

**Medium Term Financial Strategy  
Budget 2016/17 Phase One Proposals  
Document from Cabinet**

**November 2015**

**STRICTLY EMBARGOED UNTIL  
5pm on 17 November 2015**

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## 1. INTRODUCTION

This document sets out the first of two sets of budget proposals that will be considered by Cabinet to ensure Peterborough City Council has a balanced budget for 2016/17.

These proposals have been set in the context of the incredibly challenging financial position that all councils face. Peterborough is no exception to this. Since the financial crash of 2008, the public sector has seen unprecedented reductions in funding. In the five years to 2015/16, the council has seen its government funding cut by £44million, which equates to nearly 40 per cent of its government grant.

The government will set out plans to deliver a further £20billion of spending reductions in the Spending Review on 25 November 2015. The Local Government Finance Settlement will follow this sometime near Christmas or early in the New Year. There is therefore considerable uncertainty as to the amount of government grant Peterborough will receive in 2016/17 and onwards.

Our current estimate is that we will need to find £19.6million of savings and efficiencies for next year to balance our books, or generate additional income to offset the reduction in our budget while protecting services for residents. We will also continue to invest in the city to ensure Peterborough is a great place to live, work, visit and stay.

In doing so, the council maintains its unerring focus on three big issues for the people of Peterborough – prosperity, education and quality of life. These issues are at the heart of everything the council does and in particular how we make increasingly difficult decisions about where to spend the money we have available to provide services.

We are also committed to deliver improved efficiency ahead of any reduction to services.

The first set of budget proposals, published on Tuesday 17 November 2015, sets out how the council intends to address £12.1 million of this challenge. A second set of proposals, which will need to close the remaining £7.5m gap in the budget, will be published in the New Year. This second set will also include proposals for council tax.

To be clear, we still have tough challenges ahead. However with a clear vision for the future, and careful financial management, we believe we will see the city continue to develop into the strong and vibrant community we all want. This vision has already achieved the following for the benefit of the city;

- Peterborough is the second fastest growing city in the UK.
- Over 1,300 homes were built in the city over the past year - the highest annual figure in more than a quarter of a century. 500 of these were affordable homes.
- Peterborough is the UK's first Gigabit city with some of the fastest internet speeds in the country.
- More than 1,900 new businesses were registered in Peterborough in 2014, making it a record year for start-ups.
- Unemployment continues to fall as new jobs are created. The number of residents claiming Job Seekers' Allowance is at its lowest level since 2002.
- 85 per cent of schools in Peterborough are now rated good or outstanding by Ofsted - above the national average and the highest ever achieved in the city.
- The city council's energy tariff, Peterborough Energy, has saved residents who have switched a combined £200,000.
- All of our libraries remain open and through self-service technology we have extended opening hours. Local authorities across the UK want to adopt this innovative technology.

- Continued city centre regeneration has seen the completion of works on Bourges Boulevard and Long Causeway this year. This regeneration has attracted new businesses and new investment to Peterborough.
- Plans to develop Fletton Quays have been submitted by the Peterborough Investment Partnership, of which the council is a joint partner.

On Tuesday 17 November the council launches a city-wide Budget Conversation to find out what local residents and business people think about the initial proposals presented in this document. More information on the Budget Conversation is available on page six.

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. A chart on page nine (Appendix 1) outlines our total budget for 2015/16 of £139.5m and how much is spent in each department.

We have also included the investments we are intending to make in the coming year.

We aim to be open and transparent about our proposed spending plans and publish the first round of proposals at this time to give residents, partner organisations, businesses and other interested parties the chance to give their comments.

## **2. APPROACH TO TACKLING THE FINANCIAL GAP**

This document outlines the Cabinet's first phase proposals for how we will tackle the financial gap. These proposals demonstrate the Cabinet's commitment to protect, as far as possible, the services you care about the most and our vision for the city.

Our approach is now focused on the following:

- Building a **strong and healthy economy** which provides jobs for our residents and helps to reduce dependency on welfare benefits. The council would then benefit financially from business rates, additional council tax receipts and the New Homes Bonus, and reinvest this to support the needs of our residents. In 2016/17 £2.9m of the savings we need to balance our budget can be offset because of the positive growth we're experiencing in Peterborough. While growth can bring additional income for the council it also produces pressures on services which are also listed in the document.
- **Generating income** in new ways 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. This includes selling our services to other authorities, such as planning, legal and regulatory services, and through innovative energy schemes where we can generate income.
- Changing our culture to be **more enterprising** as a council by looking for ways to improve value for money and reduce costs. An example highlighted for 2016/17 is a proposed partnership with a specialist provider to deliver our adoption and fostering services.
- **Changing the way we deliver services and the way we work.** We intend to reduce the demand residents have for our specialist services by enabling them to live independent and healthy lives. This will be achieved by providing support in ways 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. This includes a new model that

ensures that residents reach the right service first time as well as changing and modernising the way council officers work.

- **Innovative use of technology.** This will underpin our overall approach. As a council we are recognised for being a leader in this field and we will continue to identify, and take advantage of, all that this offers.

### **3. PRIORITIES**

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

- 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.
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city's carbon footprint.
- Supporting Peterborough's culture and leisure trust, Vivacity, to continue to deliver arts and culture.
- Keeping our communities safe, cohesive and healthy.
- Achieve the best health and wellbeing for the city.

### **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 that we are required by law to provide, and with demand for these services increasing, we have a legal duty to meet these extra demands. Whilst there are considerable pressures in the budget, nevertheless there is still a strong commitment by the Cabinet to invest in priority areas.

This document, therefore, also outlines the financial pressures we are facing which we need to fund. Some of the most significant are outlined below:

- Increased numbers of children in care arising in part from proposed changes in government legislation requiring children to be looked after up to the age of 25.
- Increased costs arising from implementing the government's proposals for the National Living Wage.
- Investing in our schools to provide the places needed and the education our children deserve.

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 in bringing new companies into the city by continuing to position Peterborough as the destination of choice, not only for our own residents, but for visitors and investors in the future.

**5. BUDGET CONVERSATION**

The Cabinet wants to hear the opinions of all residents, partner organisations, businesses and other interested parties as part of the budget setting process in the form of a Budget Conversation.

In the next financial year we face an enormous challenge of finding savings of nearly £20million to balance our books, while continuing to invest in the city to ensure it is a great place to live, work, visit and stay.

**Therefore we need your help.**

Inevitably, less money means changes to the way services are delivered.

We want to understand your views on the first round of budget proposals contained within this document.

It is important to add that with so many savings to find, our room for manoeuvre is very limited and it is unlikely that everyone will get the exact outcome they would like.

We want to hear the views of as many people as possible before making final decisions.

The Budget Conversation will ask the following questions:

- 1. Do you have any comments to make about the first round budget proposals?

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.....  
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.....

- 2. Having read the first round proposals document, how much do you now feel you understand about why the council must make savings of £19.6million in 2016/17? Tick the answer you agree with.

- A great deal
- A fair amount
- Not very much
- Nothing at all

- 3. If you have any specific ideas about how the council can save money and protect services, please state these here:

.....  
.....  
.....  
.....

**So that we can check this survey is representative of Peterborough overall, please complete the following questions.**

4. Are you?

- Male
- Female

5. Please tick which of the following best describes who you are:

- Resident
- Business person
- Member of council staff
- City councillor
- Work, but don't live in Peterborough
- Member of community or voluntary organisation
- Regular visitor
- Other (please state).....

6. Which of these age groups do you fall into?

- Under 16
- 16 to 24 years
- 25 to 34 years
- 35 to 44 years
- 45 to 54 years
- 55 to 64 years
- 65 to 74 years
- 75 years or over
- Prefer not to say

7. What is your ethnic group?

- A White**  
English/ Welsh/ Scottish/ Northern Irish/ British  
Gypsy or Irish Traveller  
Any other white background
  
- B Mixed/ multiple ethnic groups**  
White and Black Caribbean  
White and Black African  
White and Asian  
Any other mixed/ multiple ethnic background
  
- C Asian / Asian British**  
Indian  
Pakistani  
Bangladeshi  
Chinese  
Any other Asian background, write in
  
- D Black/ African/ Caribbean/ Black British**  
African  
Caribbean  
Any other Black/ African/ Caribbean background

**E Other ethnic group**  
Any other ethnic group

**8. Do you consider yourself to have a disability?**

Yes.....

No .....

To get involved in the Budget Conversation, visit our website at [www.peterborough.gov.uk](http://www.peterborough.gov.uk) and read and complete the questionnaire online.

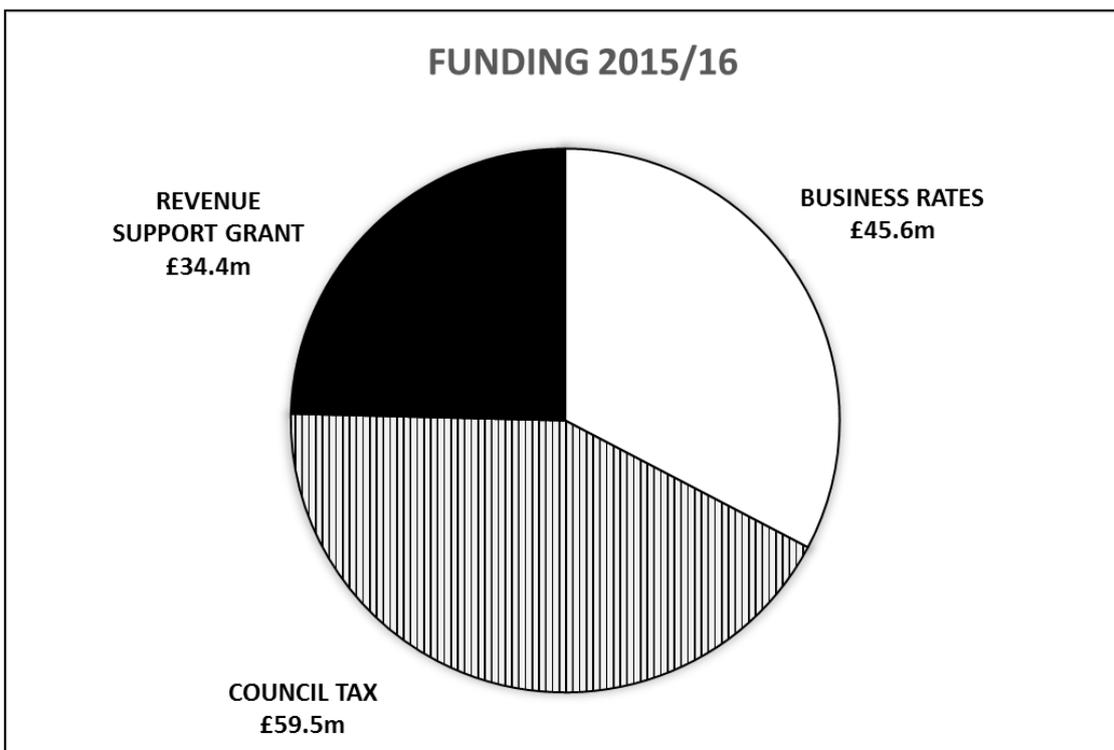
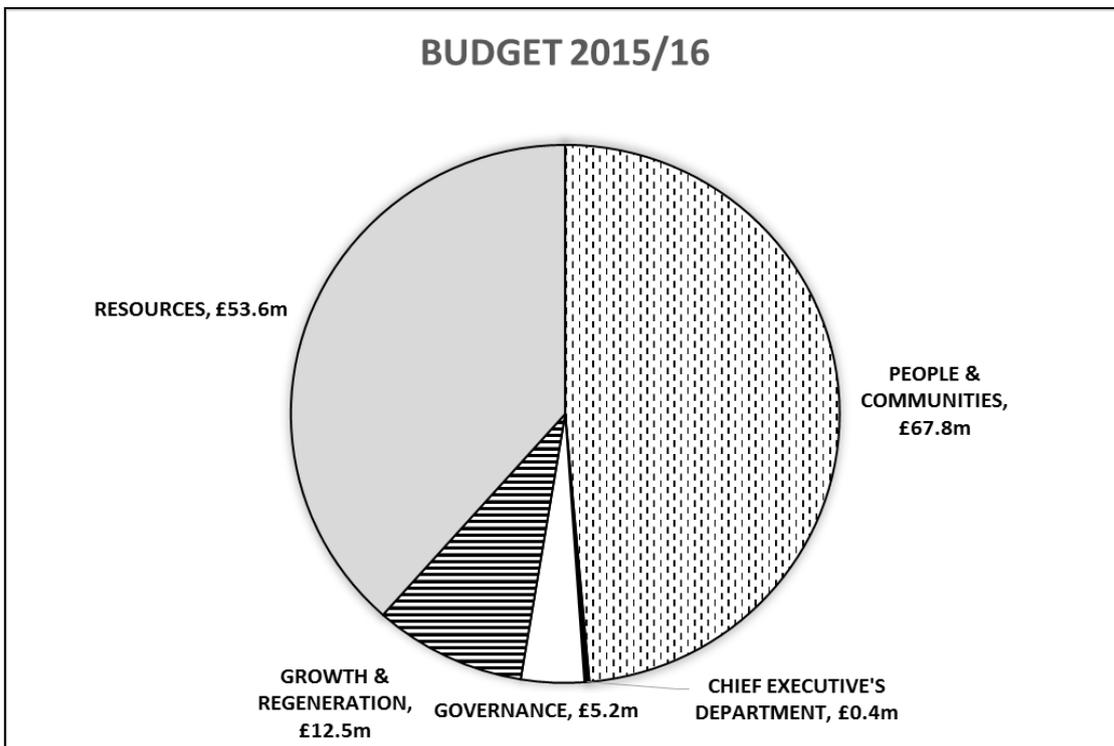
Alternatively, hard copies of the Budget Consultation document and the first phase proposals document will be made available from the reception desks of the Town Hall and Bayard Place and in all council libraries. These can be returned in person, by emailing [budget@peterborough.gov.uk](mailto:budget@peterborough.gov.uk) or by post to: Head of Corporate Finance, Peterborough City Council, Town Hall, Bridge Street, Peterborough, PE1 1HG.

Comments received up to 5pm on Thursday 3 December will be considered by Cabinet on Monday 7 December 2015.

The consultation will close at 5pm on Tuesday 15 December. Council will consider the phase one proposals on Thursday 17 December 2015.

## APPENDIX 1 – OVERALL COUNCIL BUDGET AND PRIMARY FUNDING

The council's total net budget in 2015/16 is £139.5 million (this excludes school budgets and expenditure and funding for housing benefits).



## **APPENDIX 2**

### **PEOPLE AND COMMUNITIES - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)**

The People and Communities directorate is responsible for ensuring the needs of our residents are met, particularly those that are most vulnerable. The department works with adults, children, families and communities, including schools, health services and the police.

#### **Adult Social Care**

Adult Social Care is responsible for providing council-run services and buying in and overseeing services from a range of organisations for the people of Peterborough. Those services include assessing and reviewing people's needs and managing their care, safeguarding adults who could be at risk of abuse, and providing intensive support to help people get over a fall or an illness to reduce their need for long-term care, known as re-ablement. We provide services or direct payments to ensure ongoing long-term support for those with physical, learning and mental health difficulties and complex needs. We also support people in reaching their potential for independence over a longer period.

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

Our assessment and care delivery services for people with mental health needs are provided by Cambridgeshire and Peterborough NHS Foundation Trust (CPFT).

The budget proposals protect funding for the most vulnerable adults and focus on helping people to live independently for as long as possible.

#### **Children's Services**

Children's Services provides early help and safeguarding services to the most vulnerable children and their families, including children with disabilities and emotional and physical needs. The budget proposals protect funding for education and children's social care services as they both remain key priorities for the council.

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

This department is responsible for protecting Peterborough's most vulnerable children and families, including children in care and those who need protection from significant harm. It also recruits and supports foster carers and adoptive parents.

#### **Education**

This service 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, challenging schools and ensuring schools are providing the best educational opportunities for children and young people to help them reach their full potential. Significant improvements have been made in recent years with the percentage of schools rated good or better by Ofsted now exceeding all our neighbours and above the England average.

There have also been significant pressures arising from the increase in the population of Peterborough. This has particularly impacted upon education, both in terms of school places and also the need to

provide services to a greater number of children and young people. We have been successful in bidding for further funding from the government to expand our school estate.

## **Communities**

Communities is responsible for assessing the needs of all the city's residents and deciding on the right services to meet those needs. It undertakes all the people services commissioning for the council to ensure the services we provide or buy-in are the right services, delivered at the right time, for the right people, in the right place and at the right price to ensure we are giving real value for money. It also delivers a wide range of community and targeted services including:

- Housing and health improvement
- Community and safety
- Youth and youth offending
- Early help services to support individuals, families and communities who don't need specialist services, but do need some help
- Drug and alcohol
- Domestic abuse
- Community cohesion

The focus of the service is to identify difficulties early and provide services to stop these escalating.

Communities is also responsible for ensuring neighbourhood issues and concerns that impact on people's confidence or pride are resolved, including unauthorised traveller encampments, housing enforcement, entrenched environmental crime and community tensions.

## **Customer Experience Programme – Helping People to Help Themselves**

We know that most people want to live as independently as possible for as long as they can and don't want to have to rely on others to solve their problems and difficulties.

A number of the budget proposals in the People and Communities directorate focus on a strategy to improve people's experiences. It's about improving the way we provide services to people at the first point of contact to ensure that we solve or manage the issue earlier in the process. This will ensure people remain independent and will allow them to help themselves. Subsequently this means we can further improve the specialist services we provide to the most vulnerable and in need.

The programme will build confidence, capacity and resilience within our communities by ensuring people are involved in the design, development and delivery of both preventative and targeted services.

We want to enable people to deal with problems much earlier through preventative support and improving our local communities' skills and knowledge – to empower people to help themselves. This could be through parenting courses to give parents confidence in dealing with difficulties that impact on family relationships and achievement at school. Another example is providing extra support for an elderly person who has suffered a fall, to ensure they regain their confidence and learn the skills to maintain their independence in their own home.

Through better early interventions we can invest more into targeted and specialist services for the most vulnerable. We can also ensure we give people the best chance to lead happy and independent lives by improving their skills and knowledge to cope with their individual issues.

We believe that people want to help themselves and this programme sets out how we intend to help people achieve this.

Through the savings made we can improve the specialist and targeted care we provide to vulnerable people and those that will always need our continued support.

The programme looks at changes in the technology we use, how we deliver services and also how we sell our services to other authorities to generate income.

## **SAVINGS – REVENUE**

### **Managing demand – The Front Door project**

The Front Door project will create a new model for residents to access information and advice and to ensure they reach the right services first time.

The project is based on the following key design principles:

- We will only ask people for any information once
- We will maximise any opportunity for the resident to self-serve
- We will ensure the process is resident-led and takes account of their views
- Resident information is consistent
- Wherever possible we will provide resolution for residents at the first point of contact by involving more experienced specialist staff
- Access will be available in the most appropriate locations for residents, including community centres and libraries

The project would enable residents to help themselves or resolve their own queries by re-designing and improving the way residents access the council and its services.

The Front Door project would encourage residents to access information and services via our website first and foremost and, where that isn't practical, the telephone. This will involve creating an online customer account where people can log on and access services. Practically this will result in improved information and sign-posting to available services on the council's website.

The Front Door project would also simplify the way our residents make bookings, payments and appointments. By making these improvements it will free up more time for vulnerable residents to receive a better quality of service. We plan to give advice and guidance in order to promote the use of these self-serve methods.

An important point to make is that while digital solutions will not suit every individual, they could resolve high volumes of more basic enquiries from people who are able to, and choose to, use these methods. This will leave the council more time to focus on those who can't use digital methods or who have more complex needs. Access will also be available at community centres and libraries.

The savings will be generated by reducing demand on high cost services by resolving queries at the first point of contact and providing self-service methods for residents.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Managing demand through the Front Door project	-1,460	-4,160	-4,160	-4,160	-4,160

### **New ways of working**

Council officers have a range of different roles and work requirements. Many can work in a more mobile and flexible way if provided with the right digital tools and applications combined with changes in work patterns. This would increase productivity and reduce unnecessary travel time back to central office locations.

A good example would be a social worker who can type up notes on to our central system during a visit rather than having to return to the office. This would increase the number of visits possible in a single day.

These measures would take place across all areas of the council but the savings are set out here.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
New ways of working	-250	-500	-500	-500	-500

### **Reducing spend on agency social workers – Children’s Services**

Nationally there is a shortage of skilled and experienced social workers. Therefore we have to fill vacant positions with agency social workers. Agency staff are more expensive and tend to stay for shorter periods which means that relationships need to be re-established.

Typically an agency social worker costs approximately 35-65 per cent more than a directly employed social worker.

A new strategy has been approved to provide a more stable social care workforce and reduce spend on agency staff. By recruiting a number of alternatively qualified workers we can provide a wider variety of skills in areas such as youth work and early years.

These specialist support staff will work, under qualified guidance, with children who have less complicated needs as well as support social workers with children who have more complex needs.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Reducing spend on agency social workers	-420	-370	-340	-340	-340

### **Developing a permanency service – Children’s Services**

The council is proposing to develop a new service with a specialist provider which would secure permanent long-term placements for a range of looked after young people as quickly as possible. The service would also improve the training and support available to foster carers and adopters.

The proposed service would increase the number of local fostering placements for looked after children and young people. This will reduce the council's annual £4million spend on placements delivered by independent fostering agencies.

We would prefer to work with one organisation that would deliver the whole range of services. That means it will need to be a charitable or not for profit organisation as the law says that all adoption agencies must be not for profit organisations.

Any new service would be based at Peterborough City Council.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Permanency service	0	-650	-900	-900	-900

### **Creation of Health and Social Care System teams – Adult Social Care**

The council is responding to the city’s ageing population by bringing health and social care teams closer together and providing a “one-stop-shop” for residents.

We propose to co-locate experienced social care staff and resources with NHS services, such as GP clusters, to form Health and Social Care System teams. These teams will provide a more seamless, localised health and social care service.

This will be combined with developing self-help methods and sign-posting so that residents can resolve their needs independently, where possible.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Co-locating staff to expand Health and Social Care System teams	-350	-350	-350	-350	-350

### **Income generated through Schools Improvement Services - Education**

Only three out of the 12 secondary schools in Peterborough are now under local authority control. Academies in Peterborough buy services from the council in order to continue educational improvements. This has enabled us to successfully generate income for these services. From 2016/17 we expect to earn an extra £200,000 annually from the sale of these services.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Additional school improvement income	-200	-200	-200	-200	-200

### **INVESTMENT – REVENUE**

#### **Unaccompanied asylum seeking children**

Over the past 12 months we have seen a rapid rise in the number of unaccompanied children that are seeking asylum. We have a statutory duty to care for these children and young people.

Although the government funds the council to support these young people up to the age of 18 there is no funding provided to support them once they become adults. Children in care continue to receive the council's support for a number of years after the age of 18.

Nationally, there is an issue in how long it takes to resolve immigration status once people turn 18. Therefore we expect to support a growing number of these young people after the age of 18, without the support of any government funding, while their immigration status is confirmed. The additional cost is estimated to be £100,000 a year.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Unaccompanied asylum seeking children	100	100	100	100	100

#### **Children in care until the age of 25**

As mentioned, the council continues to support children in care past the age of 18. For example, if they are in a long-term permanent fostering arrangement we would continue to offer this if they wanted to stay.

Presently we provide this support until they reached the age of 21. The government says it now intends to change this legislation so that councils are required to offer support to care leavers until the age of 25. The additional cost is estimated to be £150,000 annually.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Children in care until 25	150	150	150	150	150

### Deprivation of Liberty Safeguards (DoLS)

Some individuals that we care for have their liberties restricted for their own safety. A resident with dementia might need certain restrictions, such as locking doors, so they remain safe.

The council is required to make sure that the individual is of sound mind to agree with this. If they are not capable of this we have to obtain an order from the Court of Protection where we would argue that the measure is in their best interests.

An investment is needed to meet new national legislation linked to the Mental Health Capacity Act 2005. The precise impact is still being determined, so this figure is an initial estimate. If it needs to be revised we will do so in our phase two proposals.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Deprivation of Liberty Safeguards (DoLS)	180	180	180	180	180

### Increase legal services budget

Growth brings many positive benefits to the city but it can also create some additional pressures. To meet current demand we propose to invest an additional £130,000 annually in our legal services budget.

Much of this investment is to meet our statutory duties as an authority. A good example is the need for legal and professional support to assist in social care meetings with parents.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Increase legal services budget	130	130	130	130	130

### National Living Wage

Currently the council pays every member of staff at least the living wage of £7.85 an hour.

The government has set out its intentions to establish a compulsory National Living Wage to be paid to workers aged 25 and above. This will start in April 2016 at £7.20 per hour and rise to £9 per hour by the end of this parliament.

The impact is minimal for the council's own staff, as a Peterborough Living Wage has previously been agreed. We expect the main pressure to come from companies that provide services on the council's behalf. As these companies put their staff wages up we expect this to be reflected in the amount we have to pay for their services. The council will of course look to negotiate and require those providers to make efficiencies where possible to offset the costs.

This change will affect most directorates across the council; however it is likely to have the biggest impact in People and Communities because of the type of services provided.

The additional cost is estimated to be £430,000 in 2016/17 rising to £3.69million by 2020/21.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
National Living Wage	430	1,000	1,560	2,120	3,690

### School transport

The number of children who need home to school transport has increased. In addition the number of looked after children who require transport has also risen.

Between 2013 and 2015 the city's school population increased from 31,000 to around 33,500 pupils; a rise of just under eight per cent.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
School transport	540	540	540	540	540

## **APPENDIX 3**

### **RESOURCES - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)**

The Resources department consists of the following:

#### **Financial services**

- Financial planning and corporate accounting
- Finance and management accounting support to council departments
- Internal audit
- Serco Strategic Partnership (business support, shared transactional services, business transformation, procurement, customer services, finance systems, strategic property) and ICT partnership

#### **Commercial group**

- Digital Peterborough, including City Fibre – broadband partnership
- Amey Strategic Partnership which includes refuse collection, street cleaning, parks, trees and open spaces, building cleaning and passenger services
- Waste management and waste disposal including the energy recovery facility
- Vivacity (culture, recreation and libraries)
- Westcombe Engineering
- Energy efficiency including our energy performance contract, placing solar panels on residents' roofs with Empower
- Corporate property including asset disposals

#### **Cemeteries, cremation and registrars**

- Bereavement services
- Registration service

### **SAVINGS – REVENUE**

#### **Business rates growth**

The city council has negotiated a trial with the Treasury to retain nearly all business rates growth over our annual forecast. This trial began in 2015 and will continue for three years. There are only a handful of local authorities taking part in the trial in England.

Through growth in the number of business premises in Peterborough, we have seen a rise in business rates beyond our predictions. Through the business rates growth retention scheme, the council can retain more of this additional income. This means we can use this extra income to protect front-line services.

The table below shows the additional income anticipated over the next five years.

Furthermore, during 2015/16 we will retain an extra £910,000 in business rates above our original forecast. This will be used to protect services in 2016/17.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Business rates growth	-580	-500	-500	-500	-500

### **Council tax - growth in properties and related issues**

As well as a growth in business rates above our previous forecast, we have also seen a growth in council tax income above predictions because of the city's rising population.

We therefore expect to receive an additional £1million during 2015/16, which can be rolled forward to protect services during 2016/17. This is a one-off benefit.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Council tax growth – one-off benefit	-1,000	0	0	0	0

We had previously assumed that the tax base would grow by around 1.1 per cent or around 800 properties every year. Due to an increase in house building we are now forecasting that 1100 properties will be constructed each year. We therefore expect to receive the additional council tax income over the next five years as set out below.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Council tax growth	-690	-950	-1,220	-1,480	-1,760

In addition, extra income from growth in the council tax base will also support the following issues as outlined below:

### **Council tax - Council Tax Support Scheme**

The government changed council tax benefit as part of its welfare and localism reform so that councils set and administer the benefit under a local scheme. The government also reduced the amount of money councils have available to provide council tax support. As a result the council introduced a new scheme, which reduced the amount of council tax benefit available to working-age claimants by 30 per cent.

Council members need to consider whether to change the rate of support offered at a specific meeting in late January. As such this proposal will not form part of the decisions to be made at Council in December.

Cabinet will consult on a proposal to keep the Council Tax Support Scheme as it is i.e. a 30 per cent reduction. There will also be proposals to align the scheme better to the housing benefit scheme, making it easier for applicants.

It is included here because if kept at the same rate it will result in an additional financial pressure on the council. This is because we expect the number of eligible residents for council tax support to rise due to the reduction in the government's benefit cap.

## Council tax - Introduction of the Peterborough Hardship Fund

In response to the government's changes to welfare, the city council introduced the Peterborough Community Assistance Scheme (PCAS). The scheme works in partnership with a number of organisations including Peterborough CAB, Rainbow Savers Credit Union and KingsGate Community Church, which manages a number of food banks across the city.

The scheme provides residents with advice and guidance on managing their finances and a range of services to help support people in a crisis. These include foodbanks, free electrical items or prepaid energy cards.

PCAS helps between 450 and 500 residents a month. Other organisations in the partnership include Disability Peterborough, Age UK and MIND.

The council knows that for some residents times are especially hard, and with further changes in benefits set to be introduced, we are proposing additional support for those most in need.

The establishment of the Peterborough Hardship Fund, supported by PCAS, will allow residents in significant hardship to apply for a reduction in their council tax bill (applicants will already be part of the Council Tax Support Scheme). Applicants would need to demonstrate that they have sought advice and that every effort has been made to control their finances. We propose to invest £50,000 in this fund on an annual basis. This will be consulted on alongside the Council Tax Support Scheme proposals.

## Council tax - Collection of council tax

With the city growing at one of the fastest rates in the country we have more households to collect council tax from. Also, when the Council Tax Support Scheme was introduced in 2013, 8,750 households in Peterborough started paying council tax (at a rate of 30 per cent of the full equivalent bill) for the first time. We need to invest in the team to ensure collection rates can be maintained.

## New Homes Bonus growth

The New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes.

House building has accelerated in the city and we are receiving a higher grant than had previously been forecast.

In 2014/15, 1,342 new homes were built in Peterborough. An exceptional achievement and the highest number constructed in any one year since 1980, with just over 500 being affordable homes. As mentioned earlier, we are now forecasting that 1100 homes will be built each year in the city.

We therefore expect to generate additional income from the New Homes Bonus which helps us to better protect services. For 2016/17 we anticipate an extra £620,000 will be raised, increasing to £2,040,000 by 2020/21.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
New Homes Bonus growth	-620	-960	-1,330	-1,690	-2,040

## Council tax discounts

The Local Government Finance Act 2012 allowed councils to amend council tax discounts in certain circumstances from 1 April 2013. The council made changes to some discounts at that stage. The council has reviewed its remaining council tax discounts introduced against legislation and proposes to

remove the one month discount of 100 per cent for substantially unfurnished and unoccupied properties for all class C dwellings from 1 April 2016.

<b>Discount</b>	<b>Current position</b>	<b>Change from 1 April 2016</b>
Substantially unfurnished and unoccupied	Changed from a six month exemption to a one month discount of 100 per cent.	Nil discount – removal of the one month discount of 100 per cent.

The financial benefit from this will be finalised during phase two of our proposals. It is included here to allow the maximum time for consultation and implementation.

### **Expansion of solar PV schemes**

Working in partnership with Empower Communities we are currently offering free solar PV installations to suitable private residential homes within the Peterborough City Council area. We are also working with Axiom Housing to install solar schemes on some of their properties. This will generate income for residents, the council and communities. In addition to this, the partnership will deliver solar schemes to a wide range of social housing providers across the country. In total approximately 8,500 homes will benefit from these schemes.

The partnership is called Empower Peterborough. The council provides the initial funding for the solar roll-out as a loan to be repaid with interest. The scheme is expected to generate additional income of £320,000 in 2015/16 and £640,000 in 2016/17.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Expansion of solar PV schemes	-640	0	0	0	0

### **Future delivery of property services**

We plan to start a joint venture with NPS Property Consultants (NPS) which is part of the Norse Group. This is a substantial property services company owned by Norfolk County Council that has been operating for over 10 years in both the public and private sectors. The NPS joint venture model with local authorities is tried and tested across the market with 23 joint venture companies under the group at present.

The benefits of a joint venture include the ability to better access robust and quality property specialisms at short notice, as well as generating additional income by the joint venture trading its services to other organisations. Any trading profits would be split 50:50.

Services proposed to be transferred into the joint venture include estate management, asset acquisition, design, disposals and rent collection. We expect that this proposal will make savings in the region of £100,000 in 2016/17 and 2017/18, rising to £150,000 in subsequent years.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Future delivery of property services	-100	-100	-150	-150	-150

### **Update on capital programme**

The council borrows money (capital) to spend on infrastructure assets. We have to predict how much we intend to spend each year as part of our budget – and how much interest we will need to pay.

As some schemes will be delivered later than originally planned, we have borrowed less than we forecast and therefore we have less interest to pay. Interest rates are also likely to be lower than had been forecast. The schemes will be delivered; this simply reflects the latest plan of when costs will be incurred. We can therefore adjust the current budget with the following savings:

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Update on capital programme	-270	-210	-160	-160	-160

### Repaying our capital debt over a longer period

As mentioned the council invests in a range of assets across the city. Currently we pay off some elements of the debt, with interest, over 25 years. We have undertaken a review of the assets that this borrowing supports, and the average life of those assets is 42 years.

We are proposing to align our debt repayment with the life of those assets, repaying over 42 years instead of 25.

The approach will require approval from our auditors, and an update to our Treasury Management Strategy that will be considered by Council in March as part of the full Medium Term Financial Strategy. We are also working to see if there are any further options in this area.

This will increase the total amount of interest over the full term of the loan but in the current financial climate it will protect front-line services for residents. As well as the savings listed, if agreed we plan to implement in the current financial year and make the same £2million saving in 2015/16 which will be carried forward and used to support services in 2016/17.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Repaying our capital debt over a longer period	-2,000	-2,000	-2,000	-2,000	-2,000

### Revenue impact on changes to Schools Capital Programme

The Schools Capital Programme sets out how much we need to invest in the creation of school places in the city. We have to predict how much we need to spend and how much that will cost us in interest.

We have been successful in funding a larger portion of the Schools Capital Programme through developer contributions and grants from the Education Funding Agency. This has meant we have been able to reduce the council's contribution to the overall programme – and therefore have borrowed less and have less interest to pay. This will result in savings for the next three financial years as set out below.

However, given the speed our school population is growing we will need to invest more than had been previously predicted in 2018/19, 2019/20 and 2020/21. We will have more interest to pay than forecast in 2019/20 and 2020/21.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Changes to Schools Capital Programme	-920	-630	-330	620	1,190

## **INVESTMENTS – REVENUE**

### **Procurement**

Procurement services are provided in partnership with Serco. In exchange for being able to manage the procurement of a level of council spend, Serco offers a guarantee on the level of savings that will be generated. The council banked these savings at the start of the partnership.

If the level of spend drops, then so does the savings guarantee. The council has decided that for some elements of spend e.g. children's foster care; it wishes to follow a different approach. As such we need to adjust the savings level previously included in our Medium Term Financial Plan. This approach will deliver benefits that are outlined in individual departmental submissions.

As these savings were previously set out in the Resources budget a financial adjustment is needed.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Procurement	440	470	460	450	440

### **Climate change levy**

The Energy Recovery Facility (ERF) will be fully commissioned by the end of 2015. Instead of waste being sent to landfill it will now be used at the ERF to create electricity.

Due to the government making changes to the climate change levy (CCL) exemption there will be a reduction in the income we had previously forecast from the sale of power generated by the ERF.

CCL is a tax on the supply of energy to businesses and the public sector. Renewable energy has been exempt from this tax since 2001 but this exemption has been removed by the government. This will result in an additional financial pressure to the council as set out below.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Climate change levy	280	280	280	280	280

### **Property portfolio**

The council rents a property on Ivatt Way to a private business. This is the largest site in the council's portfolio.

A review of the rent paid means it will be lower than we had previously forecast. The review has enabled the council to secure a longer term tenancy in the property, when the alternative may have been a complete loss of income if the tenant had pulled out.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Property portfolio	260	260	260	260	260

## Mausoleum income

The income generated by mausoleums will be lower than anticipated in the coming years. This is because there are no more mausoleum units available for sale. The lost income is for 2018/19 onwards.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Loss of mausoleum income	0	0	120	120	120

## **APPENDIX 4**

### **GROWTH AND REGENERATION - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)**

Peterborough is the second fastest growing city in the country. The Growth and Regeneration directorate is in charge of driving that growth and overseeing major regeneration projects in the city.

Growth and regeneration leads to additional income for the council through the New Homes Bonus and business rates.

The Growth and Regeneration directorate consists of the following:

#### **Peterborough Highway Services**

This partnership with Skanska, the council's highways contractor, is responsible for maintaining and improving our roads and street lights, gritting roads in the winter, public transport and planning the future of transport in Peterborough and its surrounding villages.

#### **Planning services**

Peterborough City Council was named Local Authority Planning Team of the Year at the 2015 Awards for Planning Excellence. The awards are run by the Royal Town Planning Institute (RTPI).

This service includes surveyors, planners and other technical teams who work with residents and businesses to ensure new development fits with the city's growth plans. The service also works with schools and local communities to help make our city greener and is responsible for our environment capital aspiration.

In recent years the planning team has started to generate income through selling services, such as planning policy and development control expertise, to other local authorities throughout the UK. In total, the planning service now generates approximately £500,000 per year which is used to reduce the running cost of the department. This year we have also formed a joint planning service with Fenland District Council.

#### **Opportunity Peterborough**

The council's wholly-owned company Opportunity Peterborough supports our agenda to grow the city by 20,000 jobs and 25,500 houses by 2026, by attracting inward investment and marketing the city to businesses.

#### **Growth joint venture company – Peterborough Investment Partnership**

This partnership is supporting the regeneration of city centre sites in the council's ownership including Fletton Quays (also known as South Bank/Riverside Opportunity Area).

### **SAVINGS - REVENUE**

#### **Patching**

Patching works are carried out on the city's roads when a repair is necessary without the need for a large scale resurface. We have identified that patching works totalling £100,000, that are currently funded from the revenue budget, can instead be funded from capital starting in 2016/17. This proposal makes no change to the level of patching on the road network in Peterborough.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Patching	-100	-100	-100	-100	-100

## Fee for Head of Peterborough Highways Services

Instead of the council paying the salary for the head of service, Skanska will fund the post from 2016/17. This will generate an ongoing annual saving of £80,000.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Head of Peterborough Highways Services	-80	-80	-80	-80	-80

## **APPENDIX 5**

### **GOVERNANCE - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)**

The Governance department consists of:

#### **City Services and Communications**

This department works with local businesses and other organisations to build a stronger local economy by attracting visitors to Peterborough and helping to build its reputation as a leading tourist destination. It supports city centre retailers and oversees city centre services from CCTV cameras and car parks to events such as the Perkins Great Eastern Run, as well as cultural festivals and the Christmas lights switch-on. It also manages the City Market and a number of street markets.

The Communications team supports all council departments by advising how best to explain their services to residents. It promotes the council through the media, writes communications strategies for major initiatives, produces press releases, marketing campaigns and manages the council's website and social media.

#### **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.

#### **Legal and Democratic services**

This team provides legal services to all council departments as well as Rutland County Council and East Cambridgeshire District Council. It supports Full Council, Cabinet and committee meetings, civic services to the Mayor, support services to councillors as well as a range of other related services. It also manages elections and the electoral register.

#### **Human Resources and organisation development**

The Human Resources team aims to make the council the employer of choice and improve the council's performance through its people. It works with managers in recruiting, developing, managing and engaging employees to produce a skilled, committed, flexible and diverse workforce. HR provides services to the council which include employee relations, policy and reward, occupational health, workforce development and training and development. HR is also responsible for internal communications and employee engagement.

#### **Performance and Information**

This team provides a central performance management function, oversees information governance and co-ordinates information requests.

The department generates an income in the region of £7million annually. This income is provided through trading legal and regulatory services with other local authorities as well as through non-maintained schools and other partner organisations. The department also gains income through the City Market and car parking in the city centre.

### **SAVINGS - REVENUE**

#### **Coroner's services**

Cambridgeshire and Peterborough is now served by one senior coroner after the three coronial areas that covered the city and the rest of the county were merged. It followed the retirement of the other two senior coroners and will produce an ongoing annual saving from sharing the service.

The budget for the coroner was previously increased to take account of medical examiner responsibilities under Ministry of Justice reforms. These changes have not had the impact initially expected and we are able to reduce the ongoing budget.

The combined saving going forward is shown below.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Coroner's services	-40	-40	-40	-40	-40

### **Occupational health, workforce development and training**

We carry out occupational health assessments for non-maintained schools in the city. We have carried out a review of our pricing and are proposing to raise it to the market rate.

A restructure has also taken place in our workforce development team and a reduction in staffing has been identified.

In total these measures will achieve savings as follows.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Occupational health, workforce development and training	-70	-70	-70	-70	-70

### **Shared chief executive with Cambridgeshire County Council**

The city council now shares its chief executive with Cambridgeshire County Council. The agreement is that both authorities will split her salary and additional costs. Therefore this will save the council £110,000 over the trial 12 month period. This is split between two financial years and will save £50,000 in 2015/16 and £60,000 in 2016/17.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Shared chief executive	-60	0	0	0	0

## **INVESTMENT – REVENUE**

### **Taxi licensing income**

The government has reduced the frequency that taxi drivers and operators have to replace their licenses. Drivers now need to renew their licence every three years and operators every five years. Previously both had to renew annually.

This will result in a loss of income for the council against the forecast in previous budgets. Therefore we are making an adjustment to reflect this.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Reduction in taxi licensing income	20	20	20	20	20

## **APPENDIX 6**

### **PUBLIC HEALTH - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)**

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 £9.3million in 2014/15 and the same for 2015/16. Our grant for 2015/16 has been reduced in-year by around 6.2 per cent, approximately £670,000, following an announcement in June by the Treasury to reduce the public health grant to local authorities. It has not been confirmed whether this reduction will continue in future years.

In addition the council has received £1.5million of public health funding to cover new public health responsibilities for 0-5 year olds, which transferred from the NHS to local authorities in October 2015.

We have to account to the Department of Health on how the grant is being spent, focussing 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 public health advice is available to all local NHS organisations

Examples of these objectives will include providing health checks, sexual health services, drug and alcohol services, stop smoking services, health visiting, school nursing and services to tackle child and adult obesity. 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.

### **SAVINGS - REVENUE**

We fund a range of services using the public health grant. Given the in-year reduction in the grant we have had to find alternative ways of funding our public health activities to avoid a detrimental impact on residents. The reduction in the grant was approximately £670,000, or 6.2 per cent of the overall budget.

Although it is still to be confirmed that our in-year reduction for 2015/16 will continue in future years, we are working on the assumption that this is a permanent reduction in the overall grant to the council.

A number of services are part-funded through the public health grant including our Care and Repair Service and some elements of our work with homeless people. Instead we will now use Care Act funding to support these.

We also entered into a new sexual health services contract, securing £50,000 of savings which will be used to partly offset the reduction in grant funding. A further £50,000 worth of efficiencies have been identified in the 0-5 years old public health services contract. This will be achieved through combining the delivery of some health services in early years with other services such as children's centres.

If there are other saving plans they will be part of the phase two proposals.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Care Act funding	-450	-450	-450	-450	-450
Public health efficiencies	-100	-100	-100	-100	-100

## **APPENDIX 7** **STAFF IMPLICATIONS**

This section outlines any issues that affect the costs of staffing, as well as the impact on staff numbers.

### **Abolition of contracting out of S2P**

In April 2016 the current basic state pension and state second pension (S2P) will be abolished and replaced by a single-tier state pension. As a result employers will have to pay an increased amount of National Insurance. We had previously budgeted for this increase but a review has concluded that the costs are not as high as we originally assumed.

We are therefore able to reduce the budget as follows.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Abolition of contracting out of S2P	-260	-260	-260	-260	-260

### **Update to pay award forecast**

The council currently adopts nationally agreed terms and conditions of service for its staff. This includes whether a pay award is applied.

The council originally forecast that pay awards would average around two per cent per annum. Given recent announcements from the Chancellor on public sector pay, and overall issues with affordability in the sector, the council has revised these forecasts down, assuming no pay award for three years, and then averaging one per cent after that.

Issue	2016/17 £k	2017/18	2018/19	2019/20	2020/21
Update to pay award forecast	-770	-1,580	-2,410	-2,900	-3,410

### **Vacancy and redundancy**

In order to deliver the phase one changes outlined in this document some posts will be affected. The table below explains the staffing implications.

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.

This information relates to council staff only. We will outline the impact of the phase two proposals when they are published in January.

<b>Staff implications</b>	<b>Total</b>
Total number of affected posts	12
Minus vacant posts to be deleted	4
Minus voluntary redundancy acceptances	TBC
<b>Compulsory redundancy total</b>	<b>8</b>

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