earnest with the completion of the first phase of a revitalised public realm in Cathedral Square and the nearby St John's Square. This gave a much-needed face lift to a key part of the city centre, helping Peterborough to better compete regionally, and is now being continued down the length of Bridge Street, with a further scheme being developed for Long Causeway.
- 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 schedule (IDS). The third Peterborough Local Transport Plan (LTP3) was adopted in April 2011 and sets out the Long Term Transport Strategy (LTTS)⁵ 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 resulted in Opportunity Peterborough focussing 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 "Carbon Challenge" site, which aims to minimise carbon emissions and traditional energy uses in its proposed built developments, is an example of this working in practice for the redevelopment of the South Bank area. Working alongside the Homes and Communities Agency and its predecessor organisations has been a primary partner at this site throughout the development process.
- 4.4.7 In addition the Council is taking forward the development of the South Bank - now called the Riverside Opportunity Area (ROA). This is one of the most significant developments in the East of England and can only move forward because the Council are prepared to use their land holdings to form the basis of the development.

4.5 Culture and Leisure (Strategic Resources)

- 4.5.1 Peterborough's projected growth places greater challenges on its cultural services than at any time in the city's past. Not only will population growth lead to increases in demand, but the increasing variety of demographics across the city will change the nature of that demand. The Council has recognised this, and the need to respond to current challenges, and its commitment to protecting and enhancing cultural services, both now and in

⁴ City Centre Action Plan – [fly-through demonstration link](#)

⁵ LTTS - <http://www.peterborough.gov.uk/pdf/traffic-strategic-transportpolicy-ltp3-Section7.pdf>

the future, has been demonstrated by the establishment of the city's Cultural Trust – Vivacity.

- 4.5.2 Cultural Services within the city face significant challenges which relate to growth and the re-development of existing facilities to meet changing customer expectations.
- 4.5.3 Customers are demanding ever increasing quality of service and much of the city's cultural infrastructure falls short of customer aspiration. Development underway includes:
- Redevelopment of the Orton Centre.
 - Development of sports facilities to refresh and upgrade existing provision.
 - Redevelopment of the Key Theatre
 - Recent refurbishment of the Museum
- 4.5.4 Consideration is being given to investment to refurbish the Regional Pool, 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.

4.6 Strategic Property (Strategic Resources)

- 4.6.1 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 and private sector estates within Peterborough, such as the current NHS and Serco staff located within the Town Hall. Co-location and other rationalisation are expected to improve overall efficiency of all partners' estates and will be used to contribute to the overall growth of Peterborough.
- 4.6.2 Peterborough is no different from other local authorities in-so-much as the operational property portfolio is old and coming to a point where major investment is required to maintain it in a 'fit' state for the delivery of Council objectives.
- 4.6.3 The current operational portfolio is based on an operating model that does not recognise the benefits and efficiencies that have been developed as a result of the revolution in IT. In some areas of the Town Hall in particular room layouts are inefficient, desk and office space is underutilised and energy costs are high due to inefficient and old equipment. The recent improvements to Bayard Place have enabled the Council to increase the number of workstations by 85. The Council now has a major opportunity to rationalise the property portfolio whilst introducing new working practices. Over the next 12 months the Council will continue to move forward on the rationalisation of the portfolio, for further information see the Asset Management Plan.
- 4.6.4 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.
- 4.6.5 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.

4.7 Transport (Operations)

- 4.7.1 Transport incorporates new roads, bus and railway stations, street lighting, footways / cycleways and other transport related infrastructure items for the period 2013-2022.
- 4.7.2 To provide the context, the third Peterborough LTP (LTP3) was adopted in April 2011 and sets out the Peterborough Long Term Transport Strategy (LTTTS) for the area to 2026 and a more detailed programme of works to 2016. The LTTTS identifies 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 a programme of works is set out in the transport element of the IDS.
- 4.7.3 The transport capital programme, as reflected in the IDS, takes account of the following five goals for transport:
- Tackling climate change
 - Promoting equality of opportunity
 - Improving quality of life and promoting a healthy natural environment
 - Supporting economic growth
 - Contributing to better safety, security and health
- 4.7.4 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.
- 4.7.5 The Council has 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. The 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.
- 4.7.6 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 Route Network (PRN) structures funding. However, a number of medium sized transport schemes are under development for delivery through corporate capital funding in 2012/13.
- 4.7.7 A major 'Invest to Save' project to deliver street lighting energy savings was awarded in October 2011.
- 4.7.8 The Council was designated as one of only three national Sustainable Travel Demonstration Towns. The project continues to be supported by transport capital investment in sustainable travel improvements. The award in summer 2011 of £5 million (comprising capital and revenue) over 3.5 years from the Local Sustainable Transport Fund (LSTF) further strengthens the provision of sustainable modes of travel.

4.8 Community Infrastructure (Operations)

- 4.8.1 Community Infrastructure incorporates community centres, sports facilities, open space, affordable housing and other community infrastructure related items for the period 2013-2022.

- 4.8.2 During the first 10 years of the contract, under the Preserved Right to Buy (Council tenants transferred to Cross Keys Homes (CKH) retain the right-to-buy) the Council has been receiving part of the sale proceeds on an agreed basis. The Council adopted a policy in 2011 setting out in detail how it would spend these receipts, but in summary they will be used to support the provision of new affordable housing in Peterborough. The current intention is to spend up to £4m per year should appropriate projects come forward in line with the adopted policy.
- 4.8.3 The majority of new affordable housing provision will continue to come forward via developers as part of S106 planning agreements (subject to further possible changes signalled through current government consultation⁶). The Council's current planning policy aims to secure 30% of all new housing (on eligible sites) to be affordable homes, subject to negotiation with developers. The delivery of affordable housing varies each year according to national funding allocations, local funding and planning permissions approved. For 2012/13, current projections indicate at least 250 new affordable homes should be completed. The IDS has further details on specific affordable housing projects in the pipeline.
- 4.8.4 In 2009 PCC commissioned a city wide Private Sector Housing Stock Condition Survey in compliance with the Housing Act 2004 Part 1 Section 3. The report focused on the condition of the stock in the city including category 1 hazards under the Housing Act, decent homes and energy efficiency. The report found that 23% of the stock has a category 1 hazard and a further 22% of the stock has a category 2 hazard which if not addressed will become a category 1 hazard. This equates to 45% of the stock. The main category 1 hazards are excess cold, 15.6% of households in the city are in fuel poverty. The cost to remedy the urgent repairs in the private sector stock is £70.3m, and to remedy the basic repairs needed it will cost £106.5m. Repairs assistance is targeted at properties occupied by vulnerable elderly residents and families on low incomes who are likely to be in fuel poverty whose property has a category 1 hazard. PCC are committed to providing repairs assistance to these vulnerable households in the city to ensure their homes and health are improved.
- 4.8.5 The Council are committed to delivering disabled facility grants in line with the Housing Grants, Construction and Regeneration Act 1996 to adapt disabled and elderly peoples homes to meet their needs. PCC have an ageing population who the Council want to support to live independently in their own homes through the work and services of our Care and Repair Home Improvement Agency, working very closely with the Adult Social Care Occupational Therapy Team in delivering disabled facility grants, minor aids and adaptations, assistive technology and repair assistance. This is in line with the Council's Adult Social Care Older Person's Accommodation Strategy 2012. As at September 2012 there were 9491 households on the Councils Housing Register bidding for Housing Association properties through choice based lettings. The need for affordable housing in the city has never been greater, especially with the impact of the Welfare Reform Act now embedding its effect with the residents of the city.

6

http://www.peterborough.gov.uk/planning_and_building/planning_policy/draft_development_plans/community_infrastructure_levy.aspx

- 4.8.6 The Councils empty homes work bringing privately owned properties back into use is instrumental in updating the council tax records and therefore informing the homes bonus funding from Government..
- 4.8.7 Future Community Infrastructure will be delivered through a principle of 'co-located' facilities providing flexible use of space as a community hub which will incorporate multiple needs for service provision such as health, police/emergency services, community facilities, learning and skills, libraries etc. The revised approach is intended to provide greater consistency and innovative approaches to providing infrastructure which reduce cost whilst ensuring well designed, quality places to live and work.
- 4.8.8 The Council launched the Local Authority Mortgage Scheme (LAMS) in December 2011 with Lloyds bank, providing support to first time. The Capital Programme includes the extension of this scheme of a further £9m over the life of the MTFS. An initial tranche of £1m was placed with Lloyds bank, and as at end of December:
- 33 first time buyers had managed to purchase a house under the scheme
 - Another 8 buyers having a mortgage approved and are looking for a home
 - A further number of applications are being considered.
 - The 41 mortgage approvals have seen lending of £4.1m take place

4.9 Children's Services

- 4.9.1 The Council is responsible for ensuring there are sufficient school places within its area to meet the needs of the population. The Council is responsible for providing transport where children have to access schools which are some distance from their home, often as a result of a shortage of school places.
- 4.9.2 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.
 - Offer a range of different schools for all parts of the community including community schools, foundation schools, trust schools, faith schools and academies.
 - High quality places for people to learn that encourage high levels of achievement.
 - Avoiding significant changes to catchment areas
 - Limited and temporary use only of mobile accommodation.
- 4.9.3 However, there are a number of factors that make it more difficult for the council to meet these objectives:
- 4.9.3.1. There has been exceptional growth in the number of children living in Peterborough in recent years due to a number of issues:
- Birth rates - Peterborough had the 6th highest birth rates in England and Wales in 2011. Our birth rate was almost a third higher than the England average at 86.8 live births per 1000 women as opposed to the England average of 65.7.
 - Migration – continues to have a significant impact but is more difficult to measure. However Peterborough exceeds all its statistical neighbours in terms of National Insurance number registrations for migrant workers

and in terms of new GP registrations from those people living overseas. The number of languages spoken within the city continues to grow and now exceeds 100.

- Economic growth / stability / employment – the buoyant local economy continues to retain workers whilst in other parts of the country, a significant number of migrant workers have returned home.
 - The quality of the City's schools continues to attract students from other local authorities. Peterborough is a net importer of children overall which means the City has more children coming into it from outside the boundaries than Peterborough children studying at schools outside the boundaries.
- 4.9.3.2. Peterborough only received £2.6m in 2012/13 to support growth in population from the Department for Education (DfE). The council invested heavily in schools and spent about £35m in 2012/13 to support basic needs for school places.
- 4.9.3.3. The availability of land to create school places especially in certain areas of the city is limited. The Council is now looking at more creative solutions to finding suitable accommodation and this includes reusing buildings currently used for other purposes.
- 4.9.3.4. The Council needs to assess its 'school place needs' now and in the future. If schools are built to cater for a short-term pressure created by a high birth rate one year or the pressures of migration and this demand decreases in the future, this could lead to empty schools which would not be an efficient use of public funding. The challenge is to balance these short and long term issues to ensure public money is used as effectively and efficiently as it can be for now and the future.
- 4.9.3.5. Limited places remain in the city but these are not always in the right places where demand exists. This is particularly the case with rural schools against the demand from the city.
- 4.9.3.6. Significant pressures are within primary schools where the number of four year olds in the city has risen from 2,165 in 2006 to an expected 3,200 in 2015. This has meant significant investment is required to meet basic numbers issues. The impact of this significant growth in primary school age children means that when these children grow up this will eventually put pressure on the Council's secondary schools too.
- 4.9.4 The Children Services capital programme addresses the dual pressures caused by an increase in population and the growth in housing developments in the city.
- 4.9.5 The Council anticipates that the Government will recognise this pressure in terms of our grant funding. The capital programme is therefore built assuming the level of £6m per year funding to support the growth in pupil numbers. Without this level of funding, the Council will be unable to deliver the number of school places it requires. The bulk of funding for school places is currently financed by borrowing.
- 4.9.6 The schemes provisionally proposed for 2013/14 onwards are shown in the capital programme. This list is under constant review as the school place planning situation changes in the City. Full costings are not yet known as school building specification continue to change and the value of projects are commercially sensitive. The Council continue to reduce building costs through procurement processes and costs will be further reduced by –

- Use of mobile classrooms to support temporary increase in numbers
- Review of options regarding pre-built, offsite, modular buildings – these are similar to ‘flat-pack’ buildings where the walls and roof are already together in sections and slot together to quickly form a building. This is how many fastfood chains build their roadside restaurants.
- Seeking, where possible, to refurbish and alter existing buildings on school sites

4.9.7 The Council are working on a five year capital programme for schools owing to the variability of pupil numbers and the inability to predict numbers for children pre-birth. Demography forecasts are updated annually. Beyond this horizon, there are a number of schools planned as part of new developments around Peterborough. As developments receive planning permission, the capital programme will be updated to reflect the new schools intended to be built funded partially by developer contributions.

4.10 Invest to Save

4.10.1 The Capital Programme contains funding for Invest to Save schemes. This budget is included on the basis that any projects funded via this budget will deliver savings to the council, for example renewable energy schemes. Business cases for future proposals are 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 have no overall impact against the Council’s bottom line.

4.10.2 The following set of principles are applied in assessment of such schemes:

- Each project needs to complete the Council’s standard full business case. This includes the required officer evaluation and approvals as for all business cases.
- Schemes should deliver savings that improve the financial position of the Council as presented in this MTFS.
- Schemes will also be considered that maintain the MTFS position (ie neither improve or worsen the position), but contribute towards delivery of service improvements, or contribute to achievement of Council priorities.
- The MTFS assumes that payback from schemes commence in the same year the project starts. If this is not the case, proposals will need the following additional analysis in the business case:
 - A full net present value (NPV) analysis
 - An outline of how the finance will be covered across financial years if schemes are not cost neutral within each financial year
- Proposals will need to be subject to the Council’s decision making requirements, eg any schemes above £500k will be subject to a Cabinet Member Decision Notice (CMDN) approved by the Cabinet Member for Resources and relevant portfolio holder.
- And update on schemes is included in future financial reports to Cabinet during the year.

4.10.3 Current Schemes:

- Schools Solar PV Installation - £2.4m of Invest to Save budget has been approved to carry out installation of solar panels to school buildings.

Phase 1 of the programme has already been completed where 12 schools now benefit from the renewable energy that is generated from these panels. It is hoped that the programme will be further rolled out across schools in Peterborough. Feasibility is being undertaken to establish whether this is possible, with a further £5m agreed for this Phase 2 programme.

- Development of Ground Mounted Solar Photovoltaic (PV) Panels (Solar Farms) and Wind Turbines – at the Cabinet meeting of 5 November 2012 the proposal to submit planning application in respect of development of ground mounted solar photovoltaic panels across three council owned agricultural sites (Americas Farm, Morris Fen and farms at Newborough) was approved.
- It was originally intended to use some of the Invest to Save pot to support the Energy from Waste scheme, allowing a larger plant to be built, providing greater generating capacity and on-going income. Given the timing of this project, the Council capital programme now includes the specific capital budgets required for this project and thus no longer uses the Invest to Save scheme.

4.11 Renewable Energy / Energy Efficiency

4.11.1 The Council is developing a renewable energy scheme for Ground Mounted Solar Photovoltaic (PV) Panels (Solar Farms) and Wind Turbines. The Council proposes to submit a planning application during late 2012 / early 2013 in respect of the ground mounted solar photovoltaic (PV) panels across three council owned agricultural sites (Americas Farm, Morris Fen and farms at Newborough). A full public consultation programme will also be undertaken.

4.11.2 This scheme will make a significant contribution towards the Environment Capital Agenda as well as generating renewable energy which can be used by the Council to safeguard its budgets against, future rising and uncertain, energy price inflation. Additionally, the energy generated can be sold to provide income that will help the Council to close its funding gap and protect its ability to deliver future services.

4.11.3 Further studies are being undertaken with a view to developing up to nine wind turbines across Morris Fen and the farms at Newborough. The outcomes and proposed design will be presented to Cabinet in late 2013 for consideration prior to submitting planning applications for these developments.

4.12 Energy from Waste Facility ⁷

4.12.1 During 2012 the Council announced its preferred bidder, Viridor, to build and operate a new 'energy from waste' facility in the City. This investment will offer a more environmentally friendly and lower-cost alternative to burying the City's waste in landfills.

4.12.2 The energy from waste facility will save over 10,000 tonnes of CO₂ every year compared to sending the City's waste to landfill. The facility will be built close to the power station in Fengate, and is designed to meet the City's needs for the next 30 years. The facility will use heat to turn any waste that can not be recycled to ash. In doing so, the weight of rubbish needing to be sent to

⁷ Energy From Waste - http://www.peterborough.gov.uk/environment/65_percent_plus-1/what_we_do_with_rubbish/energy-from-waste.aspx

landfill will be reduced by more than 93 per cent. The remaining ash can also be recycled, for example as aggregate for building roads, diverting potentially 100 per cent from landfill.

- 4.12.3 The facility will also harness the energy released in the process to generate around 53,000 megawatt hours of electricity, which can be used locally or sold to the National Grid. This is enough electricity to power approximately 15 per cent of the homes in Peterborough for a year.

5 Managing the Capital Programme

- 5.1 To manage the capital programme the Council operates a project management system (Verto) which is governed by the Project Governance Board. This board oversees business cases and monitors the performance of major Council projects, outside of the Business Transformation Programme. 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.
- 5.2 The Project Governance Board manages the projects through four main gateways to ensure that each project meets the priorities of the Council. The four main gateways are:
- Concept Appraisal
 - Project Evaluation
 - Financial Evaluation
 - Delivery
- 5.3 Project officers monitor the implementation of the Capital Programme on a regular basis with reports being submitted monthly to Verto. These updates are reviewed by the members of the Project Governance Board. The chair of the board has delegated responsibilities from the Chief Executive. The board provides a project assurance role and acts on behalf of the Corporate Management Team (CMT), ensuring that projects and programmes have appropriate management, governance, and reporting arrangements in place that prompt ongoing critical appraisal and enquiry as to their capability of achieving the intended benefits.
- 5.4 The capital programme as a whole (both expenditure and income) is reported to CMT on a quarterly basis. The quarterly report sent to CMT contains an overview of the current position and provides CMT with the information required to ensure that the capital programme is sustainable in the long term through revenue support by the Council or its partners and that use of capital resources reflects what was agreed in the production of the Council's MTFS.

6 Sources of Capital Funding

- 6.1 A summary of the sources of Capital funding is shown in Table 1, Annex 1.
- 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 Treasury Management, 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 2012, this is 52% (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 Developers are required to contribute resources to ensure appropriate infrastructure comes forward alongside growth. Some of this contribution is made directly by the developer, such as the provision of new community facilities as part of a development scheme. Developers also commonly contribute financially to the Council, so that the Council can pool contributions to deliver infrastructure. This process is currently operated through Section 106 agreements with developers, assisted by the adopted Peterborough Planning Obligations Implementation Scheme (POIS).
- 6.1.4 However, following national legislation changes, the Council has commenced preparation of a Community Infrastructure Levy (CIL) which will, once adopted in late 2013 or early 2014, replace POIS and some elements of the Section 106 process. CIL will introduce a levy on new development via a fixed per square metre charge on net new floor space built. CIL receipts will be pooled by the Council and spent on infrastructure to support growth. Provisional estimates indicate CIL could potentially generate £67m of income to the council from when it is introduced (possibly April 2014) to 2026.
- 6.1.5 Provisionally, the Council has agreed that 95% of CIL receipts are to be split via the following thematic areas (though it is important to note that such thematic areas will receive other funding via other sources in addition to the CIL):

Proposed funding split by infrastructure theme

Skills & Education	38%	Health & Wellbeing	5%
Transport	28%	Emergency Services	5%
Community Infrastructure	9%	Utilities & Services	5%
Environmental Sustainability	5%		

- 6.1.6 The remaining 5% is intended to be passed to local communities for them to decide what the money should be spent on, via the local community agreed Community Action Plans.

6.2 Alternative Financing Arrangements

- 6.2.1 The Council has actively investigated public/private partnerships (PPP) 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 July 2013.
 - 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 as been set up with a specific and sole objective of carrying out a given project.

6.3 Capital Receipts

- 6.3.1 A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. The need to generate capital receipts is a fundamental part of the Asset Management Plan. The rationalisation of the asset portfolio has benefits such as reducing revenue costs that relate to surplus assets and also releases assets for disposal. Capital receipts are an important funding source for the current capital programme.
- 6.3.2 The Council takes an holistic approach to funding its capital programme and will adapt its approach based on overall financial circumstances and the needs of particular services. An outcome of this approach is to treat all capital receipts as a corporate resource; enabling investment to be directed towards those schemes or projects with the highest corporate priority and to ensure the Councils achieves value for money from its capital receipts. This means that individual services are not reliant on their ability to generate capital receipts.
- 6.3.3 The timing and value of asset sales is the most volatile element of funding, especially in the current financial climate. As a result, the Executive Director - Strategic Resources closely monitors progress on asset disposal. Any in year shortfalls could potentially need to be met from increased corporate resources.
- 6.3.4 Receipts due to support the funding of the capital programme are shown in Annex 4 to this Strategy.

7 Procurement Strategy

- 7.1 Procurement has an important part to play in the delivery of the Council's SCS 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 the Councils procurement spend by a range of initiatives which will generate savings for the Council.

8 Conclusion

- 8.1 The Capital Strategy demonstrates and sets the framework for how the Councils capital programme supports its strategic priorities. The Capital Strategy is subject to continuous review and has been prepared in collaboration with other services to ensure it's consistent with the MTFS, which itself has been reviewed and updated. Any revenue implications from the Capital Strategy have been built into the MTFS.
- 8.2 The Council has implemented and continues to implement 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

Annex One - Core Data

Summary Capital Table:	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Adult Social Care	1,266	1,752	252	252	252	252	252	252	252	252
Chief Executives	16,886	2,937	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Children Services	41,715	19,244	26,658	13,958	7,958	3,658	858	858	858	858
Operations	27,973	25,774	28,523	16,944	13,688	10,638	9,638	9,638	9,638	9,638
Strategic Resources	67,380	176,300	18,512	5,932	4,046	4,259	4,032	3,034	3,775	3,775
Invest to Save	96,780	-	-	-	-	-	-	-	-	-
Total Capital Programme	251,999	226,007	74,945	38,086	26,944	19,807	15,780	14,782	15,523	15,523
Funded By:										
Grants & Third Party Contributions	25,966	14,347	7,562	12,002	10,502	6,792	5,827	5,827	5,650	5,192
Capital Receipts	12,710	7,720	1,295	2,175	2,675	4,000	2,000	-	-	-
Capital Financing Requirement (Borrowing)	213,323	203,940	66,088	23,909	13,767	9,015	7,953	8,955	9,873	10,331
Total Capital Financing	251,999	226,007	74,945	38,086	26,944	19,807	15,780	14,782	15,523	15,523

Summary of Fixed Asset Values

Fixed Asset Values	Gross book value £000	Depreciation £000	Net book value £000
Land & buildings	335,938	(13,645)	322,293
Vehicles, plant & equipment	45,242	(30,118)	15,124
Infrastructure assets	173,616	(55,917)	117,699
Community assets	5,808	(23)	5,785
Heritage assets	559	-	559
Investment properties	33,826	-	33,826
Surplus assets	23,522	(5)	23,517
Assets Under Construction	37,569	-	37,569
Total	656,080	(99,708)	556,372

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

Peterborough City Council Planning Obligations Implementation Scheme Supplementary Planning Document (as per Section 7.1.3): <http://www.peterborough.gov.uk/pdf/Planning-policy-Planning%20Obligation%20Implementation%20Scheme%20SPD1.pdf>

Capital Programme Budget & Funding Summary 2013/14 to 2022/23

Annex Three

Project	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2013 to 2018 Total 5 Yrs		2013 to 2023 Total 10 Yrs		
	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	216	1,080	-	2,160	-
Minor Works	36	36	36	36	36	36	36	36	36	36	180	-	360	-	
Adults PSS Capital Grant	314	-	-	-	-	-	-	-	-	-	-	314	-	-	314
Dementia Resource Centre	600	-	-	-	-	-	-	-	-	-	600	-	600	-	
Extra Care Provision	-	1,500	-	-	-	-	-	-	-	-	1,500	-	1,500	-	
Phase II Framework Project	100	-	-	-	-	-	-	-	-	-	100	-	100	-	
Total Adult Social Care	1,266	1,752	252	252	252	252	252	252	252	252	3,460	314	4,720	314	
OPERATIONS															
Affordable Housing	4,000	4,000	6,635	1,456	500	500	500	500	500	500	500	16,241	350	18,741	350
CCTV	45	-	-	-	-	-	-	-	-	-	-	45	-	45	-
Disabled Facility Grants	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	2,355	4,645	4,710	9,290
Local Sustainable Transport Fund	831	530	170	170	170	170	170	170	170	170	170	850	1,021	1,700	1,021
Integrated Transport Programme	3,069	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	3,382	6,939	3,382	16,004
Other Infrastructure	415	100	100	100	100	100	100	100	100	100	100	725	90	1,225	90
Roads & Bridges (Including Footpaths)	13,383	9,021	8,535	6,135	4,585	4,535	4,535	4,535	4,535	4,535	4,535	24,220	17,439	32,795	31,539
Repair Assistance	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	5,100	-	10,200	-
Upgrade Norwood Lane Travellers Park	-	50	-	-	-	-	-	-	-	-	-	50	-	50	-
Upgrade Oxney Road Travellers Park	-	30	-	-	-	-	-	-	-	-	-	30	-	30	-
Market Improvements	50	-	-	-	-	-	-	-	-	-	-	50	-	50	-
Prohibition of verge parking along Coneygree Road	50	-	-	-	-	-	-	-	-	-	-	50	-	50	-
Prohibition of verge parking in Ravensthorpe / Bretton / Paston	50	-	-	-	-	-	-	-	-	-	-	50	-	50	-
Climate Change/Carbon Reduction	30	-	-	-	-	-	-	-	-	-	-	30	-	30	-
Drought Damage Funding	1,500	500	500	500	-	-	-	-	-	-	-	3,000	-	3,000	-
A1139 Jct 4 to 8 Major Maintenance - Carriageway reconstruction	150	-	-	-	-	-	-	-	-	-	-	150	-	150	-
Bourges Boulevard Crescent Bridge to Bright Street	-	2,000	2,500	-	-	-	-	-	-	-	-	4,500	-	4,500	-
Bourges Boulevard Crescent Bridge Roundabout	-	-	-	-	3,000	-	-	-	-	-	-	3,000	-	3,000	-
Intelligent Transport Systems Infrastructure	250	250	250	250	-	-	-	-	-	-	-	1,000	-	1,000	-
Strategic Network Review	100	100	-	-	-	-	-	-	-	-	-	200	-	200	-
Refurbishment of Traffic Signal sites nearing end of life	100	100	100	100	100	100	100	100	100	100	100	500	-	1,000	-
Continuation of Public Realm	300	3,700	2,000	-	-	-	-	-	-	-	-	6,000	-	6,000	-
A47/AA15 Lincoln Road Junction 18 improvements	-	160	2,500	-	-	-	-	-	-	-	-	2,660	-	2,660	-
A47/A15 Paston Parkway Junction 20 improvements	-	-	-	3,000	-	-	-	-	-	-	-	3,000	-	3,000	-
Removal of Parkway Street Lighting	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-	-	-	5,000	-	6,000	-
Street Lighting on Westfield Road Bridge	30	-	-	-	-	-	-	-	-	-	-	30	-	30	-
Junction Safety Improvements	200	-	-	-	-	-	-	-	-	-	-	200	-	200	-
Total Operations	27,973	25,774	28,523	16,944	13,688	10,638	9,638	9,638	9,638	9,638	82,418	30,484	103,798	58,294	

Project	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2013 to 2018 Total 5 Yrs		2013 to 2023 Total 10 Yrs		
	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
CHILDRENS SERVICES															
Capital Maintenance on Schools	400	400	400	400	400	400	400	400	400	400	400	2,000	-	4,000	-
Meeting Basic Needs in School Places	20,485	11,620	5,600	2600	2,600	2,800	-	-	-	-	-	39,442	3463	42,242	3463
Schools Direct Expenditure (Devolved Formula Capital)	458	458	458	458	458	458	458	458	458	458	458	-	2,290	458	4,122
Secondary Schools Phase 2	9,672	2,016	-	-	-	-	-	-	-	-	-	11,688	-	11,688	-
New funding for additional Schools places (13/14)	10,700	4,750	20,200	10,500	4,500	-	-	-	-	-	-	21,650	29,000	21,650	29,000
Total Children's Services	41,715	19,244	26,658	13,958	7,958	3,658	858	858	858	858	858	74,780	34,753	80,038	36,585
CHIEF EXECUTIVES															
Cost Of Disposals	1,335	700	500	500	500	500	500	500	500	500	500	3,535	-	6,035	-
HCA Grant Payment Developer	440	-	-	-	-	-	-	-	-	-	-	-	440	-	440
Peterborough Delivery Partnership Projects	1,328	2,237	500	500	500	500	500	500	500	500	500	5,065	-	7,565	-
Public Realm	2,500	-	-	-	-	-	-	-	-	-	-	2,500	-	2,500	-
Stadium Stem Centre	8,783	-	-	-	-	-	-	-	-	-	-	4,943	3,840	4,943	3,840
Riverside Opportunity	2,500	-	-	-	-	-	-	-	-	-	-	2,500	-	2,500	-
Total Chief Executives	16,886	2,937	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	18,543	4,279	23,543	4,279
STRATEGIC RESOURCES															
Health & Safety Adaptations	225	225	225	225	225	225	225	225	225	225	225	1,125	-	2,250	-
Spend on Council Properties	3,600	1,804	2,704	2,680	1,624	2,849	2,524	1,624	2,365	2,365	2,365	12,412	-	24,493	(354)
Investment Properties	650	650	650	150	150	150	150	150	150	150	150	2,250	-	3,000	-
Culture & Leisure Trust	2,523	408	350	350	350	350	350	350	350	350	350	3,981	-	5,731	-
Crematorium/Cemetery Development	1,158	-	-	-	-	-	-	-	-	-	-	1,109	49	1,109	49
Capitalisation of Schools Reserve	500	-	-	-	-	-	-	-	-	-	-	500	-	500	-
ICT Projects	3,250	250	250	250	650	250	250	250	250	250	250	4,650	-	5,900	-
Customer Services Transformation	229	-	-	-	-	-	-	-	-	-	-	229	-	229	-
Local Authority Mortgage Scheme	3,000	2,000	2,000	1,000	-	-	-	-	-	-	-	8,000	-	8,000	-
Peterborough Strategic Serco Partnership	747	1,000	99	842	612	-	98	-	-	-	-	3,300	-	3,398	-
ICT Managed Service	1,500	350	250	250	250	250	250	250	250	250	250	2,600	-	3,850	-
Play Areas	185	185	185	185	185	185	185	185	185	185	185	925	-	1,850	-
Waste Management Strategy	33,358	36,018	11,499	-	-	-	-	-	-	-	-	80,375	500	80,375	500
Renewable Energy / Energy Efficiency	500	-	-	-	-	-	-	-	-	-	-	500	-	500	-
Investment in Heritage Assets	150	-	-	-	-	-	-	-	-	-	-	150	-	150	-
Roman Gallery & Georgian Operating Theatre	-	-	300	-	-	-	-	-	-	-	-	300	-	300	-
Combined Wind & Solar Farms	15,805	133,410	-	-	-	-	-	-	-	-	-	149,215	-	149,215	-
Total Strategic Resources	67,380	176,300	18,512	5,932	4,046	4,259	4,032	3,034	3,775	3,775	3,775	271,621	549	290,850	195
Total Invest To Save	96,780	-	-	-	-	-	-	-	-	-	-	96,780	-	96,780	-
TOTAL CAPITAL PROGRAMME	251,999	226,007	74,945	38,086	26,944	19,807	15,780	14,782	15,523	15,523	15,523	547,602	70,379	599,729	99,667

Capital Receipts Summary from 2012 to 2023

Annex Four

Asset	Revised 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Single Plot @ Pilsgate (Pudding Bag Lane)	*										
Land at Brassey Close	*										
Herlington Offices	*										
Land @ First Drove, Fengate	*										
Peverels Residential Home (Dogsthorpe)	*										
25 Commerce Road	*										
The Croft - Eye	*										
The Grange Surplus lands	*	*									
Vawser Lodge	*										
Eldern Public House	*										
Monarch Avenue (Fletton Allotments)	*										
Hereward: Land off Park Lane	*	*									
Pyramid Centre, North Bretton	*										
Land at the Dell, Woodston	*										
11 Commerce Road		*									
Craig Street Car Park		*									
Orton Centre Filling Station		*									
Covenants		*	*	*	*	*	*	*	*	*	*
Substations		*	*	*							
Caxton Court / Coneygree Road		*									
Garage Site - Orton Avenue		*									
Land at Tenterhill - Thistle Drove		*									
London Road		*									
Northminster House, Ground Lease		*									
Orton Bowling Green		*									
The Lindens		*									
CRA Windfall		*	*	*	*	*	*				
Arthur Mellows caretakers house		*									
Goswick - Orton Brimbles		*									
Dickens Car Park		*									
Fleet		*									
Adult Social Care Properties		*	*								
Bretton Woods (Residential)		*									
Bretton Court		*									
John Mansfield (Remote site)		*									
John Mansfield Main Site		*									
Alfric Square		*									
Cherry Orton Farm		*									
Hill Farm Barn (Farm Estate)		*									
Thorney Tank Yard, Thorney		*									
Braybrook Primary School (surplus land)		*									
Westwood Centre Car Park (part)		*									
City Clinic			*								
Homenene House			*								
5 & 7 York Road			*								

Asset	Revised 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Bishops Road Car Park			*								
Horsefair Car Park			*								
Middleton Primary School (surplus land)			*								
Operational Assets - Property Rationalisation			*	*	*	*					
Wellington Street Car Park			*								
Wirrina Car Park			*								
New England Complex, Lincoln Road			*								
Herlington Centre			*								
Investment sale of Peterscourt land at Orton Longueville School			*								
Highlees Primary School			*								
St Johns CofE Primary School - Land adjacent			*								
Welland Allotment Land at Nab Lane			*								
Land at Splash Lane Woodlands Castor			*								
Longthorpe Primary School				*							
St Johns Stanground				*							
Ravensthorpe Primary School (land at)				*							
Southfield Infant School				*							
Targeted Future Receipts				*							
Paston CRA land					*						
Wittering Primary School					*						
Barnack Primary School					*						
Miscellaneous Farm Estate					*	*	*	*			
Bishop Creighton Primary School						*					
Food Hall & Market						*					
Land in & around Laxton Square						*					
Northminster Car Park						*					
Targeted Future Receipts				*		*					

N.B. Land disposals linked to schools will be discussed further with Childrens services nearer the relevant financial year to ensure they remain compatible with any emerging expansion plans

9. Asset Management Plan

Asset Management Plan

2013 – 2023

Contents	Page
Executive Summary	109
Organisational Arrangements for Asset Management	115
Reporting Framework – Cabinet & Corporate Management Team (CMT)	115
Asset Management and obtaining value for money from the Property Portfolio	118
Consultation	125
Data Management	126
Identification of Assets	126
GIS in Peterborough	128
Asset Summary	128
Performance Management, Monitoring and Information	129
Programme and Planned Development and Implementation	129
The Strategic Approach to Property	136
The Disposal Option	138
CMDN – Surplus Declaration and Future of the Property	141
Asset Management Plan Glossary of Terms	143

Executive Summary

Asset Management Plan

1.0 Policy Context

- 1.1 This AMP sets out the way in which the Council will manage its physical properties now and into the future. It is anticipated that this document will form part of the budget papers and be approved by full Council as a Policy. It is therefore a key policy document and is not optional.

2.0 Background

- 2.1 Peterborough City Council is a major property owner with an asset base of circa 1,493 assets and a net book value exceeding £500m. These assets are used to deliver the Council's wide ranging objectives.
- 2.2 However, as the Council faces a number of major challenges with regard to the property portfolio. These include:
- A property portfolio that is ageing with increasing liabilities for repairs and maintenance.
 - A property portfolio that is not suited to Council needs for service delivery now and into the future.
 - An ad-hoc approach to management of the portfolio i.e. currently service departments manage their property in isolation leading to inconsistencies across the Council.
- 2.3 In addition the Council needs to realise value from the portfolio. This will include:
- The delivery of in excess of £26m of Capital Receipts in a falling market over the next ten years to support the Council's Capital Budget.
 - Using Property in different ways to support the Growth Agenda.
 - Maintaining revenue streams in a falling market. Current forecasts indicate a rental stream of £3.5m to year end 2012/2013.
- 2.4 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.

3.0 The Format of the Asset Management Plan

- 3.1 The AMP sets out the following elements:
- Sets out the strategy for managing the portfolio and what the Council will do to meet the challenges faced. It also aligns with the guidance provided by the RICS and DCLG.
 - Sets out the processes and procedures to be followed in the management of the Property Portfolio.
 - Sets out future property needs for individual services.
- 3.2 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.

4.0 The Future Management of Property

4.1 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.
- To consider using property to support environmental improvements
- Sets challenging targets for the realisation of Capital Receipts from the Property Portfolio.

4.2 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.
- Maximise the use of properties that are held 'In Trust' for the use of the Community.
- Requirements being delivered from Council premises. 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.
- Focusing expenditure on those assets that have a long term future.

Introduction

The Asset Management Plan in Context

The AMP 2013 continues to build on the work undertaken by the Council, its Partners and with a contribution from the community in developing a Sustainable Community Strategy, a strategy with the vision and outcomes, to effectively match the ambitions of our community.

The AMP 2013 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 (Clinical Commission Groups (CCG)), 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 2013 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.

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 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 support and complement the Council's overarching corporate values.

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 corporate management team, the CPO has the responsibility and authority to implement the necessary actions to facilitate effective asset management.

1.1.2. Strategic Resources were reorganised in November 2011. Serco took over responsibility for the operation of Human Resources, Payroll, Business Transformation, Revenues and Benefits, Strategic Property, and Peterborough Direct. However Strategic Resources retained direct responsibility for the delivery of Strategic Finance and Internal Audit whilst retaining overall responsibility for the delivery of the services previously managed.

1.1.3. The CPO's role is currently supported by Strategic Property - incorporating Estates, Facilities Management & Commissioning. The Growth and Regeneration Team are tasked with regenerating the City by working with the private sector and investors and reports directly to the Chief Executive.

1.1.4. 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:

- Consults with Heads of Service, partners, elected members, stakeholders and users concerning the management of the Property Portfolio.
- Ensuring that up to date electronic and paper copy records about ownership (tenure), condition, sufficiency and suitability of the Council's property portfolio, and investment required are maintained.
- Regularly reports to the Corporate Management Team (CMT) and the Cabinet on the performance of the Council's property portfolio.
- Ensuring that Leasing and Letting property on behalf of all services of the Council are carried out.
- Acquisition and disposal of property.
- Ensuring that work in respect of covenants is carried out as required.

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 meet on a regular basis, approves the annual capital and revenue budgets and agrees matters of policy.

1.2.2. The Leader of the Council chairs a Cabinet of 12 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 Growth, Strategic Planning, Economic Development, Business Engagement and Environment Capital
- 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 Advisor to the Leader (Environmental Capital)
- Cabinet Advisor to the Deputy Leader
- 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 but no delegation to agree leases for assets to support Children's Services.

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 2013-2023 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 (including a £100k Repairs and Maintenance budget each year) to operate and manage the non-income generating property portfolio on a day-to-day basis. Both of the Cabinet Members for Resources & Children's Services have a key role in challenging the use of assets, investment and disposal decisions on 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 continue to be assessed 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 CPO, who is a member of CMT, is fully briefed on property matters to enable them to report as required. CMT can then consider issues affecting the Council's Asset Management Plan.

1.3. Links to Strategies and Plans

1.3.1. 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. Strategic Property is the main area of consultation on property matters

and the various plans and strategies required for successful asset management.

- 1.3.2. 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.
- 1.3.3. 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.
- 1.3.4. Through the Corporate AMP, the School Organisation Plan, 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.
- 1.3.5. Strategic Housing – The Council adopted The Peterborough Housing Strategy 2011-15 in Feb 2012. This strategy is aligned with the Asset Management Plan and Capital Strategy.
- 1.3.6. 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.
- 1.3.7. Peterborough's Children's Services Department is about to publish a new School Organisation Plan (once a statutory document). This strategic document will include information on demography and the data has already been used to inform the planning of schools places (including the need for additional schools) into the future.
- 1.3.8. 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 Government funding is diminishing and the change in the developer contribution system will mean a far larger proportion of capital having to come from corporate resources.
- 1.3.9. The Local Development Framework sets out how the Council sees 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.
- 1.3.10. 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.

- 1.3.11. 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.
- 1.3.12. Capital Resource used 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.
- 1.3.13. The Council 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.
- 1.3.14. 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.
- 1.3.15. Each service 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.
- 1.3.16. 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. The implementation of photovoltaic schemes on the Town Hall, and Regional Pool has been successfully completed. Other initiatives currently being explored include bio-digester, further photovoltaic, wind turbines, solar farms, 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.
- 1.4. Asset Management and obtaining value for money from the Property Portfolio**

- 1.4.1. 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 require a fundamental review of key service areas to ensure that value management is fully integrated into the policy development framework.
- 1.4.2. 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. 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.
- 1.4.3. 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. In the last 12 months the Council has invested in refurbishing its largest office Building (Bayard Place) to extend the life of the property.
- 1.4.4. 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, London Road shops and Bridge House.

1.5. The Use of IT to Support Property

- 1.5.1. Organisations cluster around the information they hold in order to do their business: traditionally this information is paper based and has been held in filing cabinets, to ensure easy access and to enable sharing of information with fellow workers.
- 1.5.2. Use of ICT – whilst not re-promising the paperless office – enables the organisation to access that information from any where, any place and at any time.
- 1.5.3. 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.

- 1.5.4. The Council has appointed SERCO as a partner to provide and manage ICT Services. SERCO are implementing an ongoing 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. This process has already commenced and been rolled out both the majority of Council Offices including Bayard Place, Town Hall and Stuart House.
- 1.5.5. 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.
- 1.5.6. 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.
- 1.5.7. Strategic Property has procured a new asset management database. This has now been implemented and enables 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.
- 1.5.8. 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.

1.6. Customer Service Centres – Peterborough Direct

- 1.6.1. 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.
- 1.6.2. 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.

- 1.6.3. 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.
- 1.6.4. 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.
- 1.6.5. 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 through 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.
- 1.6.6. During 2011 PCC 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.
- 1.6.7. 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.

1.7. Partnership Working

- 1.7.1. Peterborough also takes the opportunity whenever practicable to work in partnership to deliver joint outcomes.
- 1.7.2. Partnership initiatives have included working with other government/quasi government organisations, such as Health, Police, Fire Services, Social Landlords etc to share services and accommodation. An example was the project carried out under the Green Shoots banner to share and collate property data with 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.
- 1.7.3. The Council is a member of the Greater Peterborough Partnership (GPP), which jointly develop the Sustainability Community Strategy (SCS). Together this Partnership decides the joint priorities across Peterborough, and as outlined earlier in this document, the four priorities and key outcomes identified include an emphasis on growth and the development of 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.

1.7.4. The Council continues to work in Partnership with Health Services in Peterborough. Proposed changes to the structure of Healthcare provision will result in the Council taking back the delivery of the Adult Social Care Services in March 2012, and will have the responsibility and delivery of Public Health functions in April 2013.

1.7.5. 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. During 2012/13 consideration was given to the future of both Greenwood House and Welland House, with the decision taken to close these homes.

1.8. Property Assets and The Growth Agenda

1.8.1. PCC aims to promote substantial growth in the region and has ambitious targets to meet by the year 2020. Opportunity Peterborough (OP) focuses on the marketing of the City with the Council focusing on the delivery of the physical growth.

1.8.2. 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.**

1.8.3. 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.
- Riverside Opportunity Area (including Carbon Challenge, The Embankment and the East Embankment).
- Retail Quarter
- Station Quarter.
- Northminster (including the market and multi storey car park).
- Peterborough District Hospital.

1.8.4. 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 across all areas. to support, encourage and promote the growth agenda.

1.8.5. 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.

Site	Current Use	Comments
Wirrina	Car Park	Incorporate into the Riverside Opportunity Area
Matalan and B&Q	Clear Site - occasional car parking to support Carbon Challenge	Incorporate into the Riverside Opportunity Area
Dickens Street Car park	Car Park	Potential Residential/Retail development
Bridge House	Clear Site	Incorporate into the Riverside Opportunity Area
Embankment	Recreation	Enhanced recreation

Site	Current Use	Comments
Fletton Quays	Warehouse and Storage Sheds	Incorporate into the Riverside Opportunity Area
7-23 London Road		Incorporate into the Riverside Opportunity Area
Wellington Street Car Park	Car Park	Use to be identified
Northminster	Office/Retail	Use to be identified

- 1.8.6. 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 final value. However, the Council should recognise the financial contribution it is making to the growth agenda which demonstrates the Council's ambition and commitment.
- 1.8.7. 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.
- 1.8.8. Peterborough is no different from other local authorities in-so-much as the operational property portfolio is old and coming to a point where major investment is required to maintain it in a 'fit' state for the delivery of Council objectives.
- 1.8.9. In addition the current operational portfolio is based on an operating model that does not recognise the benefits and efficiencies that have been developed as a result of the revolution in IT. In some areas of the Town Hall in particular room layouts are inefficient, desk and office space is underutilised and energy costs are high due to inefficient and old equipment. The recent improvements to Bayard Place have enabled the Council to increase the number of workstations by 85.
- 1.8.10. However the Council is now has a major opportunity to rationalise the property portfolio whilst introducing new working practices. Over the next 12 months the Council will continue to move forward on the rationalisation of the portfolio. In particular it will explore ways in which it can put in places processes by which it is able to:
- Introduce new working practices that will lead to the establishment of 'agile' working as the preferred approach to service delivery
 - Allocate 8 workstations per 10 members of staff
 - Allocate an allowance of a minimum of 8m² per workstation
 - Use of IT to reduce space requirements
 - Consolidate Council activities
- 1.8.11. This will inevitably have an impact on the budgets during the current MTFS and beyond. Whilst these costs will be included within the budget it should be noted that investment in property will not bring immediate savings. Indeed investment in property needs to be considered over a 25 year period and thought of as 'spend to save'. Indeed capital Investment now will significantly reduce expenditure in the future as we will no longer be subjected to the

financial liabilities associated with holding Council Assets that are ageing and need of significant investment.

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 pre-requisite 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. The 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 has formed the fundamental, and underpinning, element to the Single Delivery Plan 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.

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
- 3.1.4. AMPs are undertaken on a rolling ten year year programme basis for the entire property estate and include Suitability, sufficiency, DDA, Asbestos and condition surveys. The introduction of the Tf database has meant that all properties (schools and corporate buildings) have had new surveys undertaken. The condition surveys 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 claw back 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.
- 3.1.8. 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** - funded specifically by DfE (Modernisation and Formula Capital) enabling capital to be targeted at the greatest needs. A new system of a single capital allocation with no specific labelling has meant a significant cutback in this budget as we have had to use the majority of the funding to meet our statutory duty to provide school places. We have allocated a specific sum to deal with the most pressing of condition works, putting any works that have H&S implications as priority.
 - **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 a 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. 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 1493 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. The below is a breakdown of the above figure:

Details of categories	Summary of categories	No.
Office, Depot/Store/Public Convenience	Admin/Depot/Other	53
Arts Venue/Pools	Leisure	5
Library	Libraries	10
Schools/Colleges/Children’s Centre/Pupil Referral Unit/Special Schools/Caretaker Houses/Nurseries	Education	104
Residential Homes/Day Care Centres	Social care	16
Sports Centres/Youth Centres/Community Use/Community Related Asset/Pavilion/Play	Community assets	177

Details of categories	Summary of categories	No.
Centre/Recreation Grounds/Allotments		
Cemetery/Industrial/Retail/Not defined/Open Space /Garage Site/Travellers Site/Car Parks/Substations/Farms	General	1106

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.
- 4.1.4 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.
- 4.1.5 Use of resources 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.
- 4.1.6 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.

5 Programme and Planned 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. 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.
 - Government plans for new PFI schemes for schools.
 - Making Better Use of Local Authority Assets.
 - LEP
- 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 The Department is about to publish a new 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.
- 5.3.2 Previously an element of Children's Services capital expenditure had been Government grant funded. That position has changed significantly and now far more corporate capital funds are required to meet our statutory need to make available sufficient school places. The huge rise in demand for school places due to increased birth-rate, migration and changing demographics, this demand is outstripping available places already at an alarming rate.
- 5.3.3 The Local Authority continues with the programme of modernisation of Peterborough's secondary school estate. Orton Bushfield Academy was

completed ready for September 2012 opening; Nene Park Academy and Stanground Academy are under construction and Hampton College Phase 2 is nearing completion. The first Free School, City of Peterborough Academy has begun the building of a Special School and the remodelling of the former Hereward College buildings. These will be ready for occupation in September 2013.

- 5.3.4 Unfortunately these schemes will not be enough to meet the need for secondary school places and demand will exceed current capacity in 2015/16.
- 5.3.5 Long term planning for additional secondary school places is underway.
- 5.3.6 The previous Government's plans for investment in the Primary School Estate were abandoned as soon as the new Government came to power. This Council only benefitted from a fraction of the capital funding promised and as such has left a huge hole which corporate funding has and will have to fill.
- 5.3.7 The need for additional places has meant as many as 25-30 projects are underway at the present time. It has also meant the need to place more mobile classrooms on school sites; a practice we had begun to phase out.
- 5.3.8 The original programme was meant to address condition issues as well as provide new places. The continuing need for new places means a cut back in larger capital maintenance schemes and our whole school estate will begin to suffer without considerable investment. Schools own funding for maintenance has also been cut drastically.
- 5.3.9 Children's services are still committed to incorporating sustainable solutions into all of its building projects wherever possible and within a contracting budget. Unfortunately this can no longer be considered as standard.
- 5.3.10 The Government funding secured for a major refurbishment programme at Clare Lodge continues as a phased project.
- 5.3.11 The Children's Services Assets and School Place Planning Team are proactive in managing all Children Services properties, and including balancing these demands and reduction in funding sources, whilst rationalising the whole portfolio.

5.4 Option Appraisal and Project Prioritisation

- 5.4.1 The capital resources calculation for the next ten 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 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.
- 5.4.4 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. 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 & Third Party Funding
 - 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 ten 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 capital programme includes the rolling programme for Structural Maintenance of Council Buildings. This programme has been reviewed in line with the level of resources available, and will be again reviewed in each MTFS years, 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, School Organisation 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

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 a variety of Capital Budgets 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 During the next three years PCC will face many changes 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:
- 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 is being introduced together with sweating assets through maximising occupation. The aim is that a significant percentage 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.

7 The Strategic Approach to Property

7.1 The Current Position

- 7.1.1 Whilst there have been prestigious developments such as the Orminston Bushfield Academy, property acquisitions such as Peterscourt, and other developments such as PFI for schools, the underlying trend is of an ageing 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.

7.2 The Way Ahead

- 7.2.1 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.
- 7.2.2 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.

7.2.3 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 that report.

7.2.4 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.

7.3 The Disposal Option

7.3.1 The process for dealing with surplus assets is set out later in this document. However there are factors that will be considered in coming to a disposal solution.

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

- | | |
|----------------------------|-------------------------|
| • Location | • Value |
| • Suitability | • Alternative use value |
| • Maintenance liability | • Energy Cost |
| • Annual Maintenance costs | • Running Costs |
| • Age | • Covenants |
| • Condition | • Potential future uses |
| • Capacity | • Sustainability |

7.3.3 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.

7.3.4 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.

7.3.5 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.

7.3.6 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 partner organizations, 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 supporter 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 for the property (either alone or as a 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.

7.7 The Localism Act 2011

7.7.1 The Act has three areas which will potentially affect the Council's asset management plans.

7.7.2 The Right to Bid – This provides for Local Interest Groups in the Community to be given the opportunity to bid for property or land they consider to be of Community benefit. The Council is agreeing a process which will monitor applications and provide advice to the Community Groups as appropriate.

7.7.3 The Right To Challenge – This is the right for a Community Group to bid to take on a service provided by the Council if it can be proved that it can be done without a loss of quality and at competitive prices.

7.7.4 Neighbourhood Planning – This is a right for Neighbourhoods to draw up plans with statutory impact which subject to due process will be included in the

Council's Planning Policy. This will mean an increase in workload for Local Authority Planning Departments.

8 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
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

10. Supplementary Information - Schools

Schools Budgets 2013/14

The funding for schools and elements of the education service is received in a specific pot of money from the Government called the Dedicated Schools Grant. The city council is responsible for proposing the use of this budget to support schools in agreement with the statutory body known as Schools Forum. Schools Forum consists of head teachers, early years providers, church representatives and local authority officers. Funding is allocated per pupil using numbers gathered in October each year. The funding is broken down into three elements –

1. Schools (£115m) – this funding is for the costs of running schools and is delegated to governing bodies to support delivering outcomes for pupils.
2. Early Year (£9.5m) – this funding provides parents with their free education entitlement for three and four-year-olds for 15-hours-a-week during term time (38 weeks a year). In addition, the council has received an additional £2.4m to support targeted child care for two-year-olds for eligible families (in receipt of benefits etc). Around 60% of children in Peterborough will qualify for this funding when the scheme is fully implemented in 2014/15.
3. High Needs Funding (£25m) – this funding is to support those children with high level special needs in special schools and independent provision, those in alternative education such as the pupil referral units and supporting children who are ill or in hospital.

The final grant will not be known until February so the figures outlined are estimates based upon known pupils in the city.

During the spring 2012, the Department for Education (DfE) consulted with local authorities including Peterborough City Council on changes to the funding of schools. Historically, local authorities set their own funding formulas to decide how much money was given to run each school to meet the needs in its area. However the Government has changed the way it wants schools funded and for 2013 the DfE has introduced a standard funding formula across the country. There does however remain some local discretion over funding arrangements which are decided by Schools Forum and the Local Authority.

Funding is allocated the basis of the individual characteristics of each pupil and a number of specific factors at school level. Schools will now receive funding on the following nationally prescribed headings –

- Basic per pupil entitlement – a fixed amount per pupil based upon their age.
- Deprivation – funding is targeted at deprivation indicators for each child which have been agreed locally. These are –
 - Those in receipt of free school meals
 - Income Deprivation Affecting Children Index (IDACI). IDACI measures for each postcode nationally the proportion of children under the age of 16 that live in low income households and ranks them. Those children from high deprivation post codes receive higher levels of funding.
- Looked after children (LAC) – each school receives £600 per year to support the school in providing additional support for children in care.

- Low Cost, high incident special education needs – the Government want to target children who are considered to have low level special education needs that don't warrant a statutory assessment. It is measured by –
 - Primary – those pupils scoring less than 73 points on the early years foundation stage profile
 - Secondary – those young people achieving Level 3 or below in both their English and Maths Key Stage 2 SATS.
- English as an additional language – for each pupil that has been within the education system in England for three years or less, schools will receive an allocation of funding
- Lump Sum – £150k is allocated to all schools regardless of size to cover fixed costs of operating a school
- Rates and PFI – costs associated with business rates and the PFI unitary charge is funded at actual costs based upon the individual schools costs.
- Pupil Mobility – funding is given to each pupil who arrives at the school outside of the normal admissions round. Given the high turnover of pupils in Peterborough this is an essential factor and funds support for integration.

The table over shows the breakdown of these factors and their values. Critically, schools no longer receive specific funding for premises costs such as swimming pools, the costs of maintaining infant classes (age 4 to 7) at 30 or specific allocations for areas such as insurance costs and running admissions appeals. Funding for children with high needs special education needs is now funded separately for schools. The table that follows this outlines the impact of changing the funding formula on individual schools. The new funding formula does allocate more money to some schools at the expense of other schools compared to last financial year. This may necessitate reduction on staffing levels or reduced spending on materials for pupils. To protect schools from large losses year to year, the funding mechanism includes a floors and ceiling mechanism.

LA Name **Peterborough**

LA Identifier **874**

Pupil Led Factors

1) Basic Entitlement/Age Weighted Pupil Unit (AWPU)		Number of Pupils						
	Reception Uplift	No	0.0					
		Amount (£) per pupil	Pupil Units		Sub Total (£)	Total (£)	Proportion of funding(%)	
	Primary (including reception)	2,712.89	17402.0		47,209,779.42	88,002,064.74	40.776%	
	Key Stage 3	3,864.30	5703.0		22,038,123.10		19.035%	
	Key Stage 4	4,931.41	3803.0		18,754,162.22		16.198%	
2) Deprivation		Primary amount per pupil (£)	Secondary amount per pupil (£)	Number of eligible primary	Number of eligible secondary	Sub Total (£)	Total (£)	Proportion of funding(%)
	Primary FSM	271.62	461.47	3760.0	1624.0	1,021,288.59	6,735,924.58	5.818%
	Secondary FSM					749,425.80		
	IDACI Score 0.2 - 0.25	100.57	275.54	880.1	530.2	234,584.76		
	IDACI Score 0.25-0.3	174.38	349.35	1687.6	764.0	561,171.70		
	IDACI Score 0.3- 0.4	248.19	423.16	3562.3	1579.2	1,552,348.39		
	IDACI Score 0.4-0.5	322.00	496.97	3557.6	1612.1	1,946,708.87		
	IDACI Score 0.5-0.6	395.81	570.78	1058.0	440.9	670,396.47		
	IDACI Score 0.6-1	469.62	644.59	0.0	0.0	0.00		
		Amount (£) per pupil	Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding(%)	
3) Looked After Children (LA)		LAC_X_Mar11	590.48		98.5	58,168.85	0.050%	
4) Low cost, high incidence SEN		LowAtt_%_PRI_73	733.22		3729.1	2,734,255.83	4.074%	
		Secondary pupils not achieving (KS2 level 4 English and Maths)	1,583.95		1251.9	1,982,917.52		
5) English as an Additional Language (EAL)		EAL_3_PRI	553.03		3997.3	2,210,625.94	2.683%	
		EAL_3_SEC	1,380.22		649.1	895,964.99		
6) Mobility		Primary pupils starting school outside of normal entry dates	124.38		2031.0	252,616.55	351,798.74	0.304%
		Secondary pupils starting school outside of normal entry dates	65.68		1510.0	99,182.18		

Other Factors

Factor	Description	Fixed Sum per School	Total (£)	Proportion of funding(%)
7) Lump Sum		150,000.00	10,050,000.00	8.680%
8) Fringe Payments			0.00	0.000%
9) Split Sites			300,000.00	0.259%
10) Rates			1,590,378.60	1.374%
11) PFI funding	Affordability Gap x pupil numbers		867,190.01	0.749%
12) Sixth Form			0.00	0.000%

13) Exceptional circumstances (can only be used with prior agreement of EFA)

Circumstance	Other Circumstance	Calculation	Details of Calculation	Total (£)	Proportion of funding(%)
				0.00	0.000%

Total Funding for Schools Block Formula (excluding MFG Funding Total) (£) 115,779,289.78

14) Minimum Funding Guarantee MFG is set at -1.5%, gains may be capped above a specific ceiling and/or scaled

MFG Funding Total (before capping or scaling) (£)				1,792,341.41
Capping Factor (%)	5.000%	Scaling Factor (%)	0.000%	
Explanation as to how capping and/or scaling has been applied:				
5% Cap applied to the pupil level prior year baseline budget				
If capped and/or scaling applied: Total deduction (£)				- 91,034.17
TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£)				117,480,597.03
% DISTRIBUTED THROUGH BASIC ENTITLEMENT				76.008%
% Pupil Led Funding				88.938%
RETAINED FOR GROWTH (£)				2,250,000.00
PRIMARY/SECONDARY RATIO				1: 1.37

School Name	Sector	2012/13 Budget Allocation			2013/14 Budget Allocation			Change	% Change	Plus New Delegation	Plus New Delegation
		2012/13 Allocation	October 11 Pupil	2012/13 Funding Per	2013/14 Allocation	October 12 Pupil	2013/14 Funding Per				
Abbotsmeade Community School	Primary	1,373,364	305	4,502.83	1,555,161	341	4,388.10	- 114.73	-2.55%	58,818	172
All Saints' C.E.(Aided) Junior School	Primary	860,448	244	3,526.42	1,092,944	307	3,416.86	- 109.56	-3.11%	43,967	143
BARNACK C E PRIMARY SCHOOL	Primary	493,606	120	4,113.38	551,466	136	3,917.89	- 195.49	-4.75%	18,633	137
Bishop Creighton Academy	Primary	861,103	197	4,371.08	849,423	186	4,411.23	40.15	0.92%	28,934	156
Braybrook Primary School	Primary	809,786	199	4,069.28	952,497	236	3,893.64	- 175.64	-4.32%	33,599	142
Brewster Avenue Infant School	Primary	668,192	170	3,930.54	721,402	177	3,924.21	- 6.33	-0.16%	26,817	152
Castor CE Primary School	Primary	609,818	155	3,934.31	594,675	145	3,965.75	31.44	0.80%	19,641	135
Discovery Primary School	Primary	1,524,555	425	3,587.19	1,712,359	464	3,541.03	- 46.16	-1.29%	69,322	149
Dogsthorpe Infant School	Primary	1,020,427	261	3,909.68	1,094,307	264	3,982.87	73.19	1.87%	42,829	162
Dogsthorpe Junior School	Primary	1,346,687	341	3,949.23	1,404,650	348	3,889.08	- 60.15	-1.52%	51,249	147
Eye C E Primary School	Primary	1,139,135	326	3,494.28	1,231,626	346	3,421.38	- 72.89	-2.09%	47,828	138
EYRESCROFT PRIMARY SCHOOL	Primary	1,369,792	390	3,512.29	1,390,966	380	3,518.03	5.74	0.16%	54,115	142
Fulbridge School	Primary	2,235,371	617	3,622.97	2,353,090	631	3,567.88	- 55.09	-1.52%	101,761	161
Gladstone Primary School	Primary	1,655,593	439	3,771.28	1,838,140	448	3,934.08	162.80	4.32%	75,674	169
Gunthorpe Primary School	Primary	1,143,237	318	3,595.09	1,260,452	324	3,741.85	146.76	4.08%	48,093	148
Hampton Hargate Primary School	Primary	1,757,356	540	3,254.36	1,882,585	564	3,197.87	- 56.50	-1.74%	78,988	140
HAMPTON VALE PRIMARY SCHOOL	Primary	1,562,900	478	3,269.66	1,694,597	506	3,207.01	- 62.66	-1.92%	71,850	142
Heritage Park Primary School	Primary	720,512	192	3,752.67	794,875	207	3,698.92	- 53.75	-1.43%	29,199	141
HIGHLEES PRIMARY SCHOOL	Primary	1,327,390	305	4,352.10	1,537,897	351	4,225.14	- 126.95	-2.92%	54,871	156
John Clare School	Primary	436,736	99	4,411.48	452,047	101	4,340.05	- 71.42	-1.62%	13,702	136
Leighton Primary School	Primary	1,322,090	351	3,766.64	1,487,464	390	3,670.69	- 95.95	-2.55%	55,894	143
Longthorpe Primary School 2011 - 2012	Primary	1,425,609	420	3,394.31	1,471,996	420	3,353.42	- 40.89	-1.20%	63,561	151
Matley Primary School	Primary	993,436	237	4,191.71	1,089,534	258	4,082.93	- 108.78	-2.60%	36,137	140
Middleton Primary	Primary	1,021,460	277	3,687.58	1,157,111	297	3,746.66	59.08	1.60%	44,353	149
Nene Valley Primary School	Primary	887,440	247	3,592.87	968,659	266	3,500.89	- 91.98	-2.56%	37,421	141
Newark Hill Primary Schools	Primary	1,579,617	454	3,479.33	1,710,060	471	3,479.93	0.60	0.02%	71,013	151
Newborough Primary	Primary	683,328	189	3,615.49	752,685	203	3,570.77	- 44.72	-1.24%	27,818	137
Northborough Primary	Primary	698,432	187	3,734.93	739,790	195	3,658.12	- 76.81	-2.06%	26,457	136
Norwood Primary School	Primary	704,080	197	3,574.01	751,368	200	3,616.56	42.55	1.19%	28,056	140
OAKDALE PRIMARY SCHOOL	Primary	720,655	200	3,603.27	763,988	208	3,531.89	- 71.38	-1.98%	29,354	141
Old Fletton C P school	Primary	1,053,865	274	3,846.22	1,184,286	305	3,736.88	- 109.34	-2.84%	44,537	146
Orton Wistow Primary School	Primary	1,000,010	308	3,246.79	1,035,264	310	3,202.80	- 43.98	-1.35%	42,395	137
Parnwell Primary School	Primary	1,061,547	247	4,297.76	1,167,564	269	4,189.09	- 108.67	-2.53%	40,699	151
Paston Ridings Primary School	Primary	1,577,632	398	3,963.90	1,786,965	446	3,858.54	- 105.36	-2.66%	66,058	148
PEAKIRK CUM GLINTON C.E.PRIMARY	Primary	666,653	183	3,642.91	707,268	191	3,566.24	- 76.68	-2.10%	26,117	137
Queens Drive Infant School	Primary	812,362	212	3,831.90	950,683	232	3,921.40	89.50	2.34%	40,918	176
Ravensthorpe Primary School	Primary	755,020	197	3,832.59	840,641	205	3,952.70	120.11	3.13%	30,337	148
Sacred Heart RC Primary School	Primary	721,138	199	3,623.81	798,011	205	3,745.02	121.21	3.34%	30,282	148

School_Name	Sector	2012/13 Budget Allocation			2013/14 Budget Allocation			Change	% Change	Plus New Delegation	Plus New Delegation
		2012/13 Allocation	October 11 Pupil	2012/13 Funding Per	2013/14 Allocation	October 12 Pupil	2013/14 Funding Per				
SOUTHFIELDS PRIMARY SCHOOL	Primary	1,344,648	374	3,595.32	1,493,547	409	3,510.89	- 84.42	-2.35%	57,591	141
ST AUGUSTINE'S C E (VA) JUNIOR SCHOOL	Primary	645,151	173	3,729.20	713,403	180	3,818.22	89.03	2.39%	26,123	145
St John's Church School	Primary	1,061,892	246	4,316.64	1,098,946	250	4,251.68	- 64.95	-1.50%	36,025	144
St Michaels C of E Primary School	Primary				226,891	24	9,300.85			3,671	153
St. Thomas More Catholic Primary	Primary	1,524,103	400	3,810.26	1,536,597	391	3,767.96	- 42.29	-1.11%	63,323	162
St.Botolph's C of E (C) Primary	Primary	1,228,713	380	3,233.45	1,304,940	383	3,267.77	34.32	1.06%	53,385	139
Stanground St John's CE Primary School	Primary	747,986	179	4,178.69	799,677	189	4,083.47	- 95.22	-2.28%	27,902	148
The Beeches Primary School	Primary	2,148,600	549	3,913.66	2,441,304	602	3,882.58	- 31.08	-0.79%	103,992	173
The Duke of Bedford Primary School	Primary	689,545	186	3,707.23	712,994	188	3,656.83	- 50.40	-1.36%	25,509	136
Thorpe Primary School	Primary	1,502,673	418	3,594.91	1,604,287	422	3,645.00	50.09	1.39%	66,096	157
Watergall Primary School	Primary	1,099,769	268	4,103.61	1,191,512	286	4,014.03	- 89.59	-2.18%	43,501	152
Welbourne P School	Primary	699,148	158	4,424.99	694,055	152	4,417.45	- 7.54	-0.17%	22,603	149
Welland Primary School	Primary	1,027,024	216	4,754.74	1,311,039	280	4,525.35	- 229.39	-4.82%	43,940	157
Werrington Primary School	Primary	1,339,617	417	3,212.51	1,396,076	415	3,225.03	12.52	0.39%	57,689	139
West Town School	Primary	1,203,356	305	3,945.43	1,294,299	309	4,022.80	77.37	1.96%	51,254	166
William Law C E Primary School	Primary	1,828,562	574	3,185.65	1,938,994	592	3,134.03	- 51.62	-1.62%	83,651	141
WINYATES PRIMARY SCHOOL	Primary	875,894	195	4,491.76	923,676	203	4,405.81	- 85.95	-1.91%	29,297	144
Wittering Primary School	Primary	887,657	255	3,481.01	990,319	282	3,376.55	- 104.46	-3.00%	38,132	135
Woodston Primary School	Primary	844,088	188	4,489.83	883,380	194	4,412.33	- 77.50	-1.73%	27,388	141
Arthur Mellows Village College	Secondary	5,640,671	1,286	4,386.21	6,090,200	1,312	4,426.70	40.49	0.92%	282,370	215
Hampton College	Secondary	3,339,075	688	4,853.31	3,763,991	758	4,757.78	- 95.52	-1.97%	157,590	208
Jack Hunt School(Trust)	Secondary	7,424,287	1,422	5,221.02	7,876,051	1,441	5,234.08	13.06	0.25%	333,738	232
Ken Stimpson Community School	Secondary	4,516,792	824	5,481.54	4,891,744	868	5,391.13	- 90.41	-1.65%	212,240	245
Nene Park Academy	Secondary	3,526,380	688	5,125.55	3,963,830	750	5,032.73	- 92.82	-1.81%	189,282	252
Ormiston Bushfield Academy	Secondary	3,604,022	679	5,307.84	3,849,741	708	5,222.51	- 85.33	-1.61%	152,203	215
St John Fisher Catholic High School	Secondary	3,611,951	642	5,626.09	3,854,577	664	5,538.00	- 88.10	-1.57%	177,348	267
Stanground Academy	Secondary	5,628,883	1,188	4,738.12	5,689,113	1,136	4,775.92	37.80	0.80%	263,672	232
The King's (The Cathedral) School, Peterborough	Secondary	3,658,754	812	4,505.85	3,883,885	814	4,558.95	53.09	1.18%	172,903	212
The Voyager Academy	Secondary	6,482,027	1,206	5,374.82	6,733,034	1,173	5,475.31	100.49	1.87%	310,497	265

Nb. New Delegations are funding previously held centrally that will be delegated to schools in 2013/14.

Budget Consultation

Medium-Term Financial Strategy Proposals Document from Cabinet

January 2013

**STRICTLY EMBARGOED UNTIL
5pm on 25 January 2013**

Medium-Term Financial Plan Proposals Document from Cabinet January 2013

1. INTRODUCTION	4
2. CONTEXT AND OVERVIEW	4
3. PRIORITIES	5
4. COST INCREASES AND PRESSURES	6
4.1 Adult Social Care	6
4.2 Children's Services	6
4.3 Income	6
5. INVESTMENT	7
5.1 Investing in the growth of the city	7
5.2 Capital investment	7
6. OVERALL FINANCIAL POSITION	7
7. PROPOSALS TO CLOSE THE FINANCIAL GAP IN THE BUDGET	8
7.1 Efficiency and business transformation	8
7.2 Property and asset rationalisation	8
7.3 Income and fees and charges	8
7.4 Department proposals	9
8. COUNCIL RESERVES	10
9. IMPLICATIONS FOR COUNCIL TAX	11
10. OVERALL BUDGET POSITION	11
11. FUTURE PROSPECTS	12
12. YOUR VIEWS COUNT	13
Service Implications (Investment / Reductions)	
• Appendix 1 - Adult Social Care Savings / Reductions Investments	14
• Appendix 2 - Chief Executive's Savings / Reductions Investments	24
• Appendix 3 - Children's Services Savings / Reductions Investments	30

- Appendix 4 - Operations Savings / Reductions Investments **41**
- Appendix 5 - Strategic Resources Savings / Reductions Investments **54**
- Appendix 6 - Public Health Savings / Reductions Investments **62**
- Appendix 7 - Staff Implications Savings / Reductions Investments **63**
- Appendix 8 - Capital programme overview Savings / Reductions Investments **64**

1. INTRODUCTION

This is a comprehensive document setting out, as far as is possible, the Cabinet's proposals to continue to meet the challenges of the Government's Spending Review first outlined in October 2010, and subsequent Government announcements affecting local government funding.

It outlines the financial challenges we face, as well as how we will respond to these to deliver a balanced budget for the coming financial year (2013/14). It also outlines our financial plans for the years after this.

We aim to be open and transparent over proposed spending plans and publish them at this time to give residents, partner organisations, businesses and other interested parties the chance to give their comments. This document 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 (or equivalent to 24 per cent in cash terms) over four years.

Over the past two years, our grant has been reduced by more than £17m.

Subsequent Government announcements have removed further monies from local government so that during the four year Spending Review period the reduction in local government spending has increased from 24 per cent to 32 per cent. It means we face further grant reductions of £1.7m in 2013/14 and £6.8m in 2014/15. This will take the total reduction in grant over four years to nearly £26m.

For 2013/14, the Government has stated that Peterborough has received an increase in its 'Spending Power' of £0.3m. This figure does not take into account a number of grants, and so the actual picture is the £1.7m decrease outlined above.

Peterborough appears to have received a relatively better settlement than some other areas, as the provisional funding announcement recognises the growth in population recorded in the Census 2011, something which we have been lobbying central Government on for many years.

The formula grant system is complex and is based on giving money to the council according to its size and current population. The system also allows for grant funding due to Peterborough to be 'clawed back' and given to other councils who would otherwise receive much larger reductions – effectively a floor to how much can be taken from them. In this year we have seen an increase in claw back as the Government has held back £5.1m in 2013/14, which was more than double the amount it held back in 2012/13 when it withheld £2.5 million.

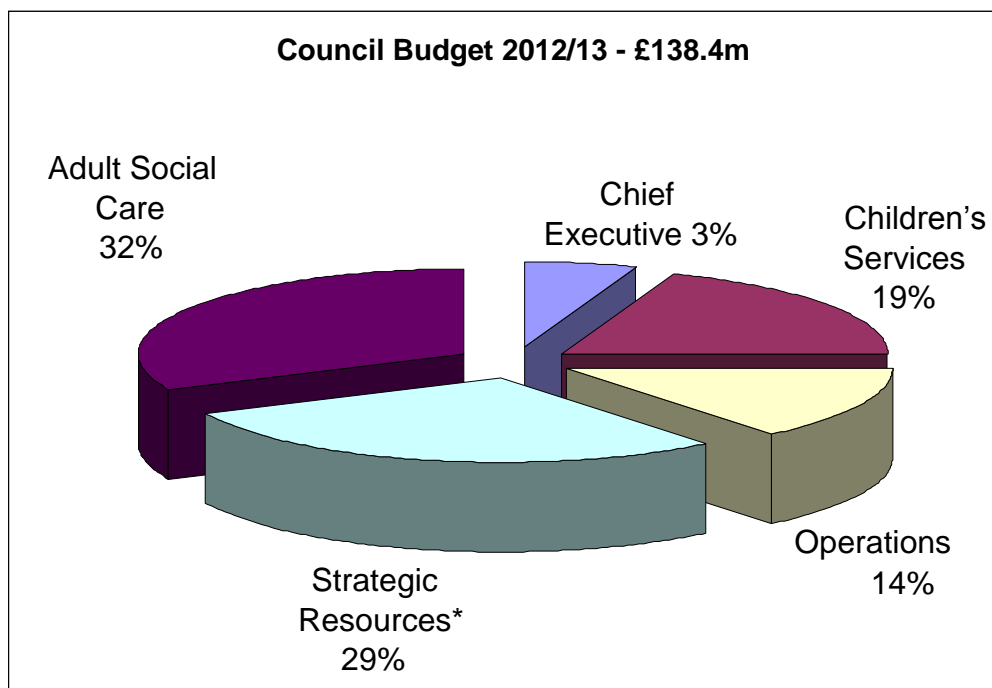
This consultation document is based on the latest announcements by central Government. Even at this stage two major grant announcements have not been made. The final settlement is due in February.

The impact of the overall grant reductions, pressures arising from increased population and the economic growth forecasts present us with challenging circumstances on how to deliver

services in future. Despite us putting in extensive plans to deal with the initial grant reduction over the previous two years, it is inevitable that with recent Government announcements, we will need to make further savings.

Our good financial management, recognised by our auditors, has placed us in a strong position to deal with the national challenges. As a result, Cabinet has embarked on a rigorous and detailed analysis of every line of the council's expenditure to bring forward this budget.

The current departmental net spend on services is as follows:



* Including central budgets including capital financing costs

3. PRIORITIES

The Cabinet remains firm in its priorities this year against the funding challenges it faces. It is worth reiterating those priorities against those challenges and they are as follows:

- Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned;
- Improving educational attainment and skills for all of our children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city;
- Safeguarding children and vulnerable adults;
- The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments;
- Supporting Peterborough's culture trust, Vivacity, to continue to deliver arts and culture in the city.

4. COST INCREASES AND PRESSURES

At the same time we are experiencing unprecedented reductions in funding, we are also experiencing significant cost increases and pressures. We have a range of statutory duties to provide services, and if demand for these services increases we have a legal duty to meet these demands.

This paper outlines the significant cost increases and pressures we are facing and need to fund. Some of the most significant are also outlined below. The consultation also outlines other statutory and unavoidable costs including setting up a small risk management contingency.

4.1 Adult Social Care

The national combination of an increasingly elderly population, with people living longer and other adults developing more complex needs, is placing significant pressure on Adult Social Care Services. Peterborough is no exception to this and it is clear that in recent years we have experienced significant increases in demand for our services. This impacts on our budget plans for the coming years.

A more detailed explanation of the pressures facing adult social care provision and the proposals we set out to tackle these can be found in Appendix 1 – Service Implications (Investment/Reductions) – Adult Social Care.

4.2 Children’s Services

We have made significant investment in children’s social care services in the past 12 months to ensure services improve and our most vulnerable children in the city are safeguarded and protected, following an Ofsted inspection. Ofsted inspectors made a number of recommendations on how the service should change and we have increased the number of social workers permanently to 76, and to 81 in the short term, employing an extra 25 over the course of the last year. Whilst our improvement works continue there is a need to retain the workforce at this level for another year.

The number of “looked after children” currently stands at 330 and has stayed broadly the same since March 2012. The current budget for 2012/13 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system. Alongside this, the children taken into care have increasingly complex needs resulting in higher cost care placements.

When children are taken into care, there are often complex legal care proceedings and this is placing further pressure on children’s social care budgets.

4.3 Income

The continuing difficult economic climate has meant that we have not been able to generate the income we would have previously expected from a number of areas, including car parks and commercial property. As such, the income budgets are under pressure and require updating as part of current economic forecasts.

5. INVESTMENT

Whilst there are considerable pressures in the budget, nevertheless there is still a strong commitment by Cabinet to invest in the future of the city and its residents. This investment will require us to borrow money to ensure that the schemes set out below are delivered.

5.1 Investing in the growth of the city

We recognise the importance of investing in the city to promote growth, regeneration and economic development which will in turn enable us to maximise future funding opportunities through the new Government funding arrangements. The new funding arrangements for councils are predominantly based on business property growth and new housing developments. Therefore, there is investment in this budget for these key areas. However, some growth projects have not progressed as quickly as expected and the savings in these areas will offset new investment costs.

5.2 Capital investment

We remain fully committed to the growth, regeneration and economic development of the city to bring new investment and jobs. We want to build upon the progress we have made in the past year bringing new companies into the city by continuing to rejuvenate our city centre to attract new businesses and ensure that Peterborough is the destination of choice, not only for our own residents but for visitors and investors in the future.

New investment is included in each section of the report and the full capital programme can be found in the budget. Examples of where we will be investing include:

- Extra care provision for the elderly
- Roads, including junction 1 to 2 Fletton Parkway and Bourges Boulevard
- Continuation of improvements to the city centre
- £42m in city schools to provide more primary and secondary school places
- Waste strategy – Energy from Waste to reduce the amount of waste going to landfill and cost efficiencies
- Invest to Save – developing schemes that will either save us money or generate income
- Renewables – to ensure income generation to support services for our residents

6. OVERALL FINANCIAL POSITION

The costs, pressures and investments, combined with the reduction in grant, create a budget gap that has to be tackled. This gap is outlined below:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Financial gap after costs, pressures, investment and grant reductions	-17,027	-31,178	-46,714	-54,445	-61,726

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

7. PROPOSALS TO CLOSE THE FINANCIAL GAP IN THE BUDGET

The majority of this consultation document outlines the Cabinet's proposals for how we will tackle these financial gaps to deliver a balanced budget. These proposals demonstrate the Cabinet's commitment to the 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.

7.1 Efficiency and business transformation

Our business transformation team together with service departments has delivered year-on-year annual efficiency savings. The overall transformation programme has been delivering savings since 2006. The cumulative repeatable savings (excluding one-off savings delivered in each year) achieved through the programme and across departments over this period are:

Year	Cumulative total savings
2007/2008	£5.779m
2008/2009	£12.987m
2009/2010	£21.649m
2010/2011	£27.735m
2011/2012	£39.358m
2012/2013	£51.501m

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

This programme will continue to 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. Serco also supports us by delivering procurement savings. This will include supporting the Adult Social Care procurement in 2013/14.

7.2 Property and asset rationalisation

We occupy a large number of buildings throughout the city. We continually review all the buildings we own 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 and we have identified £27m of potential disposals over the next five 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.

7.3 Income and fees and charges

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

It may also be necessary to increase the level of fees and charges, but we will try to keep this to a minimum considering the service and the needs of residents. The average fees and

charges increase ranges up to five per cent, with the exception of planning fee increases which will increase by 15 per cent following an announcement by Government in November 2012.

These include implementing the charging policy in Adult Social Care originally approved in last year's budget.

7.4 Department proposals

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

Adult Social Care

We will continue to ensure that adult social care services support and protect our older and vulnerable residents. Our overall aim is to help people maintain their independence for as long as possible and support them to stay living in their own homes, avoiding the need for them to move into residential or nursing homes. For example:

- Invest in re-ablement services, which are intensive support to help people get over an illness or fall
- Focus on preventative services
- Allocate funding fairly to meet the requirements of those in need of on-going social care services, including a review of the eligibility criteria requirements
- Continue with the efficiency programme, including procurement of services review

Chief Executive's

The department will review the activities on growth projects and focus on those projects that are more likely to progress in current economic conditions and will also look for efficiencies in partnership working. The department will also make efficiencies on supplies and service budgets including a saving on members' allowances. There are terms and conditions changes recommended in the staffing implications section. Finally there are some significant savings identified in bringing together the council's commissioning and performance management functions.

Children's Services

These savings proposals focus on our new role in education, reviewing the way we run services including those for vulnerable children, changes arising from Government policy and income opportunities.

Operations

The department is focussing its efforts on supporting the welfare reform agenda and maintaining the city's road networks to support growth. It will also look for opportunities to generate income or stop providing events and discretionary services that are not self-financing. Significant savings proposals include changes to voluntary and community funding and reducing the subsidy on bus services.

Public Health

The Health and Social Care Act 2012 transfers certain public health responsibilities to all councils from 1 April 2013. We receive a grant to be spent on public health services and associated support costs. We already provide services that could be classed as public health services and therefore we intend to review council-run services and public health services in order to provide efficiencies and maximise the public health grant.

Strategic Resources

The department continues to generate efficiencies and cost reductions across support services and budgets held corporately, including savings initiatives that impact across the council such as administration arrangements. Partnership contract arrangements have been reviewed for further efficiencies. The savings proposals include the opportunity to generate additional income for us through renewable energy projects.

8. COUNCIL RESERVES

We regularly review the level of reserves we hold. There is much debate nationally regarding the general level of reserves held by councils. Reserves are set aside for either a specific purpose, such as supporting costs of change, or as a contingency to meet unforeseen events.

A full statement, including a risk-based review of the level of reserves, and the Chief Finance Officer's view on the adequacy of reserves, is included in the budget document.

Estimated levels of reserves for the next two years are outlined below. This includes sums that we hold on behalf of others and sums that we are independently advised to hold e.g. insurance reserve.

	Estimated balance at 31.03.13	Estimated balance at 31.03.14
	£k	£k
General Fund – This can be used to meet budget issues	6,000	6,000
Capacity Building Reserve – This enables us to implement saving proposals	981	622
Departmental Reserve – The majority of this reserve relates to City College Peterborough who operate on academic year funding and retain a reserve for potential claw back from awarding bodies	796	751
Schools Capital Expenditure Reserve - Monies held on behalf of schools for capital spend	1832	1832
Insurance, and other minor reserves – These reserves are held for a specific purpose and cannot therefore be used for budget setting purposes	2,354	2,283
TOTAL	11,963	11,488

Overall we consider that this is the appropriate level of reserves to hold.

9. 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.

We continue to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the 12th lowest council tax (some £89 per year lower than the average, and £302 lower than the highest).

Cabinet understands the current financial pressures that residents face and remains committed to keeping council tax low. Although our budget set in February 2012 shows a proposed increase in council tax for the financial year 2013/14 of 2.95 per cent, **the Cabinet is proposing to freeze council tax for this year.**

If these proposals are agreed at Full Council on 6 March 2013 the amount of council tax that residents pay to Peterborough City Council for services will stay the same as last year.

However we do not know yet if the police, fire or parish councils are planning to increase their payments.

We are able to freeze council tax as our prudent budget plans enable us to take advantage of a grant offered by the Government. Government has made no announcements regarding the availability of a grant to support this in 2014/15 and beyond. As such the budget assumes, for planning purposes only, a two per cent increase in later years. We will continue to work with Government to see if it is possible to keep council tax as low as possible over these future years.

The Cabinet believes 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 on our proposals for council tax as part of the consultation.

10. OVERALL BUDGET POSITION

The introductory sections have so far outlined:

- The impact of grant reductions on our finances
- The pressures we are facing
- The overall financial gap that these two issues create
- The savings proposals to close the gap
- The level of reserves held by the council
- 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 four above, are outlined below:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Budget gap from section four above	-17,027	-31,178	-46,714	-54,445	-61,726
Efficiencies	12,461	14,092	13,660	17,782	19,537
Additional income	135	3,981	14,932	17,675	18,385
Service reductions	3,811	4,691	4,645	4,565	4,565
Reduction in terms and conditions for employees	620	620	620	620	620
Deficit	0	-7,794	-11,157	-13,803	-18,619

Whilst we have been able to balance the 2013/14 budget with the savings proposals within this budget consultation, and absorb the further grant reduction based on the provisional funding announcement for the council, there remains a significant gap in 2014/15. The estimated further grant reduction we are expecting in 2014/15 is £6.8m and this makes up the majority of the 2014/15 deficit.

11. FUTURE PROSPECTS

As part of the financial settlement, the Government will be introducing a significant change to local government funding arrangements from 2013/14 which will allow councils to keep a proportion of what is achieved through growth in business rates in Peterborough. This approach will need to be monitored as it is important to assess the risks it presents us, but also what opportunities may arise.

Government has only released limited information for 2014/15 and therefore there remains uncertainty around the level of grant reduction. We are aware that the Government intends to publish details of the next Spending Review during the first half of 2013.

With this in mind Cabinet may need to revisit the budget for future years during summer 2013, rather than wait for the next budget cycle.

Beyond this we have developed a business plan that forecasts ten years ahead and provides the council with a baseline to plan for the future of the city.

12. YOUR VIEWS COUNT

These proposals were published on Friday 25 January 2013 in preparation for the Cabinet meeting on 4 February 2013. At this meeting the Cabinet is set to consider these proposals to go out to formal consultation.

The consultation process is being launched later than previous years as we only received our provisional funding figures from the Government on 19 December 2012, which is three weeks later than usual. Nevertheless the Cabinet intends to carry out a consultation process which is as extensive and for a similar period as in previous years.

Over the next six weeks this document will go to the council's scrutiny committees, will be discussed with staff, business leaders, the voluntary sector, partner organisations, trade unions, local MPs, parish councils, the youth MP and Youth Council, and other interested parties.

We want to know what you think.

To get involved send us your responses to the following questions:

- 1. Do you have any constructive comments to make about any of the proposals?**
- 2. Are there any other suggestions you would like to make?**

You can make your suggestions by emailing: budget@peterborough.gov.uk

By post: Financial Services Manager, Peterborough City Council, Town Hall, Bridge Street, Peterborough, PE1 1HG

Or via the website at: www.peterborough.gov.uk

The formal consultation will end at 5pm on Tuesday 5 March 2013. Throughout the consultation process the Cabinet will be updated with comments made by residents.

For the latest updates on the budget process visit www.peterborough.gov.uk and follow the budget 2013 link.

APPENDIX 1 -

SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – ADULT SOCIAL CARE

In March 2012 Peterborough's Adult Social Care department and budget transferred back to the city council from the NHS. The department now buys in and oversees adult social care services for the people of Peterborough also social care services are provided by a range of other organisations.

- We provide a range of social care services including assessing people's needs and managing their care, safeguarding those adults who could be at risk of abuse, and re-ablement support to help people get over a fall or an illness and reduce their need for long-term care.
- Private, independent and voluntary organisations support people to maintain their independence and stay living in their own homes for as long as possible through a range of residential, home based and community support services.
- Cambridgeshire and Peterborough NHS Foundation Trust (CPFT) provides mental health services.

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 supports needs calculation system and help people develop a plan. 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 day services which aim to give people opportunities for social activities, and training and support them to use services in the community. We also help people obtain employment and support them during 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 which are privately-run organisations like home care agencies or care homes. We provide some day care services and a re-ablement service to support people getting over a fall or an illness to be able to maintain their independence.

(v) Mental health services

Through a partnership with the Cambridgeshire and Peterborough NHS Foundation Trust we help people with mental health problems to live independently whenever possible and provide support to people to get back into 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 compulsory admission into hospital under the provisions of the Mental Health Act. We also 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 with physical disabilities or those with sensory disabilities to remain independent and get on with their lives. These services are provided by the independent sector which are privately-run care services like home care agencies or care homes and voluntary organisations. We also provide some day care and 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 that supports people to return home after a hospital stay.

At a national level councils are seeing an increase in the elderly population, with people living longer, and other adults developing more complex needs. This is placing significant pressure on Adult Social Care services across the country. 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 and these pressures are explained below.

Peterborough is growing and so is the proportion of elderly residents. According to the Office for National Statistics, (2011 Census) Peterborough's estimated population was 184,500 and will increase to an estimated 192,400 by 2021. This represents an 11 per cent growth in population between 2010 and 2021. The number of people aged 85 and over is set to increase by 52 per cent during this period.

There are approximately 2,650 people with a learning difficulty in Peterborough. Almost 40 per cent are thought to have an autistic spectrum disorder and a third of these (28 per cent) have moderate to severe learning difficulties and all of these people need varying levels of support.

There are almost 15,000 people living in the city with a disability. More than half of those residents (8,103 people) are estimated to have a moderate physical disability and about one sixth (2,340 people) are seriously disabled. About a third are estimated to have a physical disability requiring some element of support with personal care.

During the coming year about 20,000 people are expected to suffer from some kind of mental health disorder, including 1,000 people who are suffering with dementia. Many of these people may need to access our mental health support services. Supporting people with dementia is a growing pressure on Adult Social Care budgets.

Across the whole council, we need to make some difficult decisions this year about how adult social care services are delivered to ensure we continue to support and protect our older and vulnerable residents with less funding.

Our overall aim is to help people maintain their independence for as long as possible and support them to stay living in their own homes, avoiding the need for them to move into residential or nursing homes.

We will continue to invest in re-ablement services to help people recover after a fall or illness to help them regain control over their lives, thus reducing their need for long-term care.

We will also continue to focus on preventative services to help reduce the number of people who need to access social care services in the first place.

For those people who do need ongoing social care services, for example some people with learning disabilities who may require life-time care, we will ensure that we provide funding in a fair and clear way by allocating them individual budgets to give them 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.

As we continue to make savings we have also put together a programme of proposals which includes changing some of our processes and back office functions to enable us to carry them out more cost-effectively and ensure we are not duplicating services already provided by other organisations.

Historically, in Peterborough we have also provided levels of service over and above those provided by other local authorities. Unfortunately as our funding reduces we need to ensure we focus our resources on those services we legally have to provide and those which have the biggest impact on those with the greatest need.

The current budget for Adult Social Care is £44.344m. There have been pressures on the budget in the current year, arising primarily from increased demand for services.

The proposals as presented include additional budget provision for mental health costs and growing numbers of people requiring services, which total £1.848m in 2013/14.

The savings proposals presented below would equate to £3.012m reductions against the Adult Social Care budget in 2013/14.

SAVINGS - REVENUE

Eligibility criteria

People who request council-supported care are assessed and ranked in one of four categories - critical, substantial, moderate and low. Currently the city council provides supported care for people who are ranked as critical or substantial but also includes people who are classed as high moderate. We are currently consulting on whether this is the best way to determine requests for care and whether supported care should continue to be provided for those classed as high moderate.

If a change in eligibility criteria is agreed then changes to people’s current care packages would only be made after their needs were reviewed. These reviews may well find that their needs have increased but may also identify that they might benefit from re-ablement or a different type of service/support available from a different provider, for example voluntary organisations.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Eligibility criteria	350	500	500	500	500

Charging policy review

We agreed in 2011 to allow care charges to rise to the level of their actual cost for those people who can afford to pay. These rises are being phased in over three financial years to protect people from the impact of steep increases.

The first two phased increases have been applied, and the third and final phased increase is due to be applied from April 2013. This will affect those people receiving respite, day care and homecare where two carers are needed at the same time.

In addition, we are currently consulting on other changes to the charging policy. This includes a review of the council’s Disability Related Expenditure disregard rate, which is applied to people who make a payment towards the cost of their care, and the introduction of charges for assistive technology.

We are also consulting on proposals to introduce a charge for individuals where the department acts as an “appointee” and helps them to manage their money if they lack the mental capacity to do so and have no next of kin to assist them. This charge will not be applied if it was likely to cause financial hardship.

The proposed changes will affect people who contribute something towards the cost of their care and may mean that some people will have to start paying a charge or pay more than they currently do.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Charging policy review	250	250	250	250	250

Changes to home care contracts (ILSS framework)

We purchase home care, also known as domiciliary care, from a number of accredited private care providers. Following the transfer of Adult Social Care back to the council from the NHS we have been reviewing the current arrangements and how much we pay for care.

Our proposed changes will lead to savings on contracts and make it more straight forward and efficient for the council to purchase this type of care. Savings will be achieved without any detriment to service users. An example of this is to reduce and simplify the number of rates that can be charged by providers to the council for use of their care services.

These proposals will save £600k in 2013/14 and will rise to £1m a year from 2014/15.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
ILSS framework	600	1,000	1,000	1,000	1,000

Meals service

It is proposed to remove the subsidy from the current home meals service. If the subsidy was to be removed in a single phase, it would result in an increase from £3.20 to £5.20 per hot meal and from £2 to £2.60 per frozen meal.

We would like to consider if there are any alternatives to the current home meals service, including whether we could offer a greater choice to people from a broader range of meal providers, but without the need for a subsidy from the council.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Meals service	87	87	87	87	87

Community Equipment Service (ICES)

The Integrated Community Equipment Service provides specialist aids such as stair lifts and raised toilet seats. To ensure that we have enough equipment to meet the needs of people in the city, and that it is not misused, we will be applying improved controls when issuing. We will also be making sure that equipment that is no longer needed is returned so it can be made available to someone else.

We receive a shared budget from the NHS for this service. We are currently renegotiating with the NHS to increase its contribution to better reflect our use of the service. This is a contractual matter and there will be no changes for people who use the service.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
ICES Equipment	250	250	250	250	250

Learning disability commissioning

Some people with learning disabilities are placed in residential care away from the city. Through reassessing people's needs we will identify those who could be provided with care and support in Peterborough so they could live closer to their friends and family. Whenever appropriate, we propose to reduce reliance on long-term residential care and move towards supporting people to live independently in a safe and secure environment.

These proposals will save £250k in 2013/14 and will rise to £500k a year from 2014/15.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Learning disability commissioning	250	500	500	500	500

Learning disability day care

Peterborough has four day care centres for people with learning disabilities; providing support as well as respite for carers. We plan to carry out a review of these day care services to see if they are still meeting the needs of users, or if we could offer these services differently.

We want to maximise use of mainstream community facilities for those with disabilities, to enable them to feel a bigger part of their communities where they live. This would include leisure, cultural and sporting facilities in the city as well as employment and volunteering opportunities. Instead of council-provided day care it may mean we buy in services from charitable and voluntary organisations, or work more closely with sports, recreational and educational bodies.

The review could result in a reduction in the number of separate day centres with more activities delivered from other community facilities. Specialist day care facilities for people with profound or multiple disabilities will continue to be provided.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Learning disability day care	200	250	250	250	250

Client transport service

We run a number of buses that provide transport for people with disabilities to get to and from day care and other activities. These vehicles are coming to the end of their life and this gives us a chance to see if we can improve the way we deliver this service.

We propose to reduce the number of buses and provide a number of 'people carrier' type vehicles in their place. In many cases we find that buses aren't the most appropriate transport for people and they are expensive to run.

We will also be encouraging people, who are able, to make more use of public transport by using their mobility allowances to meet their travel costs.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Client transport service	50	100	100	100	100

Re-ablement service

Re-ablement offers intensive and tailored support for up to six weeks to enable people who have suffered an illness or injury to return to independent living. There is good evidence nationally that these services are effective with people, with more than 50 percent no longer requiring ongoing statutory support.

Currently the service is delivered both in-house and by contracted providers. It is proposed to increase the use of the independent sector and reduce the size of the in-house service. This will allow us to provide the same level of care but achieve savings of £50k in 2013/14 and £100k the year after.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Increase use of independent providers for re-ablement services	50	100	100	100	100

Reviews of social work and occupational therapy services

Our social work and occupational therapy teams assist with assessments of people's needs and to identify what care or support is necessary to meet their needs. With the proposed changes to eligibility criteria and our enhanced focus on preventative care, we intend to review the capacity and role of our various teams.

We intend to review our community **assessment and care management service** with the aim of more people being assisted through our customer contact centre, resulting in a reduced need for more assessments by qualified social work staff.

We will also review our **sensory support** and **occupational therapy** services with the aim of reducing the size of these services. The sensory support service provides social care support for people who are deaf, blind or deaf and blind, while occupational therapists provide people with specialist equipment in their homes.

A social work service is currently run for people affected by HIV/AIDS at the City Care Centre. The service will also be reviewed with the aim of providing for those with eligible care needs through

our community social work team. We also propose to work with the voluntary sector to provide support to people affected by HIV/AIDS who do not have specific social care needs.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Review of assessment and care management	100	200	200	200	200
Sensory support service review	75	100	100	100	100
Occupational therapy review	100	150	150	150	150
HIV/AIDS service review	100	100	100	100	100

Supplies and services

We have numerous contracts with suppliers and service providers. We intend to carry out a review to ensure we are getting best value and to reduce the cost wherever possible.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Supplies and services	50	50	50	50	50

Direct Payments

A Direct Payment is where people receive money directly from us to pay for their own care. Since the transfer of services from the NHS we have put in place new procedures to ensure best and most appropriate use of Direct Payments. This has enabled us to provide better guidance to those needing care and carers on how to spend the payment. The change in procedures has also allowed us to recover payments that were not spent.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Direct Payments	100	100	100	100	100

Mental health social care

Council social workers are seconded to the Cambridgeshire and Peterborough NHS Foundation Trust to provide support for people with mental health needs. We are proposing to review this arrangement and costs to save £300k, while maintaining our statutory responsibilities such as the Approved Mental Health Practitioner service.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Mental health social care	300	300	300	300	300

Review of back office

We have already reviewed our back office functions in other areas and following the transfer of Adult Social Care services back to the council we intend to review this area and transfer certain back office support services to Serco, as we have in other areas of council business. This should enable us to save £100k in 2013/14 rising to £150k a year from 2014/15.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Review of back office	100	150	150	150	150

INVESTMENT – REVENUE

Mental health – care costs

Since the service has been taken back by the council it has come to light that the care costs for people with mental health needs had been under-budgeted. We are therefore proposing to make an investment to ensure that the current costs of supporting people with long term mental health needs can be supported within the budget.

This will cover residential, day care and respite care requirements.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Mental health – residential placements	880	1,080	1,080	1,080	1,080
Mental health – community care costs	220	220	220	220	220

Growing numbers of people – demographics and transitions pressure

Each year there are growing numbers of people who need to use social care services. This year's Census has also shown how quickly Peterborough's population is increasing. Therefore we need to make additional provisions for those that will need to be supported by the Adult Social Care department.

The demography of the city is also rapidly changing, over the next decade the number of people in the city aged 85 and over will increase by over 50 per cent. There is also a rising number of young people with disabilities moving from Children's Services in to the responsibility of Adult Social Care.

This proposal is for a £748k investment to pay for this increase in demand for services.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Demographics and transitions pressure	748	748	748	748	748

Costs associated with the Social Care White Paper

The Social Care White Paper requires councils to take on some new responsibilities from April 2013. These include providing support in arranging care for people who fund their own care costs, delivering more preventative services so that people can remain independent for longer, and disregarding earnings of those with disabilities in residential care homes when assessing their contribution towards their care.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Costs associated with the Social Care White Paper	260	260	260	260	260

INVESTMENT - CAPITAL

Dementia Resource Centre

The centre will support people with dementia to remain independent for as long as possible, whilst ensuring that carers are supported. The proposed centre would provide a base for day support services for people with dementia and their carers and a central place for expert advice and information.

This new centre will help support the increasing number of residents with dementia.

A proposal for the centre will be put forward in March after the city's needs have been fully assessed. The £600k capital investment has been made available, if required, to support the development of the resource centre. At this stage it's likely that the centre will be commissioned through an independent care provider that specialises in dementia care.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Dementia Resource Centre	600	0	0	0	0

Extra care provision

This investment has been made available to pay for the construction of new extra care housing schemes to promote independent living for people with social care needs.

Our focus on reducing long-term residential care will require further extra care housing developments supported by registered social landlords. Extra care housing developments are constructed with social care needs in mind and schemes have a permanent carer on site.

This continues on from the successful scheme in Eye and one that is currently under construction in Stanground.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Extra care provision	0	1,500	0	0	0

New social care client records system (Phase 2 Framework-i project)

Last year it was announced in the budget that we were investing in a new social care client records system. This modern system is easier for social workers to use and allows data to be shared with Children's Services and vice versa. The second phase of investment will complete the full implementation of the system.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Phase 2 Framework project	100	0	0	0	0

APPENDIX 2 – SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) - CHIEF EXECUTIVE'S

The Chief Executive's department consists of the following:

(i) Growth Delivery Team

This team supports our agenda to grow the city by 20,000 jobs and 25,500 houses by 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. The team works with the private sector to bring forward development and looks at ways we can reduce our costs by using our own properties to generate income, for example, introducing new approaches to commercial leases to encourage new businesses whilst generating income for the council. The team seeks external investors to promote growth where it would not happen normally.

(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 to Rutland Council on a commercial basis. It also provides governance services to support Council, Cabinet and committee meetings, civic services to the Mayor and support services to councillors as well as a range of other related services.

(iv) Communications Team

The Communications Team supports all council departments by advising them how best to explain their services to the public and our staff. It promotes the council through the media including television, radio, magazines and internet sites, produces staff communications for up to 2,000 people, writes communications strategies for major initiatives, produces press releases, delivers marketing campaigns, produces Your Peterborough and manages the council's website and social media.

The current budget for the Chief Executive's department is £7.8m. This is planned to reduce to £7.2m in 2013/14.

SAVINGS - REVENUE

Growth

As part of the ongoing review of activities and recognising the challenging economic climate, we are proposing to focus on those growth projects which will have the biggest impact on the future prosperity of the city and put on hold those where less progress has been made.

There is also a vacant post which was to support growth project delivery by ensuring roads, water and power supplies are sufficient to meet the demands of growth. These issues are now within the remit of our planning, transport and engineering teams so the post is not needed.

Savings are proposed in the following projects:

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Work to move forward the redevelopment of Northminster will not be started	60	0	0	0	0
Delete infrastructure post	40	40	40	40	40
Total savings	100	40	40	40	40

Opportunity Peterborough

Opportunity Peterborough (OP) is the city's economic development company. The company has been making positive progress with the local business community despite the most challenging economic conditions this country has seen in many decades. The proposal is that the company's business plan will be developed to a point where it is not reliant on council funding anymore.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Opportunity Peterborough – withdrawal of funding so that it is entirely self-financing by 2016/17	0	100	250	380	380

Growth funding

The 2012/13 budget took account of the anticipated future income arising from the city's population and housing growth, and set aside some of this funding to provide for the costs of growth and new infrastructure. This funding will be achieved through a growing number of people paying council tax and the Government's New Homes Bonus, which pays the council for new homes built in the city.

As we have seen another significant drop in the amount of money we receive from the Government this year, we need to bring this funding into the current budget to pay for services. Therefore there will no longer be a general growth fund, and future projects will have to be budgeted for on an individual basis.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Growth funding	0	925	2,400	4,425	5,900

Greater Peterborough Partnership

The Greater Peterborough Partnership (GPP) is Peterborough's local strategic partnership, the body that unites representatives from the public, private, faith, community and voluntary sectors together to work collectively towards the vision and priorities of the Sustainable Community Strategy.

We currently fund the management of this partnership and this proposal is for that funding to be removed and secretarial support to be funded through activities of the GPP Forum where all partner agencies contribute.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Greater Peterborough Partnership	50	50	50	50	50

Reduce cost of Chief Executive's departmental support

We continually review the cost and performance of our support function and have already delivered cost savings in the current budget. Further efficiencies enable additional savings to be made in this area. Proposals include focussing on a reduced number of projects in the department and a reduction in training costs.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Reduce cost of Chief Executive's departmental support	50	50	50	50	50

Communications

We need to ensure residents know about and understand the services we provide and are encouraged to get involved. For example, in the past year we have ran campaigns to encourage more people to become foster carers, advertising on lampposts, in magazines, newspapers and on internet sites to find families for children in need. We will be reviewing the marketing campaigns for the current year and focussing only on those that help us meet our priorities of protecting the elderly and vulnerable, helping people into jobs, promoting growth and supporting children and families.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Marketing savings	15	15	15	15	15

Legal and Governance Services

The budget allocated to members' allowances has not increased for two years. There are no elections in 2013, therefore the cohort of members will remain the same until the elections in 2014. The full amount of the budget allocated to members' allowances is not fully needed for this cohort of members because due to their individual circumstances, we do not have to make National Insurance payments for all of them, and this results in a saving. This may change if different members are elected in 2014 so the saving can only be guaranteed for one year.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Members' allowances budget	75	0	0	0	0

Savings in administration arrangements

We provide services in-house and contract our strategic partners or organisations in the independent sector to deliver services on our behalf. This is called commissioning and works by the council assessing the needs of residents and then deciding the best way to meet their needs.

Currently commissioning takes place in three different council departments (Adult Social Care, Operations – Neighbourhoods, and Children's Services). From April 2013 the council will inherit Public Health functions which also have commissioning activities. The proposed change is to create one commissioning team. This will lead to savings through better joint commissioning across departments. The new team will also have an overview of all the council's priorities which will reduce any duplication, lead to further efficiency savings and improve the way we commission services.

In a similar way, performance management is split across all council departments. We are proposing to centralise performance management into one team. This will lead to efficiency savings of £150k a year from 2013/14 and provides a clear overview of our performance across departments.

Proposed changes to the Trade Union Facilities Agreement will make a saving of £16k a year. This will be achieved by UNISON contributing towards the salary of two union representatives. The rest of the savings will be achieved through efficiencies in the current HR budget for teaching unions.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Implement a revised delivery model for commissioning function	750	1,000	1,000	1,000	1,000
Centralisation of performance management function	150	150	150	150	150
Trade Union Facilities Agreement – contribution towards costs	16	16	16	16	16

Permanent deletion of Deputy Chief Executive's post

The following saving relates to the deletion of the post for Deputy Chief Executive on a permanent basis which will achieve a reduction in the budget of £200k each year from 2013/14. The post was removed for an initial three year period in 2010/11.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Permanent deletion of funding for the Deputy Chief Executive	200	200	200	200	200

INVESTMENT - REVENUE

Your Peterborough

This proposal sets out to increase the number of copies of the residents' magazine Your Peterborough from two to four editions a year. The magazine is currently produced by the council and is distributed to every household in the city. It's recognised that we need to ensure residents are kept involved and informed about what is going on in their city, following a year that has seen much change to the local media, both in print and on the radio.

This money has been allocated in the budget but the intention is that these costs will be kept as low as possible by selling advertising space in the magazine and combining an edition with the annual council tax booklet as we did for 2012 and will be doing for 2013. The council is also looking at a range of self-financing options which aims to reduce the cost further in the long-term.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Your Peterborough	80	0	0	0	0

Sports village

This proposal is to carry out an assessment of all the sports facilities available in the city, both those provided by Vivacity on our behalf and at our schools, as well as those owned by private companies. This will enable us to seek additional funding from both the Government and sports bodies to support the provision of new facilities not already provided in the city or improve those we already have.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Sports village	50	50	0	0	0

Riverside Opportunity Area

This additional £100k will fund the maintenance and security of the Riverside site and the assets we own in the area including the Railway Sheds.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Riverside Opportunity Area (additional revenue costs)	100	0	0	0	0

INVESTMENT - CAPITAL

Riverside Opportunity Area

We are about to embark on an EU procurement process to develop this site with a joint venture partner in the private sector. This £2.5m investment is needed to enable us to acquire additional assets in the Riverside Opportunity Area, also known as the South Bank, to enable the area to be regenerated as part of the joint venture arrangement.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Riverside Opportunity Area, including acquisitions	2,500	0	0	0	0

APPENDIX 3 –

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.

Children’s Services consists of three functions:

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

(i) Education and Resources

This division is responsible for the provision of school places and supporting schools and colleges to provide the best possible education for children and young people, including those with special educational needs. It also provides a range of support services across the department including finance and performance and project management.

(ii) Safeguarding - Families 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. It also recruits and supports foster carers and adoptive parents.

(iii) Commissioning and Early Intervention

This division is responsible for leading on the work we do with other organisations to ensure a range of services are available to children, young people and families in Peterborough. It includes buying in services from other organisations and managing services provided by the council.

The overall cost of the Children’s Services department has reduced significantly over the past five years as we have worked to improve efficiency and focus our efforts on those children and families with the greatest need.

The current budget for Children’s Services is £24.879m.

The proposals as presented include additional investment of £2.38m in 2013/14.

The savings proposals presented would equate to £2.42m reductions against the Children’s Services budget in 2013/14.

SAVINGS – REVENUE

The savings proposed for Children’s Services can be grouped into five key areas:

- New role in education
- Structure and service delivery changes
- Reviewing services for vulnerable children
- Changes in Government policy
- Trading and external funding

New role in education

The role we play in education is changing significantly. The Government has signalled its intent to make schools more independent from the council and is encouraging them to work together to improve standards.

The way the Government funds schools has also changed. Schools have now been given more funding themselves and have the responsibility for buying in some services that the council used to be legally responsible for providing, such as elements of school improvement. There has also been an increase in the number of academies in the city, which we have a reduced responsibility for.

We also need to change the way services are delivered following fundamental changes in Peterborough in the past five years. Although our exam results are improving they are still below the national average in many areas and migration has also heavily impacted on our education system with 100 languages now spoken in our schools. The savings we are proposing come from across the education service and reflect our changing role. As far as possible we are protecting key frontline services to ensure the best outcomes for children.

We are proposing to reduce our school improvement work for secondary schools as more schools have become academies. Now schools are responsible for providing some of their own services we are proposing to sell some of our key services to schools and academies including governor, curriculum and ICT support. We are also reviewing the structure of services and looking to bring some of these together to reduce management costs.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
New role in education	768	768	768	768	768

Reviewing services for vulnerable children

The Direct Intervention Service supports children's social care by providing family support programmes and parenting assessments. In 2012/13 we increased the number of social workers to support the improvement in social care. These staff now have the capacity and capability to pick up the parenting assessment work and this will deliver savings within the Direct Intervention Service.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Direct Intervention Service	300	300	300	300	300

Structure and service delivery changes

Austerity measures

A number of cost savings were introduced in 2012/13 to offset a predicted overspend on social care placements. Savings which were identified in training, travel and office expenses are proposed to be made permanent.

Peterborough Skills Service

This brokerage scheme between employers and education centres acts as an intermediary for setting up work-related activities such as mentoring, careers talks, classroom sessions and work experience placements for young people. Currently the skills service is operated jointly by Opportunity Peterborough and the city council, funded by Children's Services. This proposal is for Opportunity Peterborough to take over the service. We will buy back services as and when needed, saving management costs. This is a key service in reducing the number of young people who are NEET (not in employment, education or training).

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Skills Service	120	120	120	120	120
Austerity measures	65	65	65	65	65

Change in Government policy

The Government's policy for funding Children's Services has changed significantly in recent years alongside changes in wider local government funding. Less money is given to us in specific pots to spend on specific services and we are given more discretion to decide how we spend money on Children's Services. This has driven our review of many services for children and young people as a number of services are no longer the highest priority for Government.

We have re-looked at the types of services we deliver to see if they continue to meet current needs and to ensure the way they are managed and delivered is as efficient as possible. This means some services will stop, some services will change what they do and we will be working closer with partner agencies.

Play services

With less funding it is more important than ever that we concentrate our services on supporting the most vulnerable children in Peterborough. Therefore it is proposed to remove the remaining play service provided by the council.

The play service focusses solely on individual work with children and does not address the priority need of supporting parents to develop their parenting skills. This will mean all eight council-run play centres will close. The increase in 'free' childcare places for two and three year olds and after school clubs provide the opportunity for children to learn through play. Few councils still offer this discretionary service and not doing so will make a saving of £110k per year from 2013/14 onwards.

We intend to work with local communities in respect of the buildings.

Targeted services

We are proposing for our youth workers to deliver teenage pregnancy support work previously delivered by a dedicated person.

We also previously funded the young inspectors' programme, where young people were asked to critique our services. We are now involving young people in our work through our adolescent services. These two reductions will save £60k a year.

Children's centres

The Government no longer gives the council a specific pot of money to pay for children's centres or provides funding to open any new ones. Children's centres were opened in three phases - phase one centres were opened in the most deprived areas. There are 15 children centres in Peterborough.

Recently the Government has provided additional funding to support families with young children through its scheme to offer free childcare for two and three-year-olds.

Together these changes have allowed us to reconsider what the children's centres should be offering. We are reviewing all our early years services. This will likely mean the closure of some children's centres in our least deprived areas and doing things differently in others.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Play services	110	110	110	110	110
Reduction in targeted services	60	60	60	60	60
Children's centres	201	401	401	401	401

Trading and external funding

Clare Lodge

This is one of the only secure homes for young women in the UK. It is recognised as a leading national provider of secure accommodation for "welfare" only placements. Young women placed here may have extensive histories of abuse and sexual exploitation, poor attachments, drug and alcohol misuse, mental health issues and be at risk of self-harming. The unit supports young women from across the UK and rarely houses any young women from Peterborough. It currently generates £400k income for us which helps to pay for other children's services. It is proposed to outsource this unit to enable the council to generate a further £250k a year in income. Under this proposal the service will continue to operate as it does now but another organisation will run it on our behalf.

City College Peterborough

The college runs our adult education service and provides support to learners from the age of 14 until adulthood and plays a vital role in the skills agenda for the city which aims to up-skill residents. The service has been running very successfully in recent years and therefore we are proposing to reduce the subsidy it receives for rent and overheads by £250k from 2013/14. This reduction will be found through reviewing costs and looking at income generation opportunities.

We are committed to ensuring the college continues to survive and prosper in the long-term and therefore are considering different options for transferring the service into an arms-length organisation which would enable the service to apply for funding from other sources that are not available to local authorities.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Clare Lodge	250	250	250	250	250
City College Peterborough	250	250	250	250	250

INVESTMENT – REVENUE

Social care

We have made significant investment in children’s social care in the past 12 months to ensure services improve and our most vulnerable children in the city are safeguarded and protected, following an Ofsted inspection. Ofsted inspectors made a number of recommendations on how the service should change and we have increased the number of social workers we have to 81 in the short term. Whilst our improvement works continue there is a need to retain the workforce at this level for another year. Therefore, £670k has been added to the budget to meet these needs. The figure will reduce to £450k in future years as the social worker numbers reduce to the permanent establishment level of 76. This will be kept under review.

The number of “looked after children” currently stands at 330 and has stayed broadly the same since March 2012. The current budget for 2012/13 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system. Alongside this, the children taken into care have increasingly complex needs resulting in higher cost placements. This proposal is for an investment of £1.3m to support these pressures.

When children are taken into care, there are often complex legal care proceedings and therefore investment is needed of £160k to support court action to secure children’s placements.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Ofsted recommendations	670	450	450	450	450
Support for looked after children	1300	1300	1300	1300	1300
Legal costs	160	160	160	160	160

Transport

The budget for 2013/14 assumed a saving on school transport costs as a result of finding one supplier for the entire school transport contract. However, because some pupils are still at schools outside their catchment area while new school places are created closer to their homes, we needed to re-tender for some of this school transport on a short-term basis. Therefore this £250k saving has been delayed until 2015/16 and so we need to invest an additional 250k for the next two years until that saving can be made.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Transport costs	250	250	0	0	0

INVESTMENT – CAPITAL

School place planning

We are responsible for ensuring there are sufficient school places to meet the needs of the population. We are also responsible for providing transport where children have to access schools which are some distance from their home, often as a result of a shortage of school places.

We have some clear objectives in terms of school place planning:

- Local places for local children, with the aim to meet parental preference for catchment schools.
- Offer a range of different schools for all parts of the city including community schools, foundation schools, trust schools, faith schools and academies.
- High quality places for children to learn that encourage high levels of achievement.
- Avoiding significant changes to catchment areas
- Limited and temporary use only of mobile accommodation.

However there are a number of factors that make it more difficult for us to meet these objectives:

- a) There has been exceptional growth in the number of children living in Peterborough in recent years due to a number of issues:
 - Birth rates - Peterborough had the sixth highest birth rate in England and Wales in 2011. Our birth rate was almost a third higher than the England average at 86.8 live births per 1,000 women as opposed to the England average of 65.7. The only places higher were Slough, the London Boroughs of Barking and Dagenham, Waltham Forest, Brent and Newham.
 - Migration – This continues to have a significant impact but is more difficult to measure as we don't capture information of previous place of residence. However, we exceed all our statistical neighbours in terms of National Insurance number registrations for migrant workers and in terms of new GP registrations from those people living overseas. The number of languages spoken within the city continues to grow and now exceeds 100.
 - Economic growth / stability / employment – The buoyant local economy continues to retain workers whilst in other parts of the country, a significant number of migrant workers have returned home.
 - The quality of our schools continues to attract students from other local authorities. We have more children coming into the city from outside the boundaries than we have Peterborough children studying at schools outside the boundaries.
- b) Peterborough only received £2.6m in 2012/13 to support growth in population from the Department for Education. We invested heavily in schools and spent about £35m in 2012/13 to support basic needs for school places.
- c) The availability of land to create school places, especially in certain areas of the city, is limited. We are now looking at more creative solutions to finding suitable accommodation which includes reusing buildings currently used for other purposes.

- d) We need to assess our school place needs now and in the future. If we build schools to cater for a short-term pressure created by a high birth rate one year, or the pressures of migration and this demand decreases in the future, this could lead to empty schools which would not be an efficient use of public funding. Our challenge is to balance these short and long term issues to ensure we use public money as effectively and efficiently as we can now and in the future.
- e) There are school places available in the city but these are not always in the right places where demand exists. This is particularly the case with rural schools against the demand from the inner city.
- f) The significant pressures are within primary schools where the number of four-year-olds has risen from 2,165 in 2006 to an expected 3,200 in 2015. This has meant significant investment is required. The impact of this significant growth in primary school age children means that when these children grow up this will put pressure on our secondary schools too.

The schools capital programme

The capital programme addresses the dual pressures caused by an increase in population and the growth in housing developments in the city.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Existing capital programme	31,015	14,494	6,458	3,458	3,458
New funding	10,700	4,750	20,200	10,500	4,500
Total requirement	41,715	19,244	26,658	13,958	7,958
Assumed grant funding	9,318	7,561	6,458	6,458	4,958
Net cost to council	32,397	11,683	20,200	7,500	3,000

We are currently working on a five year capital programme for schools owing to the variability of pupil numbers and the inability to predict numbers for children before they are born. Demography forecast are updated every year. Beyond this, there are a number of new schools planned as part of new developments around the city. As developers receive planning permission, the capital programme will be updated to reflect the new schools intended to be built partially through developer contributions.

We anticipate that the Government will recognise this pressure in terms of our grant funding. The capital programme is therefore built assuming the level of £6m per year funding to support the growth in pupil numbers. Without this level of funding, we will be unable to deliver the number of school places required. The bulk of funding for school places is currently financed by borrowing.

The schemes currently provisionally proposed for 2013/14 onwards are shown in the table. This list is under constant review as the school place planning situation changes in the city. Full costings are not yet known as school building specification continues to change and the value of projects is commercially sensitive. We continue to reduce building costs through our procurement processes but costs will be further reduced by:

- Use of mobile classrooms to support temporary increases in numbers.
- Reviewing options around pre-built offsite modular buildings – these are like flatpack buildings where the walls and roof are already together in sections and slot together to quickly form a building. This is how many fast-food chains build their roadside restaurants.
- Seeking where possible to refurbish and alter existing buildings on school sites.

Scheme	Description	Expected Year of Opening	Number of additional places created
Thomas Deacon Academy	Thomas Deacon Academy will extend its age range to take 360 KS2 (junior) pupils	September 2014	360
Stanground Academy	Completion of scheme	September 2013	300
All Saints' Primary	Completion of infant section to make a primary school	September 2013	180
Gladstone Park School	Redevelopment of Gladstone community centre to incorporate primary school provision	September 2015	420
West Town Primary	Move existing school to new site and increase capacity	September 2014	105
Woodston Primary	Increase by one to two forms of entry (FE)	September 2014	210
Hampton Vale	Expansion by one to three FE	September 2014	210
City of Peterborough Academy	Completion of school to make a six FE secondary school partially funded by the Department for Education via the free school programme	September 2013	900
St Georges' Site	Re-opening of former special school as a primary school	September 2015	210
Ravensthorpe	Expansion by one to two FE using existing space in school	September 2015	210
Orton Wistow	Increase capacity by 0.5 FE to support housing development at East of England Showground	September 2014	105
Queens' Drive	Increase entry number from 70 to 90	September 2013	60
Pupil Referral Unit reconfiguration	Updating provision to support increased capacity and modernisation of some sites	September 2014	25
Old Fletton School	Completion of scheme to increase school by 0.5 FE to two FE through using former children's home on the adjacent site.	September 2013	105

Orton St John's	Increase school up to two FE using the Department for Education 'Priority schools building programme' and funded through a government operated PFI scheme.	September 2017	148
Hampton Secondary School provision	Joint development of secondary school with Cambridgeshire County Council to support growing needs in the South West of Peterborough	September 2017	1,050
Additional Stanground Primary capacity	Current forecasts suggest a further one FE is required in Stanground as an expansion to an existing school	September 2017	210
Additional Ortons Primary capacity	Current forecasts suggest a further one FE is required in the Ortons as an expansion to an existing school	September 2018	210
Hampton Leys Primary	First of two new two FE primary schools to support new developments east of A15	September 2016	420
Paston Reserve Primary School	A new two FE primary school to support new development	September 2017	420
St Michael's, Stanground	Phase 2 extension from one FE to two FE in response to growth at the Cardea development	September 2017	210
Great Haddon Primary Schools	Three primary schools are planned under Section 106 agreement	September 2018	1,260
Great Haddon Secondary	A seven FE secondary school is planned for the new township only	September 2018	1,050

NB. A one form of entry (FE) in the primary phase means a 30 intake annually spread across the school i.e. 30 pupils across seven years within the primary section = 210 places. A one FE only secondary means an additional 30 intake across the 11 to 16 age range i.e. 30 pupils across 5 years = 150 places.

Schools' budgets 2013/14

The funding for schools and elements of the education service is received in a specific pot of money from the Government called the Dedicated Schools Grant. We are responsible for proposing the use of this budget to support schools in agreement with the statutory body known as Schools Forum. Schools Forum consists of headteachers, early years providers, church representatives and council officers. Funding is allocated per pupil using numbers gathered in October each year.

The funding is broken down into three elements:

Schools (£115m)

This funding is for the cost of running schools and is delegated to governing bodies.

Early Years (£9.5m)

This funding provides parents with their free education entitlement for three and four-year-olds for 15-hours-a-week during term time (38 weeks a year). In addition, we have received an additional £2.4m to support targeted childcare for two-year-olds for eligible families (in receipt of benefits etc). Around 60 per cent of children in Peterborough will qualify for this funding when the scheme is fully implemented in 2014/15.

High Needs Funding (£25m)

This funding is to support those children with high level special needs in special schools and independent provision, those in alternative education such as the pupil referral unit and supporting children who are ill or in hospital.

The final grant will not be known until February so the figures outlined are estimates based upon known pupils in the city.

Changes to Funding

During spring 2012, the Department for Education (DfE) consulted with us on changes to the funding of schools. Historically, local authorities set their own funding formulas to decide how much money was given to run each school to meet the needs in its area.

However the Government has changed the way it wants schools funded and for 2013 the DfE has introduced a standard funding formula across the country. There does however remain some local discretion over funding arrangements which are decided by Schools Forum and the council.

Funding is allocated on the basis of the individual characteristics of each pupil and a number of specific factors at school level. Schools will now receive funding on the following nationally prescribed headings:

Basic per pupil entitlement

A fixed amount per pupil based upon their age.

Deprivation

Funding is targeted at deprivation indicators for each child which have been agreed locally. These are:

- Those in receipt of free school meals
- Income Deprivation Affecting Children Index (IDACI). IDACI measures for each postcode nationally the proportion of children under the age of 16 that live in low income households and ranks them. Those children from high deprivation postcodes receive higher levels of funding.

Looked after children (LAC)

Each school receives £600 per year to allow it to provide additional support for children in care.

Low cost, high incident special education needs

The Government wants to target children who are considered to have low level special education needs that don't warrant a statutory assessment. It is measured by:

- Primary – those pupils scoring less than 73 points on the early years foundation stage profile
- Secondary – those young people achieving Level 3 or below in both their English and maths Key Stage 2 SATS
- English as an additional language – for each pupil that has been within the education system in England for three years or less, schools will receive an allocation of funding

- Lump sum – £150k is allocated to all schools regardless of size to cover fixed costs of operating a school
- Rates and PFI – costs associated with business rates and the PFI unitary charge is funded at actual costs based upon the individual school's costs
- Pupil mobility – funding is given to each pupil who arrives at the school outside of the normal admissions round. Given the high turnover of pupils in Peterborough this is an essential factor and funds support for integration

Further details on the schools budget are outlined in the main MTFS document. This sets out the new funding formula using the EFA (education funding agency) proforma. This table outlines the different factors, how many pupils trigger the funding and how the overall budget for schools is allocated. Funding for children with high needs (special education needs) are now funded separately for schools.

It outlines the impact upon individual schools of the changes in the funding formula. To ensure that no school suffers a significant reduction in funding, protection funding is allocated to allow schools time to make the necessary changes to its structure to become sustainable at the new level of funding. This is funded by reducing the amount those schools that have seen increases in funding actually receive.

In addition to this funding, Peterborough schools will receive around £8m for a targeted grant called the 'Pupil Premium'. The Government believes that the Pupil Premium, which is additional to main school funding, is the best way to address the current underlying inequalities between children eligible for free school meals (FSM) and their peers by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

The Pupil Premium was introduced in April 2011 and is allocated to schools to work with pupils who have been registered for free school meals at any point in the last six years (known as 'Ever 6 FSM'). Schools also receive funding for children who have been looked after continuously for more than six months, and children of service personnel.

APPENDIX 4 - SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – OPERATIONS

The Operations directorate oversees most of our 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.

We also work with schools and local communities to help make our city greener and deliver our Home of Environment Capital agenda, to reduce Peterborough's carbon footprint, improve recycling rates and encourage less car travel.

They also ensure that the city is ready and able to deal with a major emergency.

(ii) Neighbourhood services

Brings together all of those services who are working down your street to improve the whole of our community including housing, trading standards, environmental health, community safety and enforcement teams who deal with littering, flytipping and parking issues. We're proposing changes to the way this service carries out its functions, and by working differently we can protect the most important services whilst making essential savings.

(iii) Commercial operations

This is the team which is working to build a stronger local economy by attracting visitors to our city who recognise Peterborough as the region's leading tourist destination.

The team supports city centre retailers and oversees everything to do with the city centre from CCTV cameras and car parks to events such as the Perkins Great Eastern Run, the Italian Festival, the Willow Festival, Olympic Torch celebrations held in 2012 and the annual Christmas lights switch on. The department also oversees the City Market and a wide variety of street markets.

The current budget for Operations is £19.6m. Inflationary pressures of £0.2m, investments of £1.2m and savings of £4.7m reduce this to £16.3m in 2013/14.

SAVINGS - REVENUE

Voluntary sector/community centre/Social Fund grants

Over the course of the past 18 months we have been in discussion with the voluntary sector about future funding agreements in the face of reducing resources available to us. We currently provide funding to organisations in the voluntary sector as well as to community centres and residents' associations.

At the same time the Government announced that it is stopping Social Fund payments which were Department for Work and Pensions grants paid directly to members of the public in crisis. These grants were used for urgent and immediate needs including electricity meter cards, food or other

day-to-day essentials to prevent poverty and hardship. Instead, the Government now gives a proportion of this money to the council in order for us to support residents affected by the welfare reform changes.

Therefore we are considering our approach and how we fund the voluntary sector in the future. We are proposing to use this new fund from the Department for Work and Pensions to support voluntary sector organisations and projects which are focussed on helping people with issues surrounding the change to benefits.

In addition, council departments will now work directly with their voluntary sector partners, providing them with funding to deliver services which tackle particular issues in the city. For example, rather than Operations giving Age UK a general pot of money, Adult Social Care will work with the charity to ensure it is funding those services that can make the biggest difference to the quality of life of older people in Peterborough.

This means that all the voluntary grants in their current form will end and we propose to adopt this new funding strategy to ensure we are helping those residents in greatest need.

Community centre and residents' association grants will stop. However, these groups will still be able to apply to their local ward councillors for funding from the Community Leadership Fund.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Voluntary sector/community centre/Social Fund grants	607	607	607	607	607

Review of subsidised bus routes

We have been committed over the past decade to encouraging people to use public transport under our Travelchoice initiative. However, there are still many underused bus services in the city. Currently these services are only able to continue to run because the council subsidises them. It means some buses would not exist and other services would not run at nights, on Bank Holidays or over the weekend if we did not provide the funds to run them.

We currently spend £1.1m subsidising city bus services.

Among the services we subsidise are:

- Some of Stagecoach's weekend and evening buses
- Local Link 401,404,406,408,410 and 411 Enterprise
- Local Link 413 Centre bus
- Community Link and Dial-a-Ride

The Local Link service contracts are due to expire in March 2013 and an independent assessment has identified that the cost of these services is likely to increase by £535k which means we would need to spend £1.6 million for services to continue as they are.

We intend to carry out a bus service review and deliver a service with an indicative budget of £600k, saving £500k from the existing £1.1m budget (this is our best estimate of the amount required to meet our statutory duties to vulnerable people).

This would result in a £1.035m overall financial reduction to the service from 2014/15, which is a combination of not increasing the budget to continue to provide our current service (£535k) and an overall reduction to the current budget as set out (£500k).

If these proposals are agreed then 2013/14 would be a transitional year for the service. We would continue to offer the same service as we do now from April 2013 for six months, accepting the

short-term cost increases while we procure a new service. Then after six months we would start to run the £600k service.

This means that many of the evening, weekend and Bank Holiday services available to the public will be significantly reduced.

The Community Link bus service is a service provided for people, whose disability or frailty means they can't access services in their community, and allows them to request a pick-up from their home to their required destination. It's hoped that a service like Community Link can be provided to assist vulnerable people living in the areas that will be affected by these proposed changes.

There would be no other services for other residents other than those operated by commercial bus companies such as Stagecoach, Delaine etc.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue						
Budget profile	1,100	1,130	600	600	600	600

Remove funding for Halfords Tour Series

The Halfords Tour Series cycle race costs the council £60k a year to run. We are proposing to stop funding this event.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Remove funding for Halfords Tour Series	60	60	38	0	0

Closure of Enterprise Centre

The Enterprise Centre in Bridge Street is currently run by an outside organisation on our behalf. Two years ago it was agreed as part of the budget that we would investigate ways to make the service cost neutral by 2013 or it would close. Unfortunately this has not been possible so we are proposing to close the centre.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Closure of Enterprise Centre	116	66	42	0	0

Reduce the Community Leadership Fund by 30 per cent

The Community Leadership Fund was set up to give councillors the opportunity to provide funding to local projects in their wards. Each year £10k is allocated to each of the 24 wards. In line with reductions in other areas we are proposing to cut this fund by 30 per cent and for each ward to receive £7k.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Reduce the Community Leadership Fund	72	72	72	72	72

One new highways contract to replace four existing contracts

We are currently in the process of securing a new highways services contract that will become operational in October 2013, and will replace the four existing contracts. It is anticipated that savings will be achieved through the contract negotiation process, which will exceed existing saving targets by a further £250k.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Additional savings through highways procurement	250	250	250	250	250

Planning, transport and engineering services and removing vacant posts and consultancy support

This is a proposal to build upon our already successful work selling our services to other councils. Currently we support Fenland District Council's planning policy service which brings in about £100k. We are proposing to generate an additional £58k from selling services. The remaining saving will be made through the removal of funding for vacant posts and consultancy support, and some reorganisation of existing teams.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Planning, environment, transport and engineering savings	351	351	351	351	351

Transfer remaining 10 per cent of John Mansfield Centre to City College Peterborough

We have invested a significant amount in refurbishing the former John Mansfield School into a vibrant community space to benefit Dogsthorpe and the rest of the city. At the same time we have been providing grant funding to the Innova Development Trust with a view to supporting it to take on the management of this building. We now have an opportunity to save this grant by seeking an alternative partner, City College Peterborough, to take up this role, building on the excellent work already delivered by Innova.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Transfer remaining 10 per cent of John Mansfield Centre to City College Peterborough	83	83	83	83	83

Make the Travelchoice and Tourist Information Visitors Centres cost neutral

The Travelchoice Centre in Queensgate bus station and the Tourist Information Visitor's Centre in Bridge Street have been increasing the income they generate through sales of event and theatre tickets, rail and coach tickets and other services. This proposal is about exploring further income generation opportunities to make both centres cost neutral.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Reduce costs and increase income from the Travelchoice centre and Visitor's Centre to either make it cost neutral or close	55	75	75	75	75

Reduce costs of maintaining bus shelters

This saving is possible for two reasons - a new contractor is now carrying out our bus shelter maintenance and fewer bus shelters need to be repaired as old ones are replaced with low maintenance new ones.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Reduce costs of maintaining bus shelters	27	25	23	20	20

Supporting people

Our Supporting People programme provides housing-related support to prevent homelessness and help people to maintain independent living.

This programme is currently funded out of the main pot of money from the Government and therefore competes with all of our other priorities for funding as well as those services we legally have to provide.

The budget for this scheme is £2.765m. We are proposing to make a £700k saving from 2013. The scheme supports local organisations including Peterborough and Fenland Mind, Peterborough Women's Aid, NACRO, NHS Peterborough, YMCA and the Terence Higgins Trust.

We are proposing to protect the funding we allocate for homelessness work including the provision of hostel beds. However we will be negotiating with other organisations that receive a grant from this programme to reduce or cease to provide that grant.

We are also proposing to stop the grants we pay to registered social landlords such as Cross Keys Homes, Axiom Housing and Minster Housing that help to pay for wardens at sheltered housing schemes. We will work with the landlords to try to find alternative ways of meeting any shortfall whilst still providing some form of warden service wherever possible.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Supporting people – non-sheltered schemes	706	706	706	706	706
Supporting people – sheltered housing schemes	192	192	192	192	192

Internal health and safety

Our corporate health and safety team generate income by taking the lead on the construction design and management (CDM) regulations for major capital schemes. This proposal is about ensuring the team maximises its opportunities to generate more income by selling its services to major building projects.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Internal health and safety	50	50	50	50	50

Further Neighbourhoods department savings

Neighbourhood Committees and neighbourhood management

Since 2010 we have been running Neighbourhood Committees as a way of engaging with communities. However, these have generally been poorly attended by the public which indicates that they are not necessarily the best way of discussing and debating local issues. We are therefore proposing to stop Neighbourhood Committees which will save in the region of £32k. At the same time, we have reviewed our current neighbourhood management approach which provides a neighbourhood management team for all communities across Peterborough. We are proposing to scale back this operation, whilst ensuring we focus on solving neighbourhood problems and issues. This proposal enables us to deliver a previously agreed saving of £250k (agreed in 2012/13 budget) whilst contributing a further £13k of new savings.

Community cohesion and social inclusion

We currently employ a small team which supports community cohesion and integration as well as minority or disadvantaged groups. Increasingly, the responsibility for this rests within service departments as part of our mainstream responsibilities. Building on this approach enables us to reduce the size of the core team and make savings of £45k. We also have an opportunity to use a Government grant to fund some of the other costs within this team, resulting in a further saving to our core budget of £65k.

Regulatory services

We are responsible for a range of statutory public protection services including Environmental Health, Trading Standards and Licensing. By working differently and by focussing on the highest risks, we can deliver important savings whilst still ensuring our public are protected from harm. This proposal will save £134k. Additionally, the costs associated with licensing and policing nightclubs and pubs that trade beyond midnight are relatively high. New legislation enables us to consider

passing a proportion of these higher costs on to those premises that do trade for longer hours, helping us to meet our core costs to the value of £25k.

Community safety - We are responsible for a range of community safety services, including managing the drug treatment service, tackling anti-social behaviour, reducing domestic abuse and improving road safety. We are proposing to integrate this area of work with our new Public Health responsibilities, delivering savings of £74k. In addition, by combining some of our responsibilities for tackling anti-social behaviour and Hate Crime, we can deliver a further saving of £14k.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Neighbourhood savings including Neighbourhood Committees, community cohesion, regulatory services and community safety	400	400	400	400	400

Sponsorship of events and income generation

We will seek to make the events hosted and supported by the council cost neutral by attracting outside sponsorship and maximising income opportunities such as increasing trade stands at events.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Sponsorship of events and income generation	25	7	0	0	0

Efficiencies and cost reductions

All services have been targeted with a reduction in budget because of an overall decrease in the level of available funding.

The following savings have already been delivered in 2012/13 and are repeatable in future years and as such reflect a permanent reduction in the budget.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Ongoing impact of savings made in 2012/13 – staff car parking income	125	125	125	125	125
Ongoing impact of savings made in 2012/13 – equalities function absorbed within services	25	25	25	25	25

INVESTMENT - REVENUE

Operations income

The difficult financial climate has meant that we have not generated the income we would have previously expected from our car parks or planning services etc. This investment is to cover that shortfall in income.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Operations income shortfall	699	930	1,172	1,429	1,860
Fees and charges shortfall	280	280	280	280	280

A16 verge maintenance on the section of road now adopted from Lincolnshire County Council

The new A16 which replaced the former A1073 road between Peterborough and Spalding was built by Lincolnshire County Council. Part of the new road up to the A47 is within our boundary. When we officially adopt this section of road we will be responsible for maintaining the grass verges and this bid for an additional £60k from 2014/15 will pay for that work including grass cutting.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
A16 verge maintenance	0	60	60	60	60

City centre cleansing

Following extensive work to regenerate the city centre including Cathedral Square, St John's Square and Bridge Street, this investment would pay for additional cleansing of these areas including chewing gum removal.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Additional cleaning of city centre following recent improvements	117	117	117	117	117

INVESTMENT – CAPITAL

City centre improvements

This proposal is to continue to invest in our city centre improvement works by revamping Long Causeway to Broadway, following our renovation of Cathedral Square, St John's Square, Cowgate, King Street and Bridge Street. The aim of these proposals is to make this part of the city centre more attractive to shoppers and encourage new shops and businesses to move into the area. This investment will pay for new paving, street furniture and lighting.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
City centre improvements	2,000	0	0	0	0

Verge parking

This is a set of proposals to carry out further works to repair grass verges damaged by vehicles and to stop people parking cars and vans and other vehicles on them in the future. It includes installing grass-crete, which is plastic or concrete mesh that grass grows through to protect the surface of the verges, and also the planting of trees and shrubs.

The first proposal is to spend £50k on phase three of works in Coneygree Road, Stanground including installing more grass-crete.

The second proposal is to spend £50k installing grass-crete, planting trees and shrubs and other measures to stop verge parking in Ravensthorpe, Bretton and Paston and to repair damaged verges.

The Westwood and Ravensthorpe verge parking issue has regularly been raised at its neighbourhood committee meeting and this would address some of those issues.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Coneygree Road, Stanground	50	0	0	0	0
Westwood, Ravensthorpe, Bretton and Paston	50	0	0	0	0

Climate change/carbon reduction

This proposal is to pay for IT equipment to enable us to collect the data of how much energy is used across our buildings to enable us to assess our usage and where possible make savings by reducing our energy consumption.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
IT equipment - system for collating energy usage data	30	0	0	0	0

Extreme weather damage funding

This proposal is for a £1.5 million investment next year and £500k thereafter to pay for the severe damage caused to our rural fen roads by the drought.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Extreme weather damage funding	1,500	500	500	500	0

Highways works

The table below outlines our proposals for investment in our roads over the five years.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
A1139 junctions 4 to 8 – resurfacing works and surveys to assess condition of road and structure – This will allow for further resurfacing to ensure the route is kept safe. At the same time we would carry out surveys to confirm the current condition of the roads to make best value of the high costs of traffic management.	150	0	0	0	0
Bourges Boulevard, Crescent Bridge to Bright Street improvement scheme – This would involve improved connectivity between the train station and city centre for pedestrians and cyclists, replacing the footbridge with street level crossings and better paths and cycleways. It would assist in bringing forward recently approved development in the station quarter and development in North Westgate, as set out in the new City Centre Plan.	0	2,000	2,500	0	0
Bourges Boulevard-Crescent Bridge roundabout improvement scheme - This investment would involve the signalisation of Crescent Bridge roundabout. It is necessary to manage increased traffic flows,	0	0	0	0	3,000

particularly along Thorpe Road, resulting from the growth agenda.					
David's Lane/ Staniland Way, Werrington - safety junction improvements – This funding is required for safety improvements to this important junction should the approved Tesco development scheme not go ahead.	200	0	0	0	0

Hi-tech congestion reducing measures

This proposal is to invest £250k a year in CCTV until 2016/17, automated number plate recognition cameras and variable message signs (VMS). Our network delivery plan and the Intelligent Transport Systems strategy identify key locations on the parkways where electronic signs will inform drivers of journey times, incidents and route information in order to improve the efficiency of the network. Proposed locations include Paston Parkway, A47 Thorpe Wood.

This will help reduce congestion in the city by keeping drivers better informed about hold-ups on the roads and how to avoid them.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Intelligent Transport Systems infrastructure	250	250	250	250	0

Strategic network review

A study of the city's road network was carried out which identified that there were a number of anomalies that made the city more difficult to navigate for drivers, including for example the issue of two parallel A15 roads running across the city. This review allows us to re-number some of our roads and improve signage to make routes through the city clearer.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Strategic network review	100	100	0	0	0

Street lighting

The majority of the street lights that illuminate the parkways around the city are 30 years old and are reaching the end of their life. This £1m investment would pay to remove those old broken columns and pay for traffic management while the work is carried out.

We are also proposing to remove the old lampposts from the railway bridge on Westfield Road and instead light the footpath next to the bridge. This work was initially estimated to cost substantially more but by working with Network Rail to coincide with its closures the cost has been reduced to £30k.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Parkway lighting	1,000	1,000	1,000	1,000	1,000
Street lighting on Westfield Road	30	0	0	0	0

Rhubarb Bridge

The footbridges over the roundabout at the junction of the A15 and A47 (junction 18), often known as Brotherhoods roundabout and Rhubarb Bridge, are at the end of their serviceable life. The older they get the more often they need to be repaired and the more costly it is to carry out the work. Therefore this proposal is to look at alternative ways for pedestrians to get safely across this junction. The initial investment of £160k will pay to investigate and design the new crossing and the £2.5m in 2015/16 will pay for the new scheme to be built. If these works did not go ahead the footbridges would eventually have to close.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Rhubarb Bridge works	0	160	2,500	0	0

A47 / A15 junction improvements (junction 20)

This is a key junction on Peterborough's road network providing links to the A1, A1073, A47, A605, A15 and A16. The new A16 delivers traffic from the north-east of Peterborough onto the A47 just east of junction 20. This has led to a significant increase in traffic using junction 20 to access Peterborough and other parts of the road network. This £3m investment would pay for a section of road to be re-aligned and traffic lights on the junction to better manage traffic flow to support the growth close to this junction, including the new housing developments at Paston and Norwood.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
A47 / A15 junction improvements	0	0	0	3,000	0

Traffic lights

This proposal is to pay to upgrade the old traffic lights at the Bishop's Road pedestrian crossing and other older pedestrian crossings to reduce the risks of failure and increased maintenance costs.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Traffic signal refurbishment	100	100	100	100	100

Travellers' sites

These proposals are to pay for maintenance in and around the city's two permanent travellers' sites in Norwood Lane and Oxney Road, including road resurfacing outside Norwood Lane and clearance around the sites. It will also support action to deal with illegal flytipping.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Norwood Lane Travellers Park	0	50	0	0	0
Oxney Road Travellers Park	0	30	0	0	0

Market improvements

This proposal is to invest in new signs and air-conditioning for the city's fish and meat market.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Market improvements	50	0	0	0	0

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

Strategic Resources consists of the following:

(i) Director's office

- Renewable energy and energy efficiency schemes
- The council's wholly owned ESCO - Blue Sky Peterborough

(ii) Corporate Services

- Finance
- Internal Audit

(iii) Strategic client services

- Serco Strategic Partnership (Business Support, Shared Transactional Services, Business Transformation, Procurement, Customer Services, Finance Systems, Strategic Property) and ICT partnership
- Waste Management (Waste disposal including "Energy From Waste" plant)
- Enterprise Strategic Partnership (Refuse collection, street cleaning, parks, trees and open spaces, traveller site management, building cleaning, passenger services)
- Vivacity (Culture and Recreation)
- Registration and Bereavement Services
- Westcombe Engineering

The current budget for Strategic Resources is £39.9m. This will increase to £41.5m in 2013/14. This includes the following proposed investments and savings, and the costs associated with the capital programme for the whole of the council set out in appendix 8.

SAVINGS - REVENUE

Efficiencies

The cost of the external audit fee has reduced due to the abolition of the Audit Commission by the Government.

The Peterborough internal audit team has a successful shared services partnership with Cambridge City Council. The team will look to build on this, marketing services elsewhere and increasing income for us.

We expect that our finance function can achieve efficiencies of £50k per year from 2014/15.

The pension strain budget relates to employees who have been made redundant by the council. If you are made redundant when you are 55 or over, but not at pensionable age, your benefits are payable immediately without any early retirement reductions.

Previously, we had budgeted to spread these payments over the next five years, however due to a technical accounting adjustment they were paid in full to the pension fund during the 2011/12 financial year. This budget can therefore be reduced significantly generating a saving for the council.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Reduced external audit fee	50	50	50	50	50
Reduction in internal audit costs by increased partnership working	15	15	15	15	15
Finance function efficiencies	0	50	50	50	50
Pension strain budget	1,511	1,446	1,403	1,361	1,319

Strategic Client Services

Strategic Client Services manages our strategic partnerships with Serco, Enterprise Peterborough and Vivacity. We propose to reduce costs by looking for further efficiencies across our internal team and throughout the partnerships. Proposals to save money on the Enterprise Peterborough contract will reduce the number of brown bin collections over winter months when residents are generating less garden waste.

We are proposing to procure a new supplier to meet our broadband needs which will result in a saving of £100k per year from 2013/14. We are also proposing to reduce the cost of our ICT contract by creating efficiencies through merging services and centralising ICT budgets that will save a further £100k per year from 2013/14.

Vivacity will be consulting on revised opening hours for four libraries in the city as well as a revised schedule for the mobile library service in order to meet a necessary reduction in costs. No library is threatened with closure as a result of making these savings. The libraries affected are Bretton, Central, Orton and Werrington.

Vivacity is also proposing to reduce the amount it spends on library stock including books, newspapers and DVDs. Any impact will be minimised by the use of its modern 'smart stock' system which allows the service to select stock for each library based on what people are reading in that community. For example, if crime novels were popular in Bretton Library but not well-read in Orton Library, some of those books would be transferred to Bretton.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Strategic Client Services – The council's internal team that manage Strategic partnerships. Proposal is to reduce staffing costs	80	80	80	80	80
Enterprise Peterborough – Reduction in brown bin collections over winter	45	45	45	45	45
ICT services – Planned reduction in Broadband costs	100	100	100	100	100
ICT services – Planned further reduction in contract spend	100	100	100	100	100
Vivacity – Revised library opening times	200	200	200	200	200

Energy and waste projects

There are a number of energy projects underway in Peterborough, including solar energy and wind power. Waste 2020 includes the costs, savings and future income related to the construction of an Energy from Waste plant.

Cabinet has recently approved to submit a planning application to develop energy parks on three council-owned agricultural sites. An application was submitted for ground mounted solar photovoltaic panels on the three sites in December 2012. However, future feasibility studies may lead to an additional planning application to develop wind turbines on the Morris Fen and Newborough sites.

The energy produced can be sold to generate income in order to help close the council's funding gap and protect its ability to deliver future services. In addition, development on the three sites would generate significant amounts of renewable energy that can also be used by the council to safeguard its budgets against future rising and uncertain energy prices.

The Waste 2020 programme will see significant income following the construction of the Energy from Waste facility with the council receiving all of the income from the energy generated.

Currently we pay the Government a landfill tax for every tonne of waste that can't be recycled. The Energy from Waste plant will reduce the amount of waste sent to landfill in Peterborough by 93 per cent and we will benefit from significant savings from a reduction in landfill tax. Food waste collections will also reduce the level of landfill tax paid.

The construction of an Energy from Waste facility and changes in the contracts for recycling will lead to increased costs in the short term followed by savings and income in the future.

Energy initiatives include income that we will receive from solar panels installed on buildings across the city, which includes the Town Hall, the Regional Pool and 14 schools. The proposals also include running national collective switching programmes with other local authorities to enable city residents to reduce their energy costs as well as other energy efficiency saving initiatives.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Waste 2020 costs / savings	-488	-555	502	2,826	3,277
Solar energy	83	2715	9924	10,181	10,326
Wind and solar energy - Proposal to extend generation of wind energy in addition to solar energy	0	1,299	3,991	4,153	4,267
Energy Initiatives (increased net income/reduced costs)	450	450	450	450	450

Council Tax – additional income

The Government is making changes to council tax legislation as part of its review of the Local Government Finance Act, which means we will be able to change some of our discounts and exemptions:

Council Tax discount and exemptions	Current discounted rates	Rates from 1 April 2013
CLASS A Empty, unfurnished property undergoing structural repairs	100 per cent for 12 months	0 per cent for 12 months
CLASS C Empty and unfurnished property	100 per cent for 6 months	100 per cent for 1 month
Discount on a second home	10 per cent unlimited	0 per cent
Additional premium for empty and unfurnished property (empty for at least two years)	Not applicable	50 per cent

We are proposing to use the change in legislation to generate additional income. This has been factored into the council's adjusted tax base accordingly.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
50 per cent council tax discount agreed in last year's budget	500	500	500	500	500
Council tax discount – additional income	422	435	454	473	489
TOTAL	922	935	954	973	989

SAVINGS – REVENUE (CORPORATE SERVICES)

Efficiencies and cost reductions

All services have been targeted with a reduction in budget because of an overall decrease in the level of available funding.

The following saving has already been delivered in 2012/13 and are repeatable in future years and as such reflect a permanent reduction in the budget.

These savings relate to our overall budget and do not relate to activity in the Strategic Resources department.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Ongoing impact of savings made in 2012/13 following voluntary redundancies	107	107	107	107	107

INVESTMENT - REVENUE

Risk management contingency

We have significant risks going forward and therefore we have set up a contingency fund to cope with those that may arise in the future

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Risk management contingency	207	207	207	207	207

Registration Service

Increases in birth and death registrations and reduced income from citizenship ceremonies have led to the requirement for additional resources to meet our statutory requirements.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Registrars office	19	19	19	19	19
Citizenship income – reduction in income received	13	13	13	13	13

Enterprise Peterborough contract

The overall volume of work has increased for Enterprise Peterborough as the city has grown since the start of the partnership. In particular, provisions for street cleaning, maintaining green spaces and bin collections need to be increased. We propose to increase the amount we pay Enterprise Peterborough by £245k from 2013/14 to ensure these increased demands are met.

A one-off investment is proposed to establish an intensive street cleansing team for a year to be used across the city to tackle persistent grime hotspots. There is recognition that this investment could make a real difference to the look, appearance and feel for a number of areas in Peterborough.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Enterprise – contract variations to accommodate increase in properties and amenity services	245	245	245	245	245
Street cleansing	150	0	0	0	0

Property management

We own many properties throughout the city from the Town Hall to community centres and they all cost money to maintain. Overall the costs and maintenance have increased so we are proposing to spend an extra £100k to ensure they remain in a good condition.

We also own a number of commercial properties in the city. Due to the economic climate, we are not making as much as forecast through rental income, and when whole units are vacant; we are liable for the rates on the property. The following is an estimate of the costs involved:

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Repairs and maintenance	100	100	100	100	100
Commercial property portfolio	373	403	403	403	403

Carbon reduction commitment scheme

The carbon reduction commitment is the UK's mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The costs of the scheme to the council are expected to increase in 2014/15. The main reason for the increase is because street lighting will be included in the calculations.

The Government has, however, now excluded schools from the CRC scheme.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Carbon reduction commitment	0	117	117	117	117

Collection fund

The money raised from council tax is accounted for through the collection fund. A deficit on the fund is anticipated as it remains challenging to collect some of the final outstanding sums from previous years. This deficit must be recovered from our budget.

From 2013/14 council tax payers will be able to spread payments over 12 months, and this has an impact on our cash-flow.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Recovery of collection fund deficit	256	0	0	0	0
Impact on cash flow of option to pay over 12 months	16	16	16	16	16

Balances

We agree the level of reserves, including balances, as part of the budget. In order to keep balances at a target level of £6m we are proposing to make the following investment in 2013/14. A full assessment of reserves is available in the Chief Finance Officer's report in the MTFS.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Balances	1,189	0	0	0	0

Pension Costs

The Local Government Pension Scheme has changed its rules to allow relief workers (those on a zero hours contract) to join the scheme. This has meant that the contributions we make as an employer has increased.

The Government is changing the law on pensions to ensure more people are saving for their retirement. This means that council employees who aren't already signed up to the pension scheme are automatically enrolled. This again increases the contribution we must make as more staff will be saving for their pension. An option given to us by the Government is to defer the start of auto enrolment and as such it's proposed to defer the initiative until 2017/18.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Issue					
Pension costs	64	72	81	90	421

CAPITAL INVESTMENT

Renewable energy projects

The following capital investment has been proposed in order to take forward Cabinet proposals to develop renewable energy parks on three sites as set out earlier in the Strategic Resources section of the budget.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Renewable energy projects	15,805	133,410	0	0	0

Investment in heritage assets

This proposal is to pay for major maintenance work on the City of Peterborough steam locomotive to ensure its continued service on the Nene Valley Railway.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Investment in heritage assets	150	0	0	0	0

Roman gallery

This proposal is for further refurbishment work at Peterborough Museum following the recent make-over. We have allocated this money in the budget; however we will be looking for external funding to cover these costs.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Roman gallery	0	0	300	0	0

APPENDIX 6 – SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – PUBLIC HEALTH

The Health and Social Care Act 2012 transfers certain public health responsibilities to all councils from 1 April 2013.

We will now receive a specific pot of money from the Government that can only be spent on activities that improve public health. We will receive a grant of £8,446,100 for 2013/14 and £9,290,700 for 2014/15. We will have to account to the Department of Health on how the grant is being spent.

This new grant will be focussed on the following objectives:

- To help people live healthy lifestyles and make healthy choices
- To reduce health inequalities between different social groups in the city and amongst hard to reach groups
- To carry out health protection functions that will be delegated from the Secretary of State
- To ensure that healthcare advice is available to all residents

Examples of these objectives will include providing a provision for health checks, sexual health services, tackling child and adult obesity and carrying out vaccination programmes.

When this service is transferred to us we anticipate that through efficiencies and improved joint commissioning that Neighbourhoods will be able to achieve savings of up to £600k per year from 2013/14. This is because Neighbourhoods already delivers some public health functions and all savings will be re-invested into public health outcomes.

**APPENDIX 7 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – STAFF IMPLICATIONS**

In the first year of the Government’s Spending Review announced in October 2010 for implementation in 2011/12, proposals were adopted which made a range of changes to staff terms and conditions. These included charging staff for car parking and removal of essential car user allowance. In the second year of the spending review (2012/13) no proposals were made to alter staff terms and conditions.

This year the Cabinet is proposing to consult with Trade Unions and staff on two proposals set out below.

(i) Sick pay

We currently pay staff for the first three days of any sickness absence. It is proposed that staff are not paid for the first three days of absence which will result in the saving set out in the table below.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Removal of sickness pay for first three days of absence	200	200	200	200	200

(ii) Automatic increments

We pay staff, under our current pay scales, an automatic yearly increment. It is proposed for one year to remove the increment under these pay scales which will result in the saving set out in the table below.

Issue	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Removal of automatic increments	420	420	420	420	420

(iii) Pay awards

It is not yet clear whether a pay award will be agreed through national negotiations, as they have not been concluded. Any pay award made will be a further pressure in the 2013/14 budget and will have to be funded from within departmental budgets. This would present a risk in the budget for that year and as such is logged in the risk register.

(iv) Vacancy and redundancy

During the next financial year, we envisage undertaking a number of restructurings which may result in a number of posts being affected. We envisage the number of posts affected is in the region of 63 full time equivalents, ranging from front line staff to senior management.

Our approach to minimising any compulsory redundancies will be the same as in other years, including deleting vacant posts, redeployment of affected staff, and seeking voluntary redundancies where we are able to do so.

**APPENDIX 8 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – CAPITAL PROGRAMME
OVERVIEW**

Our 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 focussed around maximising external income from section 106 agreements (the agreement we have 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.

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. We also ensure that we use capital investment effectively to drive forward efficiency savings and income generation, supporting our budget in future years. These changes are included in the relevant directorate appendix.

The costs of the updated capital programme are summarised below:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Capacity bids – impact of capital programme bids	887	5,221	12,944	14,113	14,536

It should be noted that this includes the costs of scheme such as the Energy from Waste plant and the planned renewables schemes. Both schemes will provide income and savings for the council. The savings and income is shown separately.

The capital programme has been reviewed to ensure that schemes are more accurately profiled in the years that spend will take place, and that forecast costs remain accurate.

We are also able to take advantage of a lower interest rate offered by the Government, known as the ‘certainty rate’. As we are providing the Government with greater information on our capital investment plans, we are able to obtain a discount of 0.2 per cent on normal rates. This is on top of the general reduction in interest rates since the last budget.

These savings are summarised below:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Capital financing adjustments – to reflect changes in the capital programme and reductions in the cost of borrowing	2,863	2,376	2,064	2,376	2,698