

Medium-Term Financial Strategy Proposals Document from Cabinet January 2014

Growing the right way for a
bigger, better Peterborough



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1. INTRODUCTION

This is a comprehensive document setting out, as far as 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 which reduced council funding.

The old realities of public service are changing rapidly. Councils are moving into the fourth year of reductions in government funding with little prospect of recovery in the public finances.

We have, for many years, been delivering year-on-year significant efficiency savings and are regarded now as the most efficient sector of public service in Britain.

However, efficiency and service transformation are not going to be enough to meet the financial challenges ahead and for next year the Cabinet has had to make difficult choices. The Medium Term Financial Strategy also shows significant financial gaps in our budget over the next nine years.

The council's annual net budget in 2013/14 is £155 million (this excludes school budgets and monies we receive from government to distribute for benefits).

In 2014/15 we will see a £9 million reduction in the funding we receive from government and £10 million of pressures on our finances as a result of an increasing demand for services and legal changes. This means we have faced an enormous challenge finding £19 million of savings and efficiencies to balance our books, while continuing to invest in the city to ensure Peterborough is a great place to live, work, visit and stay.

This document does not seek to outline all of the services we provide or how our total budget is spent. Rather it outlines the financial challenges we face and how we intend to respond to these challenges to deliver a balanced budget for the coming financial year (2014/15). A chart below outlines our total budget for 2013/14 of £155m and how much is spent in each department for you. All items included in this document are changes to that total net budget of £155 million.

We have also included the investments we are intending to make in the coming year to ensure we have enough school places for all the children that need them, the schemes to rejuvenate and encourage investment into this city so it continues to prosper and grow and our financial projections for future years.

We aim to be open and transparent about our 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.

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 councils 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. Subsequent government announcements have removed further funding over this period.

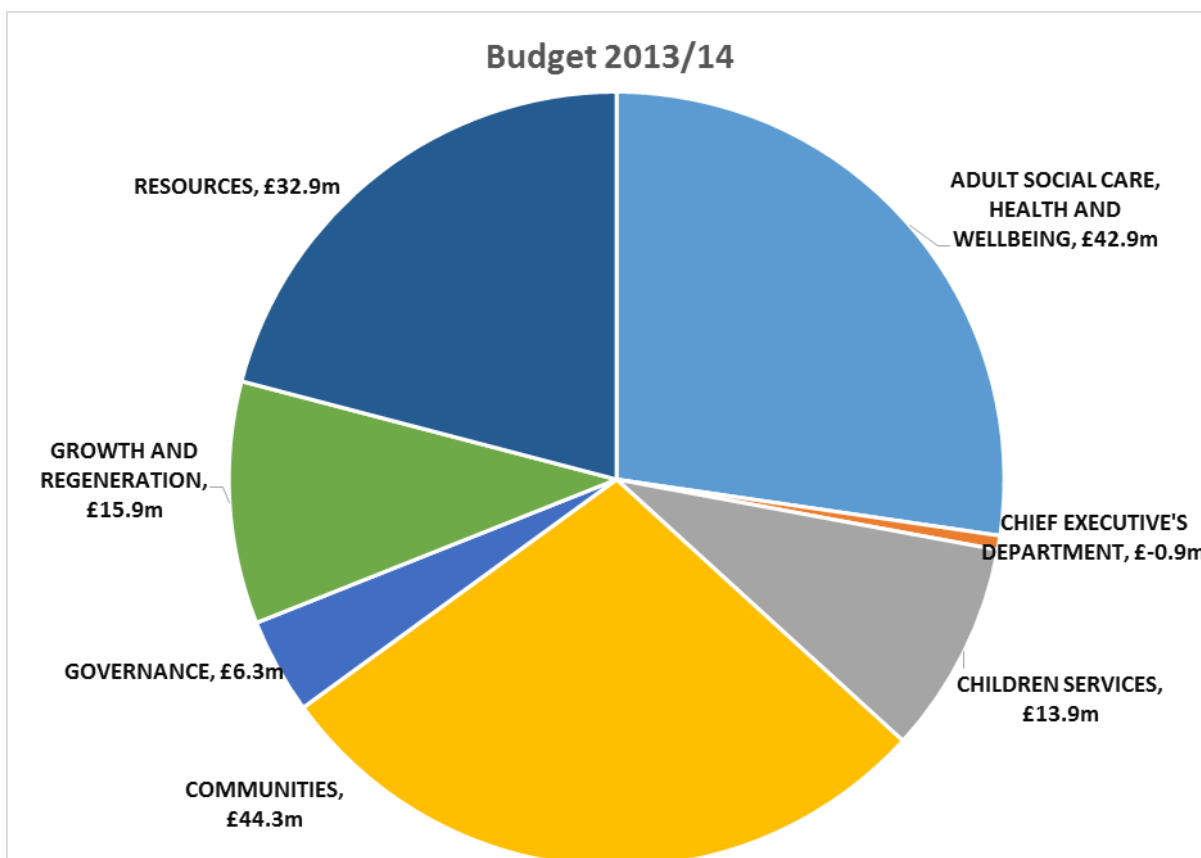
Government announcements made during 2013 will also reduce council funding in 2015/16. Between 2010/11 and 2015/16, local government spending will have almost halved.

To be specific: a) £22.2m grant reduction to date, 2) a further £9m in grant reduction in 2014/15 and 3) £12.5m in 2015/16. The overall grant reduction over five years is £44m or almost 40 per cent.

This consultation document is based on the latest announcements by central government. The final settlement is due in February. Where details have not been received appropriate assumptions have been made.

During 2013/14, the council moved towards becoming a commissioning organisation. This means reviewing everything we do, to see whether there are better ways of doing things, to ensure the services and support arrangements we are responsible for reflect the needs of our residents and are improving their quality of life and enabling them to reach their full potential. Our organisational structure has changed to support the functions of a commissioning council. In these difficult financial times we need to make sure everything we do improves peoples' lives and is carried out in the most efficient, effective, equitable and sustainable way.

The current department net spend on services is as follows:



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 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 vulnerable children and adults;
- The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments;
- Supporting Peterborough's Culture and Leisure Trust, Vivacity, to continue to deliver arts and culture;
- Keeping our communities safe and cohesive.

4. COST INCREASES AND PRESSURES

At the same time as unprecedented reductions in funding, we are also experiencing significant financial pressures. We have a range of statutory services, and with demand for these services increasing, we have a legal duty to meet these extra demands.

This paper, therefore, also outlines the financial 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.

4.1 Provision of services - Demand and cost pressures

Peterborough's population growth continues to be significantly above the average for England, inevitably placing demand on statutory services such as social care, school places, infrastructure and roads and waste collection. The increase in demand for services and cost increases can be seen through:

- An increasing elderly population, with people living longer and other adults developing more complex needs;
- The need to provide increasing concessionary fares for eligible residents in Peterborough;
- Increased numbers of children in care including those with increasingly complex needs resulting in higher cost placements;
- Existing residents experiencing financial hardship and increasing numbers of people accessing welfare benefits is placing demand on welfare budgets, for example providing temporary accommodation for the homeless;
- Providing refuse collection services for all housing and new developments.

With decreasing government funding and increasing cost pressures we cannot continue providing services in the same way we always have. By reorganising the council to a commissioning organisation, we will assess the needs of the local population and ensure the services that are provided meets those need and tackle local issues as efficiently and effectively as possible ensuring value for money for the taxpayer.

4.2 Unavoidable costs

We are not immune to legislative changes by government that have a national impact on businesses and the public sector and as such we will experience costs that are unavoidable. These costs include changes to Adult Social Care services for people with learning disabilities and challenging behaviour following concerns about care provided at Winterbourne View Hospital in the south of England and changes to national insurance employer contributions. We need to budget for these costs.

5. INVESTMENT

Whilst there are considerable pressures in the budget, nevertheless there is still a strong commitment by the Cabinet to invest in existing assets and infrastructure such as roads and schools and in the future of the city and its residents. This investment will require us to borrow money to ensure the schemes set out below can go ahead.

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 based on business property growth and new housing developments. We will therefore be maintaining our investment in the budget for these key areas. We will continue to invest in specific growth projects to support delivery of funding opportunities.

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.

Significant investment was built into the capital programme last year and these projects will continue, with a number approaching completion during the coming year:

- Extra care provision for the elderly
- Roads, including additional lanes between junctions 17 of the A1(M) and junction 2 of Fletton Parkway
- Continuation of improvements to the city centre, including improvements to Long Causeway and Bourges Boulevard
- £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
- The development of the Moy's End stand at London Road, including the new Skills Centre
- Invest to Save – developing schemes that will either save us money or generate income
- Renewables – to generate energy and income to support services for our residents

With the constraints on resources available to the council, some new investment has been included to support efficiencies put forward within the saving proposals contained within this consultation. This approach will reduce the need to make unnecessary service reductions by ensuring we maximise opportunities to deliver efficiencies within services.

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:

| | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Original MTFS budget gap | -7,269 | -11,185 | -13,831 | -18,647 | -20,626 |
| Further grant reduction* | -972 | -11,503 | -11,783 | -11,783 | -11,783 |
| Pressures | -10,343 | -12,410 | -12,671 | -9,556 | -9,878 |
| Revised budget gap | -18,584 | -35,098 | -38,285 | -39,986 | -42,287 |

* The further grant reduction refers to the extra grant reduction the council is expecting over and above the assumptions that were already included in the original MTFS budget gap. The total grant reduction in 2014/15 is £9m and nearly £12.5m in 2015/16.

The council originally had a budget gap of £7.3m for next year. This included the grant reduction that had already been announced. During the year further grant reductions have been announced (with significant further reductions now planned for 2015/16). We are also experiencing financial pressures such as an increased demand for children's social care services and legal changes for adult social care services.

The combined impact of these means we faced a budget gap next year of nearly £19m. The next section outlines how we will tackle this financial gap 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, the services you care about the most and our vision for the city through reducing bureaucracy and costs, and improving efficiency to ensure value for money.

Our approach now is focused on the following:

- Reducing the demand residents have for our services and enabling them to live independent and healthy lives;
- Providing services that prevent residents needing critical and more expensive services and where there is a need to provide specialist services, ensuring that those services properly meet residents' needs or allow the residents to choose the care they want to purchase;
- Building a strong and healthy economy which provides jobs for our residents, helps to reduce dependency on welfare benefits, and enabling the council to benefit financially from business rates and New Homes Bonus and reinvesting this to support the needs of our residents;
- Focusing on educational attainment in schools and developing university provision to give our young people and residents the skills to take up the new job opportunities;
- Income generating in new ways through, for example, our renewables project, to make the council less dependent on taxing its residents and on government funding and giving us the independence to support our residents and their needs.

These key themes are explored further in the sections on the next page.

7.1 Transformation

We have been delivering savings since 2006 through a successful transformation programme and by 2012/13 we have generated cumulative savings of £51.5m per annum and identified further new savings and efficiencies of £12.5m in 2013/14.

We have already implemented many of the savings included in the government-produced '50 ways to save in local government' document.

Efficiency and service transformation however, is not going to be enough to meet the financial challenges ahead. The Medium Term Financial Strategy shows significant financial gaps in our budget over the next ten years. Working in partnership with others we will focus on:

- **Helping our residents to help themselves to stay healthy and independent for longer.** We will focus on early intervention and preventative measures by ensuring that when people contact us their enquiries are dealt with as efficiently as possible, and as often as possible at that first point of contact. We will be investing in technology to ensure that when people contact us we can access all of their information at once so we have a clear picture of who they are and their needs.
- **Transforming services to help residents stay healthy and independent for as long as possible, reducing the demand for more specialist services.** Some examples include the adult transformation programme which is a move away from the one-size-fits-all approach to care and instead helping people to become active members of their community and give them the life skills to be able to improve their own life chances and future potential. We will also look for opportunities to generate income by selling our services to other organisations whilst operating within current legislation.
- **Growth and regeneration** – Actively pursue investment to deliver growth within the city, for example the Riverside Opportunity Area or South Bank development.
- **Making the best use of public funds** by optimising the NHS monies and Public Health grant available to us through working collaboratively with NHS services.
- **Exploring opportunities to work with the private sector, voluntary sector and other public services.**

7.2 Income generation

As grants reduce significantly, we are developing ways to generate income from other sources. This focuses on two major areas:

7.2.1 Economic Growth

As well as the benefits for individuals and communities in the city, from better skills, new employment opportunities, new housing and improved roads and schools, the council also benefits. We are able to retain 42p in every £1 of business rates generated from new business premises, as well as the New Homes Bonus (a grant from government for new houses). We have built initial forecasts into this budget, but will continue to review as we drive growth forward.

7.2.2 Energy efficiency and generation

We are developing a number of projects that will utilise existing council assets (mainly land) to generate energy and income for the council. The Energy from Waste plant is currently under construction, and as well as being used to dispose of waste, will generate power that can be sold to reduce the cost of waste disposal. These savings are incorporated into this Medium Term Financial Strategy (MTFS).

We are also developing sites for establishing wind and solar generating capability. The net income from these projects, once build and maintenance costs are incorporated, will provide significant income in future years.

The budget position reported in future years already includes this income, and if the projects do not proceed, then the budget gaps we face will widen, as can be seen below:

| | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|---------------|----------------|----------------|----------------|----------------|
| MTFS deficit (as per section 10 below) | | -17,848 | -22,486 | -23,843 | -26,507 |
| Net income from wind/solar | | -217 | 954 | 4,426 | 4,983 |
| Revised budget gap if schemes do not proceed | | -17,631 | -23,440 | -28,269 | -31,490 |

7.3 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 £24m of potential disposals over the next five years.

We continue our drive to reduce costs by ensuring we are making the best use of all the buildings we own and use. Part of this proposal is about bringing more services into our main buildings and maximising the income we receive from our commercial property estate. For example we are currently moving staff out of rented accommodation such as Stuart House.

7.4 Department proposals

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

Adult Social Care and Health and Wellbeing

We will continue to 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. The department continues to work with the NHS, providing integrated services to improve the health and wellbeing of individuals across Peterborough, which will be further developed in 2014/15 through the introduction of the Better Care Fund. The savings put forward include:

- Continuing with a major transformation programme to help people maintain their independence for as long as possible.
- Focusing on investment in preventative services, re-ablement and information and advice to reduce the reliance on statutory care. Reviewing traditional services to encourage more personalised approaches and choice.

Children's Services

We provide school places and ensure children in Peterborough have access to a high quality education. We also provide early help and safeguarding services to the most vulnerable children and their families in the city. The proposals put forward recognise the changes in the way the government funds education services and focuses on the provision of early intervention and prevention services to reduce the number of children in care in Peterborough. We also focus on the recruitment of more foster carers in the city to reduce the number of children placed out of Peterborough in expensive independent fostering and residential placements.

Communities

Previously commissioning took place in four different council departments, Adult Social Care, Operations; (Neighbourhood Services) Children's Services and Public Health. In bringing commissioning activity together, we aim to achieve financial savings for the council and improve the lives of our residents.

The Communities department also brings together a range of community services and targeted support focused on community safety and cohesion, healthy living, housing and 0 to 19 services. Plans are in place for us to improve the way we work with other organisations which will result in efficiency savings and more seamless services for residents.

Growth and Regeneration

We provide planning, transport and engineering in Peterborough and support the existing infrastructure and future requirements to be delivered through growth. The saving proposals put forward look to provide services more efficiently and effectively.

Governance

This department supports all the other council services to ensure that all the legal, governance and democratic practices that we must follow are in place. We also provide the human resources, performance management and communication support for the council. The savings proposals put forward look to provide services more efficiently and effectively.

Chief Executive's

The Commercial Operations team 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, and the annual Christmas lights switch on. The department also oversees the City Market and a wide variety of street markets. Saving proposals suggest ways to operate these services more efficiently.

Resources

The department continues to generate efficiencies 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 department is also pushing forward our energy efficiency and regeneration initiatives.

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 31.04.14 £k | Estimated balance at 31.04.15 £k |
|--|---|---|
| Earmarked reserves | | |
| 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 | 632 | 508 |
| Schools capital expenditure reserve - Monies held on behalf of schools for capital spend | 381 | 381 |
| Insurance and other minor reserves – These reserves are held for a specific purpose and cannot therefore be used for budget setting purposes | 3,350 | 3,259 |
| TOTAL earmarked reserves for specific purposes | 4,363 | 4,148 |
| General fund – Set aside to meet unforeseen issues and risks | 6,000 | 6,000 |
| Capacity building reserve – This enables us to implement saving proposals | 2,746 | 1,483 |

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, with each authority setting their own council tax charge.

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 sixth lowest council tax** (some £100 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. We have frozen council tax levels for two out of the previous three years. For the average council tax payer, this means that annual bills are around lower than they otherwise would have been.

The government has offered a council tax freeze grant for all councils that choose to freeze council tax in 2014/15. In considering this offer, the Cabinet has carefully considered the medium term sustainability of future budgets and the scale of the budget gap over the next few years against the council tax freeze offer.

The government also sets limits on the maximum increase in council tax. Last year, if any council proposed an increase higher than two per cent, they were required to put the matter to local taxpayers through a referendum. Given that the costs of running such a referendum are likely to outweigh the benefit, no councils did so. The government has not yet set the limits for the coming financial year, but the Minister has suggested they could be lower.

Having carefully considered the level of investment and savings proposals put forward in this budget consultation document and the financial challenge ahead, the **Cabinet is proposing the following:**

- to freeze council tax in 2014/15
- to freeze council tax in 2015/16

The current band D charge would remain at £1,128.03 in 2014/15 and 2015/16. **This means we will have frozen council tax in four out of five years.**

If we were to consider increasing council tax by two per cent next year, then taxpayers would be paying an extra £1.2m across Peterborough. However, we would lose the freeze grant, and as such this increase would only generate an additional £500,000 of income.

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. The final council tax charge will be agreed by Full Council on 5 March 2014.

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 six above, are outlined below:

| | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revised budget gap | -18,584 | -35,098 | -38,285 | -39,986 | -42,287 |
| Council tax and other funding | 2,295 | 965 | -639 | -886 | -1,195 |
| Efficiency | 12,779 | 12,134 | 11,714 | 11,732 | 11,105 |
| Service reductions | 2,712 | 3,063 | 3,063 | 3,063 | 3,063 |
| Additional income | 515 | 515 | 515 | 515 | 515 |
| Terms and conditions | 283 | 573 | 1,146 | 1,719 | 2,292 |
| MTFS position | 0 | -17,848 | -22,486 | -23,843 | -26,507 |

Whilst we have been able to balance the 2014/15 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 2015/16.

11. FUTURE PROSPECTS

As outlined earlier, we are now expecting further grant reductions of £11.5m in 2015/16, over and above those we originally planned for. As a result, there is a significant budget gap to close in 2015/16.

This gap is outlined in the table above, and already stands at nearly £18m. This is equal to the total level of savings outlined in this document, meaning that we will need to repeat this exercise in the coming year to find further savings.

We will look at all opportunities and options to reduce this gap over the next year, but it remains likely that further difficult choices will need to be made. We will also look to help support the budget and generate further savings through joint working with health to access the NHS integration monies (around £7.4m allocated for Peterborough) to support change in our services. Even with these measures, there will be pressures remaining that we need to tackle.

12. YOUR VIEWS COUNT

These proposals were published on Friday 24 January 2014 in preparation for the Cabinet meeting on 3 February 2014. At this meeting the Cabinet is set to consider these proposals to go out to formal consultation.

The Cabinet values the opinions of all residents, partner organisations, businesses and other interested parties as part of the budget setting process, not least to ensure that the council's priorities, accompanying strategies and policy documents are robust and right for Peterborough.

The budget consultation process is integral to ensuring that available resources support council priorities and have regard to the impact on residents and businesses across Peterborough. 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 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 comments to make about any of the proposals?**
- 2. If you do not agree with any of the proposals, tell us what you think we could do instead to balance our books?**
- 3. Do you agree that council tax should be frozen? If not, where would you suggest we invest the extra £500,000 generated by increasing council tax by the government's current two per cent threshold?**
- 4. 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 4 March 2014. 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 2014 link.

APPENDIX 1

ADULT SOCIAL CARE HEALTH AND WELLBEING - SERVICE IMPLICATIONS

(INVESTMENT/REDUCTIONS) –

In December, we merged our Adult Social Care and Public Health departments into the new Adult Social Care and Health and Wellbeing department.

This new department oversees all those services in the city responsible for helping people stay healthy and independent for as long as possible.

The adult social care services within the department are responsible for providing council-run services and buying in and overseeing social care services from a range of other organisations for the people of Peterborough.

Those services include assessing people's needs and managing their care, safeguarding those adults who could be at risk of abuse, and providing intensive support to help people get over a fall or an illness and reduce their need for long-term care which is known as re-ablement.

Private, independent and voluntary organisations also support people to maintain their independence and stay living in their own homes through a range of residential, home-based and community support services.

We also buy in mental health services for the people of Peterborough from Cambridgeshire and Peterborough NHS Foundation Trust (CPFT).

Adult social care services include:

Community care assessments, support planning and reviews

We are the first point of contact for anyone needing adult social care services. We assess care needs and support people to complete self-assessments. The overall aim is to support people to be as independent as possible for as long as possible. We carry out regular reviews of people's needs to ensure 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 and supports them to continue providing care.

Safeguarding

We work to protect vulnerable adults who may be at risk of abuse and we investigate when there are concerns that someone is at risk of being, or has been, abused or harmed. We work with them to safeguard them from further abuse.

Learning disability support

We work with people with learning disabilities to help them to access the support they need to live as independently as possible. We give people training and support which allows them to get more involved in their communities. We also help people obtain employment and support them during their working life.

Services for older people

We provide support to help older people remain independent. We buy-in support and services from other 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 help them to regain their previous level of independence.

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 support people into employment. We 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.

Services for people with physical disabilities and sensory needs

We provide support to help people with physical or sensory disabilities to remain independent and get on with their lives. These services can be provided by other organisations like home care agencies, care homes or voluntary organisations. We also have a specialist team that can provide rehabilitation and support for people with sight and hearing disabilities.

Other specialist services

We provide other specialist services including the hospital social work service that supports people to return home after a hospital stay.

Public Health

The Health and Social Care Act 2012 transferred public health responsibilities to all councils from 1 April 2013. We now receive a specific sum of money from the government that can only be spent on activities that improve public health. We received a grant of £8.4m for 2013/14 and will receive £9.3m for 2014/15. We will have to account to the Department of Health on how the grant is being spent. This new grant will focus 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 delegated from the Secretary of State
- To ensure that healthcare advice is available to all residents

Examples of these objectives will include providing health checks, sexual health services, drug and alcohol services, school nursing, tackling child and adult obesity and carrying out vaccination programmes. Some of our other services already support these objectives, and it is therefore appropriate to use some of the Public Health grant to fund these.

National and Local Context

As people live longer, all councils across the country are facing increasing demand for adult social care services as many of their elderly residents develop more complex needs. This is placing significant pressure on adult social care services nationally. Peterborough is no exception to this.

Peterborough is growing and so is the proportion of older 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. In 2014 there are approximately 27,000 older people living in Peterborough, 3,600 of whom are aged 85 and over.

There are approximately 2,900 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. All of these people need varying levels of support.

There are almost 11,300 people aged under 65 with a moderate or serious disability living in the city. Of these 8,800 have a moderate disability and 2,500 have a serious physical disability. About 5,150 people are thought to have a disability that means they require some sort of help with personal care.

During the coming year about 28,500 people aged 18 to 64 and 5,000 people aged 65 and over are expected to suffer from some kind of mental health disorder. This will include 1,900 older people who live 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 in the UK.

We need to redesign and transform our social care services over the coming year in order to ensure we can continue to meet the demographic need within the funding available.

Changes in Adult Social Care

It is clear that with the increasing demands on adult social care services, coupled with the continued reduction in government funding, that councils need to look again at how they support people to help them stay healthy for as long as possible and maintain their independence, while supporting them to stay living in their own homes, avoiding the need for them to move into residential or nursing homes.

We are therefore in the middle of a major transformation programme to invest more in re-ablement services to help people who have a fall or an illness to regain control of their lives as soon as possible and reduce their need for long-term care.

We are also increasing our investment in preventative services, information and advice 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 personal 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.

Summary position

The current budget for Adult Social Care, Health and Wellbeing is £42.9m. There have been pressures on the budget in the current year, arising primarily from increased demand for services.

The proposals presented on the next page would save £2.9m in 2014/15.

The proposals as presented include additional investment needed to reduce the impact of welfare reform, the Winterbourne review, contracts review and growing numbers of people requiring services, which total £1.4m in 2014/15.

SAVINGS - REVENUE

Transformation and personalisation programme

This proposal is about changing the focus of adult social care services to ensure we can continue to meet the needs of local residents in the face of increasing demand and an ageing population. There are three strands to this programme:

- Firstly, there is an emphasis on preventing people needing social care services in the first place. We aim to do this by ensuring they have access to accurate information about support available to help themselves and their loved ones live independently for as long as possible. This includes improving our customer services support to ensure people know about

community support including befriending services, information sources or places to get advice.

- Secondly, we will put more resources into re-ablement services for those people who do become ill or have a fall to enable them to regain their previous level of independence as quickly as possible and to reduce their need for longer-term care.
- Thirdly, it is about supporting those people who do need long-term care to maintain their independence and help them stay living in their own homes for as long as they can by tailoring support to meet their individual needs, rather than providing residential care or other one-size-fits-all services.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Transformation and personalisation | 637 | 637 | 637 | 637 | 637 |

Transforming day opportunities for adults under 65

A review of day services for adults under 65 is currently ongoing and, at the time of publication, a consultation has been launched on future options for the service, which promote greater independence and choice as part of the Adult Social Care Transformation programme.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Transforming day opportunities for adults under 65 | 400 | 400 | 400 | 400 | 400 |

Older people's day services

This proposal is to carry out a review of day services for adults over the age of 65 as part of the transformation of Adult Social Care services. The purpose of the review will be to put together proposals to modernise these services so that older people are given the opportunity to stay active and continue to live independently for as long as possible and avoid becoming isolated. This may mean a move away from traditional day centres.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Older people's day services | 150 | 150 | 150 | 150 | 150 |

Physical disability and sensory impairment services

A preliminary review of these services has shown opportunities to make savings whilst also better targeting services and equipment to meet individual needs. Following a review of services by other councils it has become clear that we pay more for some of these services than other authorities and therefore the first part of this saving would be made through contract negotiations. The second part of the saving would be achieved by making sure the equipment that is given out is targeted to meet their specific individual needs rather than a generic package of equipment given to everyone. Together these two projects should save £150,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Physical disability and sensory impairment services | 150 | 150 | 150 | 150 | 150 |

Personal assistants

Personal assistants are carers employed directly by people who use Adult Social Care services. It means that rather than the council providing a care package through an agency and people having limited choice about the person or people who look after them, this would give people the opportunity to recruit their own carer. This personal assistant could be more flexible to meet the needs of the individual, rather than that person having a care package where they are visited for a set time each day, at the same time of day, regardless of that person's requirements.

This proposal is another move away from a one-size-fits-all approach to care in order to give people more freedom and choice. It means that if a person decided they needed support to go shopping they could decide to have less support one day so they could have more support on another to enable them to make the trip. This proposal is in line with the council's move to a more personalised approach to services under the transformation of Adult Social Care.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Personal assistants | 75 | 75 | 75 | 75 | 75 |

Creating one central training and development team

There are currently three teams working within the council in HR, children's services and adult social care that are responsible for recruitment, training and development. Therefore, there is potential to make savings by combining these teams. In particular there is a large amount of overlap between the children's and adult social care functions which may benefit from shared management. We also want to better target the training and workforce support we give to care providers in the city and make sure we do what we can to attract external funding to pay for training and development for social care staff. Savings are also being proposed by setting up a joint transition planning team to make it easier for young people who need ongoing social care support to move from children's to adult services.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Centralising teams | 100 | 100 | 100 | 100 | 100 |

Continuing Health Care

In the 2012/13 budget, a review was agreed to ensure that all those people entitled to fully-funded NHS care were receiving it. That work has continued through 2013/14 and additional cases are being reviewed which are expected to identify further people who should be funded through the NHS Continuing Health Care programme. The anticipated saving from 2014/15 is £75,000 a year.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Continuing health care | 75 | 75 | 75 | 75 | 75 |

Transport

There are currently lots of different transport arrangements for people accessing Adult Social Care services including buses to take people to day services and taxi contracts etc. This proposal aims to review all transport provision to ensure appropriate transport is provided when necessary, but also to encourage people to have greater independence. This could mean in future that those who are able to do so will be given travel training to make more use of public transport. It would also review those people who receive a mobility allowance to ensure they are using this allowance to meet their travel costs.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Transport | 175 | 175 | 175 | 175 | 175 |

Respite care

Currently respite is provided in several different ways through Adult Social Care e.g. the Shared Lives scheme where adults can go to foster families for respite care to give their own carers a break or temporary stays in residential homes. This proposal is to carry out a review of all respite care to ensure a consistent approach is taken which will promote fairness for those people receiving respite care and ensure the respite provided gives effective support. A new Respite Care Policy will take account of the impact of the transformation of Adult Social Care and the emerging expectations of the Care Bill.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Respite care | 150 | 150 | 150 | 150 | 150 |

Assistive technology

Assistive technology is the use of devices that enable people to live independently and carry out everyday duties for themselves that may not otherwise be possible because of disability or mobility issues. From touch screen or input switches through to direct eye control, the systems allow total control of everyday functions such as opening a door, closing a window, turning on a stereo, lamp or TV or answering the phone.

It also enables alerts and alarm systems to be installed in people's homes which are particularly useful for people with dementia. They alert the Lifeline call centre if a person tried to open their front door in the middle of the night or pressure pads that alert the call centre if they get out of bed.

In certain situations assistive technology provides a useful and cost effective solution to more traditional means of support. In Peterborough, the use of assistive technology is currently underdeveloped. This proposal is to expand the service as one of the prevention services to enable people to live in their own homes for longer and reduce the need for residential care.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assistive technology | 80 | 80 | 80 | 80 | 80 |

Direct payments and personal budgets

This proposal is to review how direct payments and personal budgets are used in Peterborough in line with the transformation of social care services. The aim is to encourage more people to live independently and to give them the choice to use their personal budgets to access the services that best meet their individual needs. By encouraging a move away from more traditional one-size-fits-all services this should save £100,000 a year.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Direct payments and personal budgets | 100 | 100 | 100 | 100 | 100 |

Mental health employment services

Mental health employment services have been provided under a service originally commissioned by NHS Peterborough. This proposal is to carry out a review of this service and put together proposals which offer a more modern service that enables people with mental health issues to gain skills to help them to find jobs and live independently. Any changes will link with the broader changes taking place within employment services in Adult Social Care as part of the transformation of the department.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Mental health employment services | 80 | 80 | 80 | 80 | 80 |

Support cost efficiencies (non-staffing)

Adult Social Care pays for services from other parts of the council and also buys in services externally. These services will be reviewed to ensure they provide value for money and so savings can be identified.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Support cost efficiencies | 50 | 50 | 50 | 50 | 50 |

Eligibility

We made changes to our eligibility criteria for Adult Social Care services from April 2013. We now provide services to meet substantial and critical needs only, which is in line with what is being proposed nationally through the Care Bill. This change brought savings in 2013/14 and the full year impact of the change will allow additional savings in 2014/15 of £100,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------|---------------|---------------|---------------|---------------|---------------|
| Eligibility | 100 | 100 | 100 | 100 | 100 |

Panel reviews

All newly-commissioned care packages in excess of £250 per week, and significant changes to care packages, go through a panel process to ensure they meet the needs of the individual and are properly funded and consistent. This process has been reviewed and can be streamlined leading to savings of about £100,000 in 2014/15.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Panel reviews | 100 | 100 | 100 | 100 | 100 |

Re-ablement

Re-ablement services offer intensive support to meet an individual's specific needs for up to six weeks to enable people who have suffered an illness or injury to return to independent living. There is good evidence that these services are effective and reduce the need for ongoing statutory support, helping the council to make savings. We made significant changes to our re-ablement services during 2013/14, to the benefit of individuals, and will further develop the service to deliver additional savings in 2014/15.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------|---------------|---------------|---------------|---------------|---------------|
| Re-ablement | 200 | 200 | 200 | 200 | 200 |

Support cost estimate

All individuals receiving services should have a personal budget which identifies the amount of funding they have for support or services. The 'Support Cost Estimate' is a process which is used by Adult Social Care to identify the likely amount of the personal budget. The system has been in place for over a year and needs to be reviewed to ensure that it is equitable and fair for all individuals. This review should enable us to save £125,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Support cost estimate | 125 | 125 | 125 | 125 | 125 |

Support planning

Support planning is the final part of the process of determining an individual's care package, once the personal budget has been agreed. It is important that social workers and managers are mindful of the quality and cost of services and support, when packages are being put in place and that best value is achieved. We will also review and streamline processes around support planning, to reduce bureaucracy. An increased emphasis on effective support planning and additional training and awareness where required, should ensure better outcomes for individuals and some cost savings.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Support planning | 160 | 160 | 160 | 160 | 160 |

INVESTMENT – REVENUE

Welfare reform

The impact of welfare reform changes, introduced in April 2013, has meant that an additional investment is needed to make up for lost income from changes to the Disability Living Allowance. About 200 people, who previously received low rate Disability Living Allowance, are no longer receiving it. We need to amend the levels we charge those people so as not to cause unnecessary hardship. This will result in a loss of income of about £108,000 per year

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Welfare reform | 108 | 108 | 108 | 108 | 108 |

Winterbourne review

Following the national concerns over care provided at Winterbourne the government has announced that by June 2014, all people with learning disabilities with challenging behaviour will be transferred from residential or secure units to community based settings. However no announcements have yet been made about how this transition will be funded. This presents a cost pressure for the council. There are potentially about seven people who would be affected by these changes which would cost about £945,000 a year.

| Issue | 2014/15 £k | 2015/1 6 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Winterbourne review | 945 | 945 | 945 | 945 | 945 |

Contracts and procurement

In 2013, in conjunction with the council's strategic partner Serco, Adult Social Care has identified a range of savings which could be achieved through better contracts and procurement. The framework agreement for home care was one of these areas and has been recently re-procured and will achieve significant savings in 2014/15. A reassessment of the overall position on other contracts has highlighted that, although significant savings are still achievable, the potential is less than previously projected for 2014/15. The additional investment is an adjustment to bring the expected saving more in line with revised expectations.

| Issue | 2014/15 £k | 2015/1 6 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Contracts and procurement | 396 | 396 | 396 | 396 | 396 |

Social care funding changes

In February 2013 the government announced changes to the funding for long term social care which means that the threshold limits for mean tested support will change. This is likely to increase the number of people we are expected to support, which would have formerly been self funders, by up to 33 per cent. Changes are being phased in from 2015. There will be other changes arising from the Care Bill which needs to be assessed.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Social care funding changes | 0 | 319 | 322 | 391 | 391 |

Carers' responsibilities

From 2015 onwards there will be new responsibilities to support carers, which is likely to lead to additional cost pressures.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Carers' responsibilities | 0 | 146 | 260 | 374 | 374 |

APPENDIX 2 –

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

The only team within the Chief Executive's department is commercial operations. This team is responsible for working with local businesses and other organisations to build a stronger local economy by attracting visitors to Peterborough and helping to build the city's reputation as a 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, 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 the Chief Executive's department is £-0.9m (reflecting the net income from car parking). The proposals presented below would save £0.1m in 2014/15. The proposals as presented include additional investment needed which totals £0.1m in 2014/15.

SAVINGS – REVENUE

Commercial Operations

A saving of £56,000 can be achieved through changes to contracts for market cleansing/refuse collection, and through reduced CCTV transmission costs by re-negotiating line rental costs.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Markets – reduce cleansing expenditure through contract negotiation | 40 | 40 | 40 | 40 | 40 |
| CCTV – reduce expenditure on line rental through contract negotiation | 16 | 16 | 16 | 16 | 16 |

Parking enforcement

In 2013/14 there have been more people working on parking enforcement, ensuring that motorists coming into the city are parking legally and safely to help keep our roads congestion free. This proposal is to not put any council funding into paying for this service in future and that all revenue generated is used to provide the parking enforcement service.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Self-funding parking enforcement service | 30 | 30 | 30 | 30 | 30 |

Perkins Great Eastern Run

The success of this year's Perkins Great Eastern Run – which had a record-breaking number of entrants - has led to a proposal to increase the income target for this event.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increase Perkins Great Eastern Run income | 50 | 50 | 50 | 50 | 50 |

INVESTMENT - REVENUE

Tourist Information and Travelchoice centres

This proposal is to continue to support these two centres that provide information on Peterborough and its attractions and travel options until further income is generated to make them cost neutral, as agreed in last year's budget.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Tourist Information and Travelchoice centres | 115 | 115 | 115 | 115 | 115 |

INVESTMENT - CAPITAL

Market

The following investments in the City Market are proposed to improve the market and reduce costs and generate income through the installation of solar panels on the roof.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Market stall alterations | 50 | | | | |
| Furniture | 15 | | | | |
| Market railings | 100 | | | | |
| Solar panels on the roof of the market | 25 | | | | |

APPENDIX 3 –

CHILDREN'S SERVICES - SERVICE IMPLICATIONS (INVESTMENTS / REDUCTIONS)

Children's Services is responsible for overseeing and providing services for families and children in Peterborough. Our vision is 'Helping Children to be their Best' through:

- Providing children and families with early support
- Helping families with problems and keeping children safe
- Giving the best opportunities to children and young people in care
- Working with schools and others to make sure that children succeed
- Supporting our staff to be outstanding

Children's Services is split into two areas:

Education

This division is responsible for ensuring schools in Peterborough provide the best possible education for children and young people. This includes providing a range of support for pupils with special educational needs and ensuring schools are providing the best educational opportunities for children and young people to help them reach their potential.

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.

Changes to Children's Services department

Following a re-organisation of the council in November, the school place planning team, finance and programme management teams are now part of the Resources department. The responsibility for buying in services from other organisations for children and families in Peterborough has moved to the Communities department.

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 the Children's Services department is £13.9million. The proposals presented below would save £1.4million in 2014/15.

SAVINGS – REVENUE

Social care improvement

Peterborough has a fast growing and changing population. The 2011 Census showed that almost a quarter of residents (24 per cent) were under the age of 18. In light of the growing demand for social care services, we have reviewed the structures and processes of this service to ensure it can continue to meet demand in future months and years. Over the past two years investment has been given to the service as a result of increased demand and rising levels of need. Savings have been identified but this is an area that is volatile and will continue to have to respond to demand.

Reducing management costs

In order to protect social work roles, this proposal is about merging teams who carry out similar duties to reduce management costs. We are proposing to merge a number of social care functions

which will provide a range of savings. Where possible, savings will be made from deleting vacant posts across the service area.

We have also reviewed the capacity within our fostering team to meet our targets around placements and with the recent improvements in management and processes within the team we are proposing to delete an unfilled social work vacancy. It is also proposed to bring together the fostering and adoption teams under a single manager.

A further saving has been identified through moving teams together into existing council-owned buildings and reducing our externally-rented office space.

Together these proposals would save £586,000. A further review of the management of children’s social care would then be carried out in 2015/16 as part of proposals to save a further £81,000.

Social care efficiency programme

A social care efficiency programme is underway to ensure that social workers can spend the maximum amount of time working with families in need. Among the changes being proposed are data entry and other administrative tasks being undertaken by back office staff therefore freeing-up social workers. We are also proposing to align social care services with existing locality-based services to reduce duplication and plan to ensure organisations such as health teams and schools and social workers are working closely together. There are also plans to introduce a single assessment framework for children’s social care teams. This project is expected to save £92,000 in 2014/15 and £200k in 2015/16.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Social care improvement – management costs / efficiency | 678 | 867 | 867 | 867 | 867 |

Redesigning the education service

Since the start of 2013/14, the government has changed the way it funds education support services. Now councils receive one amount of funding for each pupil attending local-authority maintained schools (£128.17) and a lower amount for each pupil attending academy schools (£15). This is because the council is legally responsible for ensuring all children in Peterborough receive an education.

The funding for academy pupils is there to support costs where the council retains legal responsibility for functions such as school attendance, tracking children missing education, ensuring there are enough school places for all children and monitoring religious education.

We are expecting schools with around 2,500 pupils to convert to academy status in the 2014/15 financial year and this will mean a reduction in funding of £285,000.

In June, the government also announced the Education Services Grant was being cut by 20 per cent in 2015/16. Therefore, the council needs to look again at the education services it provides to ensure it meets its legal responsibilities but also continues to invest in measures that help to improve educational attainment.

We have been working with headteachers to develop a school-to-school support system where headteachers use the skills from their schools to improve results in other schools. We are also

currently reviewing educational support services to see how they can be provided differently in the future in line with the move towards academy schools and changes in government funding. We are expecting this re-organisation of services to save in the region of £260,000 per year.

This could mean in the future some services may not be provided by the council but could be run by another outside organisation. In addition, all our core services have been reviewed in light of schools transferring to academy status alongside reductions in per pupil funding from the Education Services Grant.

Savings will be made across school improvement, attendance and the education support service through reviewing line management, better use of management information and greater targeting of services at those schools who need the most support.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reviewing education support services | 524 | 524 | 524 | 524 | 524 |

Youth Offending Service

Councils are required to operate youth offending teams working with other organisations including the police, probation and health services to prevent offending among young people aged 10 to 17. Following a review of the service, increased early intervention with support from other organisations and reduced numbers of offenders, we anticipate savings of £50,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Youth Offending Service | 50 | 50 | 50 | 50 | 50 |

Review of support services

Children's Services has a number of support functions both within the department and in the wider council. In light of reduced budgets, these areas have been reviewed and the following changes are proposed:

- Re-organising the project office – The work of this team will be focused on priority projects for the council allowing a £34,000 saving to be made.
- Legal support – There have been significant changes in the Public Law Outline (PLO) which have led to reduced delays and better co-ordination between all parties involved in care and supervision cases. It is also anticipated there will be reduction in care proceedings as a result of our approach to early intervention. It is hoped this will save around £50,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reviewing support services to Children's Services | 84 | 84 | 84 | 84 | 84 |

Adoption placements

Peterborough is currently successfully recruiting a large number of prospective adopters. Families are often matched with local children but, in a small number of cases, adopters and children are matched via interagency arrangements with other local authorities depending on individual circumstances. This is part of a national commitment to avoid delay for children needing adoption. The interagency fee for this arrangement is payable to the adopters' agency to cover the costs of recruitment and assessment. It is expected that £25,000 will be generated annually through this process as a result of our successful marketing campaign.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Adoption placements | 25 | 25 | 25 | 25 | 25 |

Creating one central training and development team

There are currently three teams working within the council in human resources, Children's Services and Adult Social Care that are responsible for recruitment, training and development. In Children's Services it is the workforce development team. There is potential to make savings by combining these teams. In particular there is a large amount of overlap between the children's and adult social care functions which may benefit from shared management. We also want to better target the training and workforce support we give to care providers in the city and make sure we do what we can to attract external funding to pay for training and development for social care staff.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|---------------|---------------|---------------|---------------|---------------|
| New central training and development team and joint transitioning team | 23 | 23 | 23 | 23 | 23 |

INVESTMENT – CAPITAL

Transforming social care

In order to deliver savings of £200,000 by 2015/16 through improved social care efficiency, investment is needed to further improve the case management system which holds all children's social care records electronically. We also want to introduce technology for social workers to be able to work remotely. Projects will be delivered alongside our transformation partner Serco.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Transforming social care | 50 | 0 | 0 | 0 | 0 |

Schools funding 2014/15

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 (DSG). This is allocated annually based upon the number of pupils in the city in October the previous year. We are responsible for proposing the use of this funding to support schools in agreement with the statutory body known as the Schools Forum. This forum consists of headteachers, early years' providers, church representatives and council officers.

In June, the Department for Education (DfE) published "School Funding Reform: Findings from the review of 2013 to 2014 financial year arrangements and changes for the 2014 to 2015 financial year".

The reforms make a further move towards setting a national funding formula expected at the start of the new parliament. However in the short term there are some key changes which will affect individual schools in the city –

- A minimum level of funding is being introduced for each pupil called basic entitlement – Peterborough already funds above this level.
- The DfE has expanded its definition of pupils considered to be underachieving on entry to secondary schools (prior attainment). Previously it was those pupils who had not achieved Level 4 in their Key Stage 2 (SATs) in English **and** maths. From 2014/15, funding will be targeted at those pupils in secondary schools that haven't achieved Level 4 at KS2 in either English **or** maths. This will redistribute funding between schools in the city and target more funding at those who are considered to be underachieving.
- Nationally a factor has been added to the funding formula to fund those schools which are considered to be rural, based on the distance each child has to travel to school. No schools in Peterborough currently qualify for this factor.
- There is now an ability to set lump sums for primary and secondary at different levels.

The Schools Forum has considered these changes and agreed a number of updates to the local funding formula from 2013/14.

On the 18 December, the DfE outlined the funding for schools as follows –

- The underlying schools budget is retained at the same cash level per pupil as in 2013/14. However, there are around 1,000 more pupils in Peterborough this year and therefore the funding from the Dedicated Schools Grant has increased by £4.3million.
- Schools continue to receive protection in the case of falling budgets with a minimum funding guarantee set at a maximum reduction of 1.5 per cent. This protects schools that lose significant funding from one year to the next.
- Peterborough has received an additional £1.8m to pay for 15-hours free childcare places for eligible two-year-olds. This is based upon the number of parents in the city who are expected to meet the criteria for claiming this entitlement. The city will receive £4.2million for this in addition to the £9.5m it receives for three and four-year-old free places.

The overall Dedicated Schools Grant is expected to be £165million, an increase of nearly £7million from last year. However, secondary schools in Peterborough have seen significant reductions in their overall levels of funding as a result of other funding streams being reduced. The key area of reduction is around sixth form funding with a number of schools experiencing significant reductions in funding year-on-year.

APPENDIX 4 – COMMUNITIES - SERVICE IMPLICATIONS (INVESTMENTS / REDUCTIONS)

Following the re-organisation of the council all our commissioning activity, community services and targeted services are now managed by one department.

Commissioning is the process by which councils decide how to spend their money to get the best possible results for individuals and communities, based on local needs. It is about assessing the needs of residents of all ages and deciding how best to use the limited resources available to meet those needs and tackle local issues and problems to support local people to reach their full potential and lead happy and healthy lives.

Our approach to commissioning for our residents has changed. Previously commissioning took place in four different departments - Adult Social Care, Neighbourhood Services within the former Operations department, Children's Services and Public Health.

The reorganisation of the council in November 2013 brought together all these functions under the Communities department with the aim of:

- Allowing the council to provide services which reflect how people really live;
- Making savings through greater buying power by bringing together all functions into one department instead of four;
- Improving access to services for residents of all ages;
- Providing a common assessment framework for assessing need to reduce the number of assessments residents will need to have;
- Reduction in duplication of tasks.

In order to ensure the benefits set out above are achieved the new department will focus upon:

- Achieving better value for money
- Tackling increasing demand for services (growing numbers of children and older people, inward migration, health inequalities, and the impact of welfare reform)
- Ensuring services are safe and meeting needs
- Ensuring the right services are offered to the right people, by the right people, in the right place, at the right time and at the right cost.

The department is split into two areas:

Communities and targeted services

We are responsible for a range of support for communities including housing, community development and cohesion, the Live Healthy team, the 0 to 19 services, short break services for children with disabilities and the work of the SaferPeterborough partnership. The focus of the team is to ensure appropriate housing for all residents in Peterborough, support communities to help each other and identify difficulties early and provide services that ensure problems do not escalate.

Commissioning

We are responsible for identifying the needs and aspirations of residents and then commissioning services to best meet those needs at the best possible price, ensuring there are sufficient quality and safe providers in the city and that services purchased represent value for money. We also commission services to keep children and adults safe. Services purchased include those for children on the edge of and in care, independent school placements and services for vulnerable adults, services for people with substance and alcohol misuse issues, sexual health services, school nursing and domestic violence services. All services purchased are focused on helping people to help themselves and learn new skills to help them live healthy independent lives for as long as possible and giving proper individual care to those with long-term complex needs.

The current budget for the Communities department is £44.3million. The proposals presented below would save £2.7million in 2014/15. The proposals as presented include additional investment needed which totals £1.2million in 2014/15.

SAVINGS – REVENUE

Children’s centres

A consultation was launched at the beginning of December into changing the way children’s centres operate in Peterborough. The consultation ended on 8 January and an amended proposal will go to Cabinet on Monday 3 February 2014. The proposals will be debated at Full Council on 29 January 2014. These proposals will then go to Full Council for approval as part of the budget-setting process. The revised proposals which are published today, include creating four children’s centre hubs, three outreach centres and re-using the remaining eight buildings for other children’s services such as childcare. They now also include £100,000 of proposals to provide support to parents living in areas which will no longer have access to a children’s centre. These proposals will save £1.18 million.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Changes to children’s centres | 931 | 1,181 | 1,181 | 1,181 | 1,181 |

Recruiting more foster carers and reducing the numbers of children in care

This proposal is about our work to reduce the numbers of children in care by doing more to prevent children needing to be taken into care in the first place. This would be through investing in prevention and early intervention work such as the Connecting Families programme that works with families to resolve issues before they spiral out of control.

The second aspect of this proposal is about focusing on recruiting more foster carers in the city to provide homes for children who cannot be with their own birth families for whatever reason and therefore reducing the reliance on more expensive agency foster care or residential care.

By recruiting our own foster carers it would mean we are better able to provide more all-round support for those children as well as saving the authority money as children would be placed wherever possible within the local authority area. As the Communities department is responsible for providing and buying in those services for children in care this saving is being proposed in this department.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Looked after children costs | 245 | 713 | 913 | 1,255 | 1,255 |

Public Health

The Health and Social Care Act 2012 transferred public health responsibilities to all councils from 1 April 2013. We now receive a specific sum of money from the government to be spent on activities that improve public health. We already provide services that improve public health such as supporting people into affordable, safe, warm housing, drug and alcohol services and health improvement activities. Therefore, some of this increased grant can be used to fund these existing

services and the additional demand for these services. We are also able to bring together the commissioning functions within public health with the rest of the Communities department which will achieve efficiencies.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increase in public health government grant and re-organising services to make efficiencies | 1,090 | 1,090 | 1,090 | 1,090 | 1,090 |

Strategic housing

The council manages the city's housing waiting list on behalf of registered social landlords through what is called the Choice-based Lettings Service. We have not increased our charges for running this service for a considerable number of years, despite the costs of running the service increasing. We are therefore proposing to make this saving by increasing our charges.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increase charges to registered social landlords for choice-based lettings | 50 | 50 | 50 | 50 | 50 |

Housing enforcement

We will develop a stronger focus on tackling criminal private sector landlords whose tenants are often living in unsafe conditions or who are not provided with the appropriate legal protections that tenants should have. As part of this approach, we have trained some of our staff to be able to provide Energy Performance Certificates (EPC) which are a legal requirement for landlords who rent out their private accommodation. This is a fee-earning service. Additionally, we are able to enforce against landlords who fail to maintain an up-to-date EPC including issuing fixed penalty notices.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Issue Energy Performance Certificates and enforce, via fixed penalty notices, against premises failing to display an EPC | 200 | 200 | 200 | 200 | 200 |

St George’s Hydrotherapy Pool

There is currently no specific budget to pay for the hydrotherapy pool which has been funded for a number of years through department underspends. There has been a drive to make the facility self-funding, however, this has proved unsuccessful to date. In 2013/14 the council subsidised the pool by £45,000. Unless a source of funding can be found, we are no longer in a position to support the facility and the pool will close. As a result of the age and condition of the facility it requires substantial investment for it to have any future.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| St George’s Hydrotherapy Pool | 45 | 45 | 45 | 45 | 45 |

Supplies and services

Supplies and services budgets provide the things that are needed to help make a department work, including stationery, travel costs and ICT equipment. We will achieve a saving against this budget by ensuring that only business critical items are purchased and by making the best use of technology to avoid travel and use of stationery.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Supplies and services | 50 | 50 | 50 | 50 | 50 |

Careers advice guidance

Schools are now responsible for providing careers education and guidance to all pupils. With more outreach work and targeted support being delivered through the Not in Employment, Education and Training (NEET) team, and particularly through initiatives such as the Work Club, the work of the careers information advisers is being achieved through other teams. The Youth Access Point was mainly used as a computer room for accessing information regarding jobs and vacancies rather than accessing advice. City College has developed a youth access point to enable young people to have access to information technology to job search, therefore the youth access point has been closed.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Careers advice and guidance | 132 | 132 | 132 | 132 | 132 |

INVESTMENT - REVENUE

Children’s social care

In 2013/14, the budget was set to fund 331 children in care based upon the predicted numbers for 1 April 2013. The number of children in care has increased slowly from December to 366. This investment is needed to pay for the additional costs associated with looking after these children in our care. As the Communities department is responsible for providing and buying in those services for children in care this investment is being proposed in this department.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Support for looked after children | 919 | 919 | 919 | 919 | 919 |

Homeless bed and breakfast costs

Some households will continue to be affected by financial austerity and we want to do all we can to help families to manage the impacts of welfare reform and poverty. We, and other organisations, already prevent homelessness in a range of ways including helping people who may have been the victims of domestic abuse find temporary accommodation, helping people struggling to pay their bills to find more affordable accommodation, or supporting them into training or employment to be able to pay for their accommodation. We also support people leaving care to find places to live. However, we predict the number of people needing our support to prevent homelessness will increase over the next few years. This investment is needed to meet these additional costs.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increased costs to prevent homelessness | 150 | 150 | 150 | 150 | 150 |

Looked after children transport

We have a duty to provide transport for children in care for certain circumstances including attending medical appointments or supervised contact with birth families etc. Over the past 12 months, our transport requirements for children in care have continued to rise in line with the increase in the number of children in our care. This investment is to pay for additional costs but will reduce from 2015/16 as the work to reduce the number of children taken into care is expected to start to take effect and the number of looked after children reduces. As the Communities department is responsible for providing and buying in those services for children in care this investment is being proposed in this department.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Looked after children transport | 100 | 100 | 90 | 80 | 70 |

APPENDIX 5 –
GOVERNANCE - SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS)

The Governance department consists of:

Legal services

This team provides legal services to all council departments and to Rutland Council.

Governance

This team supports Full Council, Cabinet and committee meetings, civic services to the Mayor and support services to councillors as well as a range of other related services. They also manage elections and the electoral register.

Regulatory services

This team provides regulatory and licensing services such as trading standards, environmental health, health and safety, and enforcement teams who deal with issues such as noise nuisance and air quality.

Communications

The communications team supports all council departments by advising them how best to explain their services to residents. 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, marketing campaigns and manages the council's website and social media.

Performance management

This team provides a central performance management function.

Human resources

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

The current budget for the Governance department is £6.3m. The proposals presented below would save £0.5m in 2014/15. The proposals as presented include additional investment needed which totals £0.5m in 2014/15.

SAVINGS - REVENUE

Legal and governance services

Following the re-organisation of the council in November, and the creation of the new Governance department, this proposal is to further re-organise the legal and governance services which were previously managed separately by two senior managers.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Re-organisation of legal and governance services | 203 | 203 | 203 | 203 | 203 |

Reducing the Community Leadership Fund

The Community Leadership Fund (CLF) was set up to give councillors the opportunity to provide funding to local projects in their wards. Each year £10,000 has been allocated to each of the 24 wards. In line with reductions in our government funding in 2013/14 the CLF was reduced by 30 per

cent with each ward receiving £7,000. This proposal is to reduce funding to £1,000 per councillor from 2014/15.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reduce Community Leadership Fund | 183 | 183 | 183 | 183 | 183 |

Licensing

This proposal is to re-organise the licensing team and look for potential ways of generating further income for the council to save £70,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Re-organisation of the licensing team | 70 | 70 | 70 | 70 | 70 |

Reduce cost of Human resources

Following the re-organisation of the council, this proposal is to re-organise the HR team in response to this and reduce the number of HR business partners who support departments saving £57,000.

The second part of this proposal is a joint initiative with Children's Services and Adult Social Care to bring together the council's workforce development and training and development teams into one corporate team which is anticipated to save £24,000 in the Governance department.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| HR re-organisation | 57 | 57 | 57 | 57 | 57 |
| Creation of a corporate team for workforce development and training | 24 | 24 | 24 | 24 | 24 |

INVESTMENT - REVENUE

Legal services

As the council works towards bringing more investment into the city, and exploring innovative ways of generating income to pay for vital services, there is a need to expand the council's legal team to support this work. This investment would pay for two full time contract lawyers and a legal officer.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expanding the legal team to meet demand | 126 | 126 | 126 | 126 | 126 |

Governance services

The Coroners and Justice Act 2009 requires the council to employ a medical examiner. This investment would pay for this service and the necessary support staff.

The second investment in this area is required because of changes to the electoral system under the Electoral Registration and Administration Act which will require every resident in the city to fill in their own individual electoral registration form. As a consequence we will have increased postal and canvassing costs to ensure forms are sent to every resident rather than every household. It will also pay for additional canvassers to chase non-returned forms. The aim of the changes is to minimise the risks of electoral fraud.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Coroner reforms | 250 | 250 | 250 | 250 | 250 |
| Changes to electoral system | 50 | 50 | 50 | 50 | 50 |

Regulatory services

We had been exploring the possibility of introducing a Late Night Levy in the city, however, following a review it has been decided the enforcement costs would be too high and so this proposal is to remove that income target.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Late Night Levy income – removal of budget | 25 | 25 | 25 | 25 | 25 |

APPENDIX 6 –
GROWTH AND REGENERATION - SERVICE IMPLICATIONS
(INVESTMENT/REDUCTIONS)

The Growth and Regeneration department consists of the following:

Planning, transport and engineering services

This service includes surveyors, planners and other technical teams who work with residents and businesses to ensure any development in Peterborough fits in with the city’s growth plans. It includes a team that is responsible for planning the future of transport in Peterborough and its surrounding villages, including managing the contracts to maintain existing roads and build new ones. It is responsible for emergency planning to ensure the city has contingency plans in place for any major emergency.

The service also works with schools and local communities to help make our city greener and is responsible for our Environment Capital agenda, to reduce Peterborough’s carbon footprint, improve recycling rates and encourage less car travel.

Growth delivery and Opportunity Peterborough

The growth delivery team and the council’s wholly-owned company Opportunity Peterborough support our agenda to grow the city by 20,000 jobs and 25,500 houses by 2026, by attracting and supporting inward investment, supporting the delivery of key projects such as the Carbon Challenge site and Fletton Quays (also known as South Bank / Riverside Opportunity Area), and helping to improve the skills of our community.

The current budget for the Growth and Regeneration department is £15.9m. The proposals presented below would save £0.3m in 2014/15. The proposals as presented include additional investment needed which totals £0.5m in 2014/15.

SAVINGS - REVENUE

Natural and historic environment

Previously we provided grants to organisations and groups to improve their natural environment such as creating wildlife gardens and ponds, and to repair historic buildings. This proposal is to remove this grant funding and instead use income from new developments to pay for such schemes.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Remove historic and natural environment grant and reduce biodiversity strategy budget | 25 | 25 | 25 | 25 | 25 |

Local Plan

We are close to completing our suite of strategic documents known as the Local Plan, which is the council’s plan for future growth and development of the city, including the Core Strategy and Site Allocations Document. This proposal is to reduce expenditure on this area including the use of consultants and printing costs until these documents are due to be reviewed again.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reduction in expenditure on Local Plan | 61 | 61 | 61 | 61 | 61 |

Climate change

We have successfully attracted European and national grant funding and sponsorship to pay for some of our climate change work and the environment capital conference and workshops. We are therefore proposing to reduce the amount of council funding in this area.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Climate change and environment capital conference | 16 | 16 | 16 | 16 | 16 |

Planning, transport and engineering

Following the re-organisation of our senior management team and the creation of the new Growth and Regeneration department, the former planning, transport and engineering service will be restructured to further support growth delivery and enable more income to be generated through selling services to other councils and organisations.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Re-organisation of planning, transport and engineering service | 101 | 101 | 101 | 101 | 101 |

Housing strategy

An income of £20,000 can be achieved through selling housing strategy services to a neighbouring council, therefore helping to offset our costs in this area.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increase in income to housing strategy | 20 | 20 | 20 | 20 | 20 |

Trees and woodlands

This proposal is to move from a five-year cycle to a seven-year inspection cycle of the city's trees and woodlands.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Trees and woodlands | 100 | 100 | 100 | 100 | 100 |

INVESTMENT - REVENUE

Street lighting energy costs

Because of rising energy prices and a growing network which is supporting new developments, the cost of street lighting has increased. This investment of £340,000 is needed for future years to offset these cost rises.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Street lighting energy costs | 340 | 340 | 340 | 340 | 340 |

Resilience function

The capability of the city to respond to an emergency event has in recent years been funded from a reserve which has now been exhausted. An ongoing budget is required to maintain this vital service.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Resilience function | 66 | 66 | 66 | 66 | 66 |

Concessionary fares

The council is legally-required to fund concessionary fares for qualifying bus passengers. A continuing rise in the elderly population means that more passengers qualify for this support.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Concessionary fares | 0 | 200 | 400 | 600 | 800 |

Opportunity Peterborough

Opportunity Peterborough (OP) currently receives a grant from the council of £380,000, plus other support. In last year's Medium Term Financial Strategy (MTFS) it was agreed to gradually reduce this over time, starting with a £100,000 reduction in 2014/15, with OP becoming fully self-funding by 2016/17.

We have had further discussions with OP regarding the impact this would have in 2014/15 on its ability to support our key priority of growing the city. As such we are proposing support in two areas:

- One-off funding of £50,000 in 2014/15 – This will enable OP to drive forward initiatives to generate income, helping to deliver the additional savings in 2015/16 and 2016/17, and achieve the aim of becoming self-financing. This is shown in the table below.
- We will also underwrite the remaining £50,000 of the savings target. This will only be called upon if OP cannot generate the income to meet the level of saving (if needed it is proposed this is funded from reserves).

The business plan for OP will be brought to Cabinet in the summer for approval as usual.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Opportunity Peterborough | 50 | 0 | 0 | 0 | 0 |

INVESTMENT - CAPITAL

The following schemes are proposed for inclusion in the capital programme.

Central Avenue parking scheme

This investment would pay for improvements in the area outside of the parade of shops in Central Avenue that is directly opposite Dogsthorpe Primary School. The proposal is to change the layout of the area to make parking safer.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Central Avenue parking scheme | 220 | 0 | 0 | 0 | 0 |

Footpaths

Previously the maintenance of footpaths across the city was paid for from our revenue budget. This proposal is to make it part of our capital expenditure.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Footpaths | 60 | 60 | 60 | 60 | 60 |

APPENDIX 7

RESOURCES - SERVICE IMPLICATIONS (INVESTMENTS / REDUCTIONS)

The Resources department consists of the following:

Strategic finance

- Finance
- Internal audit

Strategic commissioning / transformation

- Serco Strategic Partnership (business support, shared transactional services, business transformation, procurement, customer services, finance systems, strategic property) and ICT partnership
- Waste management and waste disposal including the Energy From Waste plant
- Amey Strategic Partnership (formerly Enterprise Peterborough) which includes refuse collection, street cleaning, parks, trees and open spaces, traveller site management, building cleaning, and passenger services
- Vivacity (culture, recreation and libraries)
- Registration and bereavement services
- Westcombe Engineering
- City Fibre – broadband partnership

Corporate property and children's resources

- School place planning including admissions, schools building programmes and transport.
- Financial management for Children's Services and schools (including the Schools Forum)
- Programme and project management for Children's Services
- Corporate property including asset disposals
- City College Peterborough

Energy and the Energy Services Company (ESCo)

- Renewable energy and energy efficiency schemes
- The council's wholly-owned Energy Services Company (ESCO) - Blue Sky Peterborough

The current budget for the Resources department is £32.9million. This includes the capital financing budget and certain corporate budgets, including the contingency for a potential pay award. Changes in these areas are included in appendices 8 and 9. The proposals presented in appendices 7, 8 and 9 would save £8.4million in 2014/15. The proposals as presented include additional investment needed which totals £6.6million in 2014/15.

SAVINGS - REVENUE

Finance

A further review of the funding for the finance function will be undertaken. This will include a review of all currently vacant posts, and investigating whether any benefits can be sought from the new council structure. The £72,000 saving is on top of a £50,000 saving already committed to for next year, taking the overall saving up to £122,000. A reduction in the fees for external audit is also being

achieved. This is in response to changes to the external audit arrangements following the abolition of the Audit Commission.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Further savings in finance team | 72 | 72 | 72 | 72 | 72 |
| External audit costs | 30 | 30 | 30 | 30 | 30 |

Parish councils

In recent years we have made some reductions to the discretionary funding we provide to parish councils. We are proposing to remove the remaining discretionary funding, and also to remove the council tax support grant in full. The funding provided to those parish councils that provide burial grounds and recreation grounds will continue as before.

In line with the practice established in previous years, it is proposed that a full year's notice will be provided for this, and the measure will not be implemented until 2015/16.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reduce funding for parish councils | 0 | 40 | 40 | 40 | 40 |
| Council tax support grant | 0 | 61 | 61 | 61 | 61 |

Strategic commissioning and transformation

Strategic Client Services manages our partnerships with Serco, Amey and Vivacity. We propose to continue to reduce costs by looking for further efficiencies across our internal team.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Re-organise the client services team in line with changes to the council's structure | 100 | 100 | 100 | 100 | 100 |

Serco Strategic Partnership

The Serco Strategic Partnership manages many of our back office functions including our business support staff, the council tax and benefits teams known as Shared Transactional Services, customer services and finance systems. These two proposals are to make efficiencies on the existing contract and also reduce the amount of business and administrative support the council receives.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reductions in Serco Strategic Partnership costs and business support | 775 | 775 | 775 | 775 | 775 |

Property

We continue our drive to reduce costs by ensuring we are making the best use of all the buildings we own and use. Part of this proposal is about bringing more services into our main buildings and maximising the income we receive from our commercial property estate.

A further proposal is being developed to review the management of our property estate to drive growth and secure additional savings. This will include looking at better management and utilisation of both the buildings from which our services are run and the community buildings we own such as community centres, libraries and schools.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reduce costs of office accommodation | 453 | 580 | 580 | 580 | 580 |
| Develop new ways to generate income and make savings from all council-owned buildings | 220 | 220 | 220 | 220 | 220 |

ICT

There are two main sets of proposals to make savings in ICT. When we outsourced our main ICT function, a number of systems remained in-house and continue to be managed by council staff. The first proposal is to review all of these arrangements with a view to bringing all ICT applications and projects under the main contract. The second part of this proposal is about reducing the amount we spend on ICT equipment and ICT support for staff in line with our "thin client strategy". The aim is for less people to have laptops and desktop computers and more people to have mini desktop boxes that link to a main server which can be updated remotely.

The second proposal is about reducing our broadband costs and encouraging other organisations to use our broadband network as part of the CityFibre project.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reviewing all ICT projects and reducing ICT support costs | 461 | 461 | 461 | 461 | 461 |
| Reduced costs | | | | | |

| | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|
| through new broadband provision | 141 | 271 | 517 | 513 | 513 |
|---------------------------------|-----|-----|-----|-----|-----|

Registration and bereavement services

Peterborough has an ageing population with 27,000 older people living in Peterborough, 3,600 of whom are aged 85 and over. We also have the second highest birth rate in England according to national statistics. Therefore, the registration and bereavement service is anticipating additional income in the coming years which would mean the council would need to pay less for the service. The saving for 2014/15 is anticipated to be about £100,000. We are also proposing an increase to some of the fees in line with other providers.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|---------------|---------------|---------------|---------------|---------------|
| Increased income – bereavement service | 46 | 46 | 46 | 46 | 46 |
| Increased income – registration service | 54 | 54 | 54 | 54 | 54 |

Waste management and Amey contract

Every area of council business has been reviewed to make savings to help us to balance our books in 2014/15 and beyond, including those organisations that run services on our behalf.

The following proposals are part of a package of measures that would achieve a £1.1million saving in the Amey contract. The first proposal is about making efficiencies on the existing contract of £149,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Efficiencies on Amey contract | 149 | 149 | 149 | 149 | 149 |

The proposals outlined below are about potential changes to existing services:

Garden waste collection (brown bin waste)

We currently provide a free garden waste collection service. As we are not legally-required to provide this service, in keeping with a growing number of councils such as Southampton and Harlow, it is proposed to introduce a charge for this service of £39 per year for an almost year-round fortnightly brown bin collection. The scheme being proposed is estimated to save £804,000 in 2014/15.

It is proposed to start charging residents for this service from 27 May 2014. It is proposed that people who sign up for the new service before the end of May will receive a £3 discount.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|---------------|---------------|---------------|---------------|---------------|
| Introduce charge for garden waste collection service | 804 | 804 | 804 | 804 | 804 |

Sports clubs

We currently provide a free caretaker service for sports clubs. This is not a statutory requirement and therefore this proposal is to stop providing this service.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sports clubs' caretaker service | 45 | 45 | 45 | 45 | 45 |

Play areas

We are also proposing to inspect play areas once a week instead of twice a week. This proposal would save £15,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Play area inspections | 15 | 15 | 15 | 15 | 15 |

Maintaining green areas of the city

We currently pay for grass to be cut when it grows to a certain length. Moving to a fixed three-weekly cycle would save £78,000. However, to enable this to happen, we need to make a one-off capital investment of £245,000 to purchase the new equipment needed.

In addition, we are proposing to reduce the need to regularly replant borders and flower beds by replacing them with shrubs. In line with the council's biodiversity strategy, to encourage wildlife, we are also proposing to allow grass to grow longer and plant wildflowers in certain areas of the city. All of these measures together will save £58,000.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|---------------|---------------|---------------|---------------|---------------|
| Grass cutting service | 78 | 78 | 78 | 78 | 78 |
| Changing planting and creating wildlife havens | 58 | 58 | 58 | 58 | 58 |

Removing council subsidy for the WEEE facility

We currently pay Amey (formerly Enterprise Peterborough) to run the Waste Electrical and Electronic Equipment (WEEE) Re-use facility in Fengate, Peterborough. The service recycles used or damaged electrical items which are made available to residents at reduced cost. Amey is investigating new ways of running the service without council funding. There are already other charitable organisations in the city running a similar service including the British Heart Foundation.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------|---------------|---------------|---------------|---------------|---------------|
| WEEE Facility | 66 | 66 | 66 | 66 | 66 |

Charging for bins at new properties

Currently we pay about £40,000 providing new bins for new properties. This proposal is to recover these costs from the property developers.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Charging developers for new bins | 40 | 40 | 40 | 40 | 40 |

Reduced landfill costs

Landfill costs have reduced, partly through the success of the food waste collections which have reduced the amount of black bin waste, and also through the diversion of some black bin waste to make fuel. There will be no savings from 2016/17 because the Energy from Waste plant will be operational. All the savings associated with using this new facility and not sending waste to landfill have already been built into the previous Medium Term Financial Strategy.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| Reduced landfill costs | 100 | 100 | 0 | 0 | 0 |

Vivacity

In discussion with Vivacity a package of proposals have been put together to save £335,000 in 2014/15. It includes:

- Making capital investments of £133,000 in the assets that Vivacity runs on our behalf such as replacing the Key Theatre signage and increasing the capacity of the Regional Pool gym to enable Vivacity to make efficiency savings of the same amount.
- Reducing the amount of council funding for the city's Arts Festival and looking for other external sources of funding and sponsorship to pay for the programme of events.
- Making better use of the Central Library building by moving the open library resource onto the ground floor and re-using the first floor to save £50,000.
- Increasing the income received from the new Hampton Premier gym and swimming pool by £37,000 in 2014/15.
- Making two savings to the library service's book fund - a one off reduction of £20,000 in 2014/15 and an ongoing saving of £50,000 from 2014/15.
- Given the future financial challenges faced by the council, we are proposing additional savings of £260,000 in 2015/16 the details of which will be identified over the coming year.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital investment to generate efficiency savings | 133 | 53 | 53 | 53 | 53 |
| Peterborough Arts Festival | 45 | 45 | 45 | 45 | 45 |
| Move Central Library onto one floor | 50 | 50 | 50 | 50 | 50 |
| Increased income from the new Hampton Premier facility | 37 | 79 | 79 | 79 | 79 |
| Reducing the book fund | 70 | 48 | 48 | 48 | 48 |
| Further savings to be identified | | 260 | 260 | 260 | 260 |

Home to school transport – special schools

In line with our move to encourage more residents to be able to live more independently and reduce their reliance on council services, it is proposed to change our approach to providing transport for young people with Special Educational Needs (SEN).

For those young people who are assessed as being appropriate, instead of providing direct transport for them (such as taxis), they would be given travel training to enable them to travel on a bus. We would then provide them with Mega Rider bus tickets. This would also teach them vital life skills that would help them be more independent in the future when leaving school. Before any scheme was introduced there would be appropriate consultation with parents and schools in the autumn term. However, we are investing more for children with severe physical disabilities.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Special school transport | 60 | 60 | 60 | 60 | 60 |

Risk management contingency

Last year we set aside a risk management contingency to cover significant risks that may arise in the future. We have reviewed the risks, the level of reserves and the need to balance the budget and are proposing to remove the risk management contingency this year.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Risk management contingency | 207 | 207 | 207 | 207 | 207 |

Council tax freeze grant

When we froze council tax in 2011/12, we were awarded grant from Government for doing so. This grant was initially for four years. Government has confirmed that grant is now base lined into council funding, and we can include the benefit in future years.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| 2011/12 council tax freeze grant | 0 | 1,533 | 1,533 | 1,533 | 1,533 |

Schools capitalisation

Schools use their own funding to support small individual capital projects. The council can choose to fund this spend from the capital programme and therefore schools transfer their revenue funding over to the council to provide a one-off benefit. We believe that schools will capitalise an additional £250,000 of spend in 2014/15.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| Schools capitalisation | 250 | 0 | 0 | 0 | 0 |

Inflation

Each year the council commences the budget process in September and makes assumptions on the level of inflation that is required across the council. A detailed review of expenditure against inflation assumptions has identified a reduced need for inflation in 2014/15, most of which can be permanently removed from the council's baseline budget.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------|---------------|---------------|---------------|---------------|---------------|
| Inflation | 606 | 366 | 366 | 366 | 366 |

Increase in energy initiatives savings target

In the last MTFS we included a savings target for energy initiatives. This includes savings from our energy performance works and from selling services to other councils. This target will be increased. The increase is at a level sufficient to fund the costs of the extra £1million capital investment outlined in the capital section, so that the impact of this is cost neutral.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Increase in energy initiatives target | 12 | 44 | 64 | 64 | 64 |

INVESTMENT – REVENUE

Carbon Reduction Commitment (CRC)

The CRC Energy Efficiency Scheme is a compulsory government scheme aimed at improving energy efficiency and cutting carbon dioxide (CO₂) emissions in large public and private sector organisations. These organisations are responsible for around ten per cent of the UK's greenhouse gas emissions.

We have to buy allowances for the carbon reduction commitment scheme from the government and the cost of these has risen. However, this investment does not reflect the full extent of the cost increases as some of it is offset by the our improved energy efficiency.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Carbon Reduction Commitment | 140 | 140 | 140 | 140 | 140 |

Reduction in anticipated savings

In last year's MTFS we set a target for business transformation savings. This has now been revised to reflect the level of savings coming forward, and the specific savings proposals are included throughout this document. Also, a cost pressure has been identified in relation to the operational costs at some of the facilities operated by Vivacity that are not covered by the service fee.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Business transformation | 2,528 | 2,396 | 2,806 | 2,485 | 2,801 |
| Vivacity | 47 | 47 | 47 | 47 | 47 |

Football ground

Work has now started on the community stadium on the site of the former Moy's End stand at Peterborough United's London Road ground. The former stand has been demolished and in its place will be a new-all-seater stand and skills centre. While the building works are on-going we agreed a rent abatement for Peterborough United to compensate for their loss of income during this time. These savings were agreed as part of decisions taken by Full Council and Cabinet last summer.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Football ground income adjustment | 303 | 134 | 134 | 134 | 134 |

ICT

We are proposing to move our ICT from a server room in the Town Hall to a data centre out of the city that is hosted by an external provider. To enable this to happen, the council needs to make one-off capital and revenue investments.

In the long-term this would save the council money because the alternative would be to make major capital investments in future years to renew the servers as they reach the end of their life. The net revenue cost of moving to the external provider would be £250,000 a year. There would also be a one-off capital investment needed of £1.3 million outlined in the 'Investment – Capital' section.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Move to external provider | 250 | 250 | 250 | 250 | 250 |

Employers' NI policy change

The Chancellor's budget in March 2013 announced further changes to the employers' National Insurance contracted out pension scheme from 2016/17. The investment below is the estimated additional cost of these changes to the council.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Increase to employers' NI contribution | 0 | 0 | 1,026 | 1,026 | 1,026 |

Special school transport

We provide transport for children and young people who meet clearly defined criteria under our home to school transport policy. Over the past 12 months, demand for transport for children and young people with special educational needs has increased in line with a rise in population and increasing complexity of needs. We have an additional 21 children attending The Phoenix School with severe physical disabilities. This investment would fund their transport.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Special school transport | 164 | 164 | 164 | 164 | 164 |

Energy generation and efficiency

We are developing a number of projects that will utilise existing council assets (mainly land) to generate energy and income for the council. The Energy from Waste plant is currently under construction, and as well as being used to dispose of waste, will generate power that can be sold to reduce the cost of waste disposal. These savings are incorporated into this Medium Term Financial Strategy (MTFS).

Wind and solar farms

This scheme will make a significant contribution towards our Environment Capital aspirations as well as generating renewable energy which will help us to safeguard our budgets against future rising and uncertain energy costs. Additionally, the energy generated can be sold to bring in a significant new source of revenue that will help to close our funding gap and help protect future services.

The budget position reported in future years already includes this income, and if the projects do not go ahead, then the budget gaps we face will widen, as can be seen below:

| | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|------------|----------------|----------------|----------------|----------------|
| MTFS position | 0 | -17,848 | -22,486 | -23,843 | -26,507 |
| net income from wind/solar | | -217 | 954 | 4,426 | 4,983 |
| revised budget gap if schemes do not proceed | | -17,631 | -23,440 | -28,269 | -31,490 |

Full details of progress, and latest financial forecasts were reported to Scrutiny Commission for Rural Communities on 16 December 2013. More details can be found at the link below:

<http://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=405&MId=3273&Ver=4>

This Medium Term Financial Strategy (MTFS) builds in the updates to these financial forecasts. There are pressures in early years, before the income recovers to the expected levels as follows:

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------|------------|------------|------------|------------|------------|
| Energy parks | 384 | 4,193 | 2,930 | -359 | -575 |

If the projects do not go ahead as anticipated, we face a significant shortfall in income (compared to the numbers outlined in the table above). The financial forecasts in the scrutiny report included a range of options.

The numbers presented below, and now included in the MTFS, are based on a mid-range scenario. This includes the delay in the project from additional archaeological works, but not any delay from the potential call-in of the planning application. The level of net income that these would generate is outlined below:

Solar only option

This assumes that there is no wind generation on site, and solar is maximised. Total net income when fully operational is around £1.2million per year.

| | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------------|-------------|-------------|------------|------------|--------------|
| America Farm | -185 | 0 | 18 | 36 | 66 |
| Morris Fen | -151 | 260 | 150 | 210 | 315 |
| Newborough Farms | -61 | -440 | 559 | 673 | 872 |
| Total Solar Only Option | -398 | -180 | 727 | 919 | 1,254 |

Solar (if combined with wind) option

This reduces solar coverage to create the space needed for wind turbines. Total net income when fully operational is around £900,000 per year.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|-------------|-------------|------------|------------|------------|
| | £k | £k | £k | £k | £k |
| America Farm | -185 | 0 | 18 | 36 | 66 |
| Morris Fen | -155 | 283 | 181 | 244 | 353 |
| Newborough Farms | -61 | -426 | 250 | 335 | 485 |
| Total solar (if combined with wind) option | -401 | -142 | 449 | 615 | 905 |

Wind Only Option

For wind turbines alone, total net income when fully operational is around £4.1million per year.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------------|------------|------------|------------|--------------|--------------|
| | £k | £k | £k | £k | £k |
| Morris Fen | -13 | -25 | 168 | 1,271 | 1,359 |
| Newborough Farms | -26 | -49 | 337 | 2,541 | 2,719 |
| Total wind only option | -39 | -74 | 505 | 3,812 | 4,078 |

Combined option

The combined option provides the maximum return for the council – around £5million per year when fully operational.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------|---------|---------|---------|---------|---------|
| | £k | £k | £k | £k | £k |
| Combined option | -441 | -217 | 954 | 4,426 | 4,983 |

All of the options above include the cost of business rates for the council. It is expected that we will be able to retain these business rates, and this would further increase the income by around £600,000 per year.

Energy inflation

Given recent announcements regarding energy price increases, we have revisited the inflation provision for energy. The increases are based on the DECC forecasts for energy prices for service organisations. We would expect to mitigate against some of the increase through procurement via the government framework.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|---------------|---------------|---------------|---------------|---------------|
| Energy inflation indices updated to DECC forecast | 70 | 149 | 51 | 27 | 59 |

INVESTMENT – CAPITAL

ICT

A significant level of saving is currently built into the Medium Term Financial Strategy in respect of changes proposed to the management of our ICT function and the core contract with Serco.

We are proposing to make some additional capital investments in 2014/15 to support these savings and to strengthen the resilience of our data storage as set out in the table below.

A one-off capital investment is required to replace our Town Hall-based servers to a data centre out of the city that is hosted by an external provider. This will improve the efficiency of our systems, provide a level of disaster recovery that we currently do not have, reduce the costs of expensive weekend maintenance and maximise the level of flexibility that our staff have to work across the city. This will generate revenue savings in future years.

There is also a revenue investment needed to achieve this move to the external provider as outlined in the previous section 'Investments – Revenue'. The net revenue cost of moving to the external provider would be £250,000 a year.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|---------------|---------------|---------------|---------------|---------------|
| Moving to an externally hosted solution provider | 1,350 | -250 | -250 | -250 | -250 |

We are also proposing to invest in 2014/15 in:

- enhanced data sharing to improve our ability to work with other public sector organisations
- enhanced remote working for staff
- automating the update and roll-out of applications across the council

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Enhanced data sharing | 100 | | | | |
| Enhanced remote working | 20 | | | | |
| Automation of applications | 150 | | | | |

In future years, we are proposing to invest in:

- extending coverage of the current free public wi-fi service in the city centre
- upgrading existing computers to support enhanced thin client “as a service”
- replacing or upgrading our existing electronic document management system
- introducing a ‘bring your own device strategy’ so that staff can use their own phones and tablets to access council services securely
- hardware replacement / upgrade
- Office 365 implementation – moving to an internet-hosted Office suite or similar

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| City centre wi-fi extension | | 150 | | | |
| PC upgrade | | 750 | | | |
| Electronic document management | | 100 | | | |
| Bring your own device | | 200 | | | |
| Monitor refresh | | | 180 | | |
| Office 365 implementation | | | 150 | | |

Investment in waste management and Amey contract

To enable the savings in the revenue budget to be made we need to make two one-off capital investments in equipment. A £245,000 investment is needed to buy new mowers capable of cutting longer grass in line with proposals to move to a three-weekly grass-cutting cycle. A £36,000 investment is also proposed to buy the two lease vehicles required to carry out the new green waste (brown bin) collection service which is more cost-effective than buying new equipment or entering into a new lease.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Grass cutting equipment | 245 | | | | |
| Green waste collection | 36 | | | | |

Energy initiatives

We intend to include a capital budget to allow initial works on energy initiatives to be undertaken. The cost of this will be offset by an increase in the savings target from these areas.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| Energy initiatives | 500 | 500 | | | |

School Place Planning

We are responsible for ensuring there are sufficient school places to meet people's needs. 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:

- Offering local places for local children, with the aim to meet parental preference for catchment schools.

- Offering a range of different schools for all parts of the city including community schools, foundation schools, trust schools, faith schools and academies.
- Offering high quality places for children to learn that encourage high levels of achievement.
- Avoiding significant changes to catchment areas.
- Limiting the use of mobile classrooms to areas where demand is temporary.

A school organisation plan was published in the Spring which outlined our approach to support the increased demand and the impact of this growth on schools. The plan identified the requirements on school places in the next five years including the impact of new housing developments.

Schools capital programme

The five year capital programme for new school places is as follows:

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| New school places capital programme | 25,858 | 19,000 | 13,100 | 7,100 | 2,800 |

In 2013/14, the DfE recognised that pressures in Peterborough on school places were increasing and as a result our capital funding for basic needs (pupil number changes) increased significantly. This brought in an additional £6.1million in 2013/14 and a further £6.3million in 2014/15.

The revenue savings are shown in the table below:

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|---------------|---------------|---------------|---------------|---------------|
| Borrowing savings resulting from increased grant funding | -125 | -472 | -697 | -694 | -694 |

We are currently working on a five-year capital programme for schools. It is difficult to plan further ahead than this owing to the variability of pupil numbers and the inability to predict numbers for children before they are born. Demography forecasts are updated every year. Beyond this, there are a number of new schools planned within 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.

The current demographic challenge is shown in the table below -

| | Primary pupil numbers (Expected / Actual) | Secondary pupil number (Expected / Actual) | Total pupil numbers | % Change |
|----------------|--|---|---------------------|----------|
| 2012/13 | 17491 | 13816 | 31307 | |
| 2013/14 | 18548 | 14012 | 32560 | +4% |
| 2014/15 | 19454 | 14435 | 33889 | +4% |
| 2015/16 | 20175 | 14839 | 35014 | +3% |
| 2016/17 | 20768 | 15340 | 36108 | +3% |
| Overall Change | | | | +15% |

We predict that the increase from 2014/15 to 2016/17 would mean a further 2,219 pupils would need places at Peterborough schools. This equates to the equivalent of five average size primary schools or two average size secondary schools.

The schemes currently proposed for 2014/15 onwards are shown below. The 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.

| Scheme | Description | Expected Year of Opening | Additional places created |
|--|--|---------------------------------|----------------------------------|
| Thomas Deacon Academy | Thomas Deacon Academy will extend its age range to take 360 KS2 (junior) pupils | September 2014 | 360 |
| Gladstone Park School | Redevelopment of Gladstone community centre to incorporate primary school provision | September 2014 | 420 |
| West Town Primary | Move existing school to new site and increase capacity | September 2015 | 315 |
| Woodston Primary | Increase by one to two forms of entry (FE) | September 2014 | 210 |
| Ravensthorpe Primary | Expansion by one to two FE using existing space in school | September 2015 | 210 |
| Orton Wistow Primary | Increase capacity by 0.5 FE to support housing development at East of England Showground | September 2014 | 105 |
| Orton St John's Primary | Increase school up to two FE using the DfE 'Priority schools building programme' and funded through a government operated capital scheme | September 2015 | 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 |
| 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 |
| Additional PE1 provision | Further primary school places to be identified to meet demand | September 2016 | 420 |

NB. A one form of entry for primary schools (FE) is 30 pupils annually spread across the school i.e. 30 pupils for seven years = 210 places. A one FE only secondary means an additional 30 intake across the 11 to 16 age range i.e. 30 pupils across five years = 150 places.

APPENDIX 8 - STAFF IMPLICATIONS **SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS)**

SAVINGS - REVENUE

The majority of council staff are on national terms and conditions. We are required to adhere to these, and this includes the allocation of any pay awards. Our current Medium Term Financial Strategy had budgeted for a pay increase for staff of 1.5 per cent from 2014/15, with further increases in later years. As outlined above, this is simply our best forecast as to the potential position, we do not determine this.

In light of comments from the Chancellor with regards to public sector pay being kept at one per cent, we have revised our forecasts down. Whilst the Chancellor does not control local government pay, benchmarks set elsewhere in the public sector will influence decisions. This proposal reflects this revised forecast.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Pay Award from 2014/15 onwards held at 1% provides saving | 283 | 573 | 1,146 | 1,719 | 2,292 |

INVESTMENT – REVENUE

We had not budgeted for a pay increase for staff for 2013/14. However, once national negotiations were concluded, a one per cent pay increase was awarded. As outlined above we are required to implement this award. This investment is needed to pay for that increase in future years.

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Pay award | 495 | 495 | 495 | 495 | 495 |

Vacancy and redundancy

During the next financial year, we are proposing to restructure a number of teams and departments which may result in a number of posts being affected. We anticipate that this will affect, in the region of, 53.5 full time equivalents posts, including all levels of council staff.

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 9 – CAPITAL PROGRAMME OVERVIEW
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS)

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 achieve 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 each of the relevant directorate appendices.

The costs of the updated capital programme are summarised below:

| Issue | 2014/15 £k | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capacity bids – impact of capital programme bids | 2,322 | 187 | 66 | 212 | 212 |

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. This provides some savings in initial years as costs are deferred in line with the project timescales.

These savings are summarised below:

| Issue | 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 | 2,799 | -35 | -821 | -1,141 | -1,768 |

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