

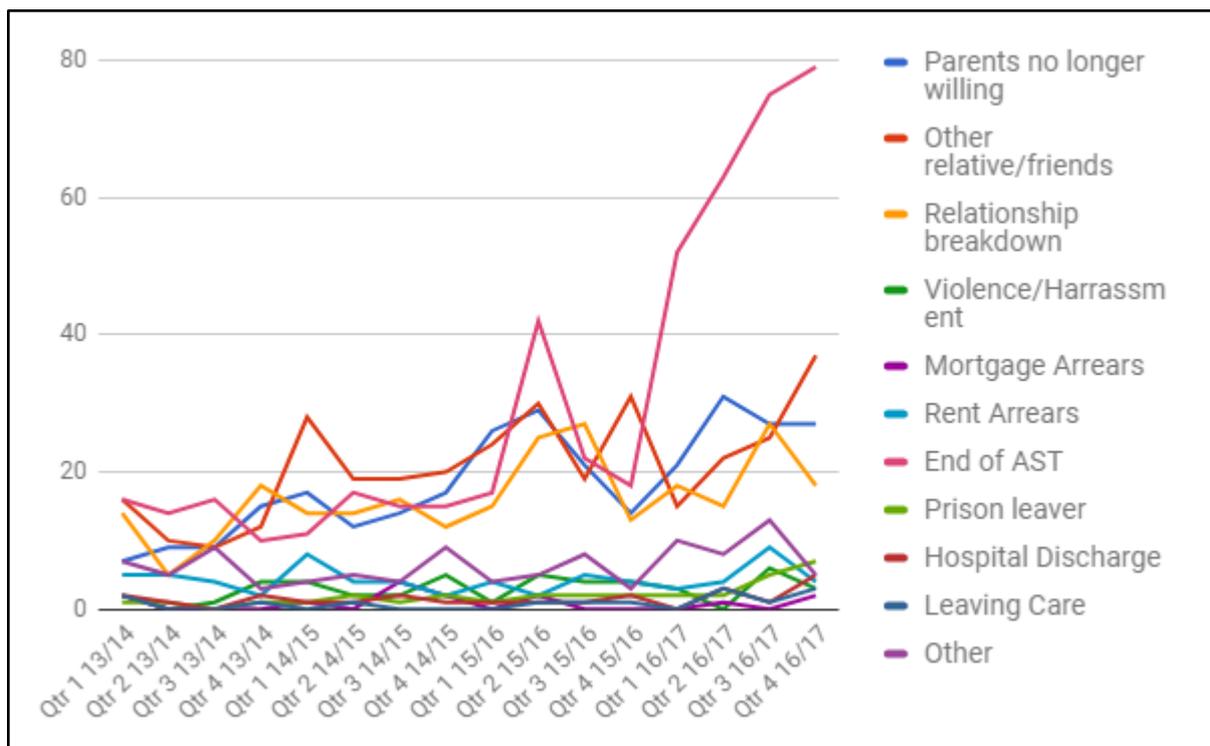
## Appendix A - Phase One Budget Pressures

### People and Communities

#### Rising numbers of homeless households

Over the past two years the fastest growing financial pressure on the council has been the dramatic and unprecedented rise in homeless households in the city. Similar increases are being seen across the UK.

Historically the main reason for becoming homeless had been the breakdown of a relationship or family/friends no longer willing to accommodate households while they secure suitable permanent accommodation. However currently the main reason for homelessness in Peterborough, and nationally, is private assured shorthold tenancies (AST) being ended by a landlord.



Vertical axis - The number of households accepted as homeless

As well as using social landlords to secure permanent properties for homeless households to whom the council accepts a full housing duty, since 2011 local authorities have been able to secure suitable accommodation in the private sector. Previously this combination of social and private landlords has met demand from homeless households, however this is no longer the case for a number of reasons:

- Recent increases in private rental costs while Local Housing Allowance rates have been frozen by the government has meant the majority of rental properties are no longer affordable for those households that claim benefits
- An increasing reluctance from landlords to accept households who are in receipt of support with housing benefits and Universal Credit. This is mainly because these benefits are paid in arrears
- Changes to taxation rules mean landlords with smaller portfolios no longer see it as profitable and are selling their properties

The use of private accommodation as suitable permanent accommodation for homeless families has therefore fallen to a very low level.

Other factors that have reduced permanent accommodation options include the government's right to buy policy and significant reductions in government funding to build new affordable homes. This means that at a time when the demand from households requiring assistance has been increasing, the availability of permanent accommodation options have been decreasing.

Therefore the use of temporary accommodation, in order to house homeless households until a permanent home can be secured, has increased and households are staying for longer. At the end of September 2017 the council was accommodating 328 households in temporary accommodation, compared to 97 just two years ago. This is currently exerting a significant financial pressure on the council.

Until recently the council used hostel accommodation to house homeless households until suitable permanent accommodation was secured. B&B-type accommodation was used as a short-term emergency placement, however as the number of homeless households presenting to the council has increased use of this type of accommodation has risen.

Responding to these pressures the council has increased the amount of temporary accommodation in the city and now has 216 units available. These increases include properties at St Michael's Gate (84) and Elizabeth Court (53).

Forecasts based on last year's demand indicate that, even with these increases to temporary accommodation in the city, there will still be a need for around 110 households to be accommodated in B&B type accommodation in 2017/18 at any one time. As well as being unsuitable accommodation for households, the use of B&Bs or equivalent is much more expensive for the council.

It is highly likely that the city will continue to see an increase in the number of households presenting to us for assistance. Reasons for this include:

- Universal Credit - being rolled out in Peterborough in November 2017 and pilot areas are reporting a 12 per cent increase in eviction action due to rent arrears. Therefore we are forecasting a similar increase from January 2018
- Homelessness Reduction Act 2017 - anyone accepted by the council as being threatened with homelessness within 56 days will be owed the new prevention duty which could include placing them into temporary accommodation at an earlier point in the process than is presently required. Government forecasts expect the Act, which becomes law on 1 April 2018, will increase demand by a further 26 per cent.

The government is providing a pot of funding (for the city council - £123,435 in 2017/18, £113,066 in 2018/19 and £129,943 in 2019/20) to councils to contribute towards the additional demands associated with the Homelessness Reduction Act.

The council is placing significant focus on increasing the supply of accommodation in the city to ease the current pressure. Through NPS Peterborough and Medesham Homes, both council joint venture property companies, the council is identifying a pipeline of units throughout the city which could be used for either temporary or permanent accommodation.

However even with potential new units, the growing number of factors set to further increase the number of households presenting as homeless to the council means it is necessary to significantly invest into this service to ensure the council is able to support those most in

need. This includes forecasting the continued use of B&B type accommodation over the next three years.

The council will continue to identify ways to reduce the predicted financial pressure and additional proposals may come forward in phase two of the 2018/19 budget setting process.

Pressure	2018/19 £k	2019/20	2020/21
Rising numbers of homeless households	1,605	2,595	5,764

### Housing Needs

There is a need to increase staffing levels in the council's Housing Needs team given the unprecedented rise in the number of homeless households in the city.

Pressure	2018/19 £k	2019/20	2020/21
Housing Needs	130	65	-

### Rising demand on adult social care services

Nationally adult social care is facing unprecedented financial pressures resulting from reducing budgets, rising costs of care, increasingly complex needs and an ageing population. The city council has not escaped these issues and itself is facing an enormous financial challenge in terms of providing care for those most vulnerable in our city.

Cambridgeshire Research Group's [population growth estimates](#) suggest overall growth in Peterborough between 2016 and 2036 will be 12.9 per cent, from 198,130 to 240,830 residents. Growth is anticipated to be highest among older age groups, with predicted increases of 159 per cent in over 85s, 75.8 per cent in the 75-84 age group and 45.6 per cent in residents aged 65-74.

In 2017/18 the council approved an increase to the adult social care budget by just over £2.3million to meet demands. However these demands have increased further and therefore adult social care will require more investment in order to cope with current and future pressures.

There continues to be a significant rise in in the number of self-funding residents (those that met the financial threshold) becoming fully funded by the council which contributes to the increased pressure on budgets in the city.

Other rising costs on the service relate to young people moving into adult social care services who often require high cost services to respond to complex needs.

One of the most significant financial pressures is the impact of the National Living Wage on homecare agencies which has increased rates the council is paying for services at a time when funding to councils has reduced dramatically.

Therefore an additional investment of £604,000 in 2018/19 is proposed to manage increasing costs and demand on adult social care services and to ensure residents receive the care that they need. This will then rise to £2.616million by 2020/21.

Pressure	2018/19 £k	2019/20	2020/21
Rising demand on adult social care services	604	1,442	2,616

### St George's Community Hydrotherapy Pool

The St George's Community Hydrotherapy Pool has recently re-opened after investment by the city council and contributions from Inspire Peterborough and the Friends of St George's. The council remains committed to the pool and for 2018/19 a budget pressure of £14,000 has been identified after forecast fee income is taken into account. The city council has committed to build a brand new facility in the city to be open in 2019.

Pressure	2018/19 £k	2019/20	2020/21
St George's Community Hydrotherapy Pool	14	2	2

### Pupil Referral Service

The city council has a statutory responsibility to provide education for pupils who are permanently excluded from school. In Peterborough there is a maintained Pupil Referral Service (PRS) that is responsible for this provision.

The PRS does not have planned admission numbers as it is not possible to specify how many pupils will attend at any one time. However to aid future planning purposes it is necessary to agree a notional number of pupils and to identify a new funding model for the service. This model has been benchmarked against costs from other councils.

The new arrangement includes all salary costs and will enable PRS to operate as a school and manage its own budget going forward. The process of creating this new funding model has identified an annual pressure of £239,000 for the service.

Pressure	2018/19 £k	2019/20	2020/21
Pupil Referral Service	239	239	239

### SEND funding

The government introduced the SEND (Special Educational Needs and Disabilities) grant to provide additional support to local authorities following changes made by the 2014 SEND code of practice.

The notification of the grant is given at the end of the financial year and this creates a potential funding pressure on the council if it is discontinued by government. If this grant is discontinued then the council would support these activities and therefore potentially creates an additional annual revenue cost of £144,000.

Pressure	2018/19 £k	2019/20	2020/21
SEND funding	144	144	144

### People and Communities budget review

Ahead of the 2018/19 budget setting process there has been a comprehensive review of directorate budgets. This review has looked at changes in legislation, refreshing demographics and other changes required to services.

The review has highlighted an ongoing annual funding pressure of £776,000 across the council's largest directorate - People and Communities - which includes services such as children's services, adult social care and education.

These pressures include:

- Education Support Grant (ESG) - ESG is funding that councils receive to fulfil statutory education duties. These services include school improvement and education welfare. Increasing numbers of schools converting to academies in the city has resulted in a reduction in ESG which needs to be reflected in the council's overall budget
- Care Act Funding - The Care Act placed a series of new duties and responsibilities on local authorities in relation to care and support for adults. These included providing information and advice and making sure the services people receive prevent their care needs from becoming more serious. The funding for Care Act responsibilities were only factored into the council's Medium Term Financial Strategy for one year which now need to be replicated in future years to ensure the council meets its obligations
- Changes in staff terms and conditions - This has meant that some residential staff are now entitled to shift premiums

Pressure	2018/19 £k	2019/20	2020/21
People and Communities budget review	776	776	776

### Resources

#### Metal

The council intends to continue its support to arts organisation Metal by providing annual funding of £50,000 until 2019/20. At this point the group will be resident in the new arts hub, the former Whitworth Mill building on Fletton Quays, and will not require any future funding from the council.

To access the funding Metal must deliver a number of community arts projects in 2018/19 including at least one large scale public project in the city, bringing together a diverse range of local residents to participate.

Pressure	2018/19 £k	2019/20	2020/21
Metal	50	50	-

### Environmental health - food safety

The council's Food and Health & Safety team carries out statutory food safety and health and safety regulatory compliance work. One of its roles is to inspect premises to check food hygiene standards and operating practices are safe.

Due to the city's growth there has been an increase in the number of businesses that require inspection. It is therefore proposed that the council recruits two additional environmental health officers to undertake food safety work at an ongoing annual cost of £94,000.

Pressure	2018/19 £k	2019/20	2020/21
Environmental health - food safety	94	94	94

### Coroner Service

Coroner services for Peterborough and Cambridgeshire were merged in November 2015. Since then the service has seen an increase in caseload as the population and subsequently the number of registered deaths has increased.

From 2014 to 2016 the number of deaths registered across the area increased by 22.4 per cent. This mirrors an upward trend that has been seen nationally. Therefore to manage this rise it is proposed to increase funding to the service as set out.

Pressure	2018/19 £k	2019/20	2020/21
Coroner Service	70	75	80

### Agile working

Since 2016, the city council has adopted an agile working programme to improve employee efficiency. The council will also be re-locating staff to Fletton Quays in 2018 and therefore there is a need to have embedded agile working ahead of this.

Previously, in the 2016/17 budget setting process, a £500,000 savings target was set against the roll-out of agile working across the council. However it is now clear that the benefits from agile working are more improvements to staff flexibility, work/life balance and an increased ability for officers to cope with growing workloads as demands on services increase. The council is now proposing to remove this saving which creates an ongoing pressure of £500,000.

Pressure	2018/19 £k	2019/20	2020/21
Agile working	500	500	500

**Growth and Regeneration****Verge parking**

In March 2017 the Growth, Environment and Resources scrutiny committee endorsed the Verge and Pavement Parking Policy Document and agreed that any associated funding requirements be given priority.

In order to implement this scheme, additional funding of £22,000 per year is required from 2018/19. This will pay for the establishment of a city-wide Traffic Regulation Order (TRO), associated signage and additional Prevention and Enforcement Service officer capacity to enforce the TRO once individual areas of the city are activated.

Pressure	2018/19 £k	2019/20	2020/21
Verge parking	22	22	22

**Governance****Legal services**

Legal services provides in-house advice and support across all departments at the city council. It also generates income by providing advice to other organisations in order to reduce the overall cost of the department. There has been an increase in costs to the department due to a 30 per cent increase in children's safeguarding work over the past year. These pressures, alongside a rise in the level of support required for special educational needs and disabilities (SEND) tribunals, are mirrored nationally.

Pressure	2018/19 £k	2019/20	2020/21
Legal services	94	94	94

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