

Appendix A - Budget Context highlighted in Phase One, MTFs for 2018/19-2020/21

Since the government's austerity programme began in 2010 the amount of funding that all councils receive has fallen at an alarming rate.

The main central government grant, the Revenue Support Grant (RSG), which supports a range of services delivered by the council has reduced by 80 per cent over a seven year period. To some extent the loss has been offset by a share of National Non-Domestic Rates (NNDR) since 2013.

This is the challenge which has faced the city council and all local authorities in recent years - a challenge that shows no sign of reducing. The council has cut back on the services that it has an option to provide and is now faced with the difficult task of having to provide the services that it legally has to, which residents rely upon, with an ever reducing budget.

In 2013/14 the council received £55million in RSG and this will reduce to £15million in 2018/19 and £10million in 2019/20. When you consider that it costs the council £46million every year to provide Adult Social Care Services for the city, it's easy to see the size of the challenge.

Other funding streams, such as the New Homes Bonus which financially rewards councils for housing growth in their area, have also been reduced.

In balancing the 2017/18 budget, £19.7million of one off funding was used that will need to be replaced by ongoing, sustainable savings in 2018/19 that add to the pressure of reducing grant.

At the same time demand on council services and the city's population has increased at an unprecedented rate with no additional funding forthcoming from government. Demands on services such as:

- A 200 per cent rise in the number of homeless families requiring temporary accommodation in just the last two years. As of the end of September 2017, the city council was supporting 328 households in temporary accommodation. The situation Peterborough faces is the same for councils across the country because of a national shortage of social housing, changes to the way benefits are paid and private landlords supporting fewer tenants on benefits. The impact on the council's budget is huge as the council has a legal duty to provide housing for all those who meet the criteria for support. So far this financial year the cost of this is £1.6million.
- At the end of August 2017 the council was supporting 414 adults in residential or nursing care homes and 2,012 adults were supported to live independently in their own home. In the past three years the council has seen an increase of 7.3 per cent and 2.1 per cent on these services. The Chancellor of the Exchequer announced within his budget speech in July 2015 that the National Living Wage would be phased in between April 2016 and April 2020. The introduction of this is having an enormous cost effect on council homecare services, generating a £1.6million budget pressure by 2020/21.
- Additional children coming into care. The council is currently supporting 373 children in care, and in 2011/12 was supporting 340, an increase of 9.7 per cent. The cost per week for a child in care ranges between £350 and £3,500, dependant on whether they are being cared for in-house by a foster carer or in a residential placement, the latter being significantly more expensive.

The need to create extra school places for a school population that has increased by 13 per cent between 2013-2017, which is the equivalent to an additional 81 classes of 30 pupils each (2,424 students).

Growing pressures on council finances

In total since 2010 the council has made significant savings, however this is still not enough and government continues to cut funding to local government. Therefore the city council will be required to make further savings, which may well impact on a range of services, because by law the council has to set a balanced budget.

Savings currently totalling £35.2million over the next three years are still needed to be made - and this is likely to involve some difficult decisions about the services the council is able to provide to residents.

The council has worked incredibly hard to cope with the cuts made to council funding however the challenges we face continue to increase in terms of population growth, the alarming rate that central government funding (Revenue Support Grant) is falling, high levels of deprivation in parts of the city, the increasing demand on high-cost council services and our relatively low levels of reserves as explained below:

- **Demand on services** - Demand growing at unprecedented rate, due to population increase and complexity of care and support needed over long periods of time.
- **Population** – Peterborough is one of the fastest growing council areas in the country. Between 2001 and 2011 the population increased by 17.7 per cent to 183,600. In 2016 the city's population was estimated at 198,100.
- **Revenue Support Grant (RSG)** - As with the rest of local government the Council's RSG is falling at an alarming rate. The government's funding formula does not take into account today's level of demand on services and population data.
- **Deprivation** - Peterborough has some of the most deprived areas in the UK, ranking the 14th highest deprived unitary authority area. This brings increased demand for service provision, creating budget pressures. This is highlighted by the upward trend in the number of households becoming homeless and needing temporary accommodation.
- **Council tax income levels** - Although the council has protected residents from annual council tax rises it has increased our budget gap. By not raising council tax for a number of years this has reduced the amount of money the council has to spend on services. Peterborough has one of the lowest average council tax rates per dwelling. For example, if the council charged the average unitary authority council tax per dwelling then an additional £16million would be generated to support services.
- **The capital programme** is large and ambitious and if delivered the revenue costs of servicing the debt will increase on an annual basis.
- **Reserves** – The council's General Fund minimum balance is £6million, Grant Equalisation Reserve is £7.8million and other earmarked reserves are £3.6million. In addition there are earmarked reserves of £8.2million which are already committed. These are lower than the average percentage of net expenditure compared to other councils. Earmarked reserves are funds which are kept or built up to meet a known or

predicted need.

- **Lack of clarity from government on future funding for councils** - There is great uncertainty amongst councils about how they will be funded going forward. Legislation that aimed to answer this question, the Local Government Finance Bill, was dropped following the General Election earlier this year.

Delivering services for our residents

The council continues to see an unprecedented demand for services and it remains fully committed to supporting those most in need.

The council has minimised the need for cuts in services in recent years and continues to provide a wide range of services for residents:

- At the end of August 2017 the council was supporting 373 children in care - an increase of almost 10 per cent since 2011/12
- During 2016/17 there were 2,755 referrals to Children's Social Care and 3,193 social care assessments were completed
- The council maintains 578 miles of road, over 350 bridge structures, 24,000 street lighting columns, 719 miles of footpaths and 155 miles of off-road cycle ways. Since 2012/13 the council is now responsible for an additional 12 miles of cycle routes (9 per cent rise), 23 miles of road network (3 per cent rise)
- The city has over 200 playgrounds, four parks and open spaces, two BMX tracks and seven skate parks
- At the end of August 2017 the council was supporting 414 adults in residential or nursing care homes and 2,012 adults were supported to live independently in their own home. In just the past three years the council has seen an increase of 7.3 per cent and 2.1 per cent on these services.
- More than 7,000 households have received help from the council's Care and Repair service in the past 12 months - adapting older and disabled people's homes, for example installing grab rails and even building extensions
- At the end of September 2017 the council was supporting almost 330 homeless households in the city by providing temporary accommodation. Following national welfare benefit changes and private landlords supporting fewer tenants on benefits this figure has increased from 97 households being supported just two years ago
- The council's planning team processes more than 1,400 planning applications every year
- A Selective Licensing scheme launched in December 2016 to improve standards of accommodation in the private rented sector and tackle rogue landlords
- During 2016/17 the council's Public Health team commissioned:
 - health visitor checks for over 3,000 new babies
 - health checks for cardiovascular risk for over 5,000 adults aged 40-74

- 23,000 appointments for contraception and sexual health services
- drug and alcohol treatment services for over 1,500 people
- and helped over 600 people to stop smoking

The Healthy Peterborough campaign generated 127,252 page views on its dedicated website - providing evidence-based advice on how to stay healthy for longer, with links to local events and services

Successes

However even during the most challenging circumstances the city council has ever faced it has remained committed to its priorities and Peterborough has made huge strides in recent years. These successes include:

- Over the past five years the council has invested £127.7million into building, extending and improving schools; £48.6million of this was met from council resources.
- 88 per cent of city pupils attend a school rated good or outstanding by Ofsted
- Attracting significant external funding to support the growth of the city and the regeneration of the city centre
- The council, as part of a joint venture, has led the comprehensive £120million Fletton Quays redevelopment project. This includes investment in an arts hub on site.
- Opportunity Peterborough assisted 14 businesses moving into the city, creating 1,903 jobs.
- A total of 2,685 jobs were created in the city in 2016/17
- Unemployment levels fell to 1,775 (1.4 per cent), over the same period the national rate went up from 1.8 per cent to 1.9 per cent.
- Developed a successful partnership with CityFibre to develop the city's full fibre networks, offering internet speeds 100 times faster than the UK average.
- Set up Vivacity which has increased the leisure and cultural offer in the city
- All the council's libraries remain open with extended opening hours. The council has also funded improvements to the city's museum and sports facilities and a new swimming pool at Hampton.
- Partnered with a highly-respected energy company to offer residents competitive energy tariffs saving city households a combined £1.5million since 2015.
- Constructed an Energy Recovery Facility which diverts up to 99 per cent, 85,000 tonnes annually, of non-recyclable domestic waste from landfill
- Completed a number of major highway projects to support the city's growth including Junction 20 of the Paston Parkway, Fletton Parkway and the Bourges Boulevard Corridor
- A new innovative approach to keeping children and families safe, the Family Safeguarding Service, will be piloted in Peterborough thanks to a successful bid for £2.6million from the Department for Education
- Jointly commissioned a new Integrated Lifestyle service with the NHS, which helps people reduce their risk of serious illness by changing to healthier behaviours.
- Launched the SaferPeterborough Prevention and Enforcement Service and established two Public Space Protection Orders to combat anti-social behaviour in the city
- Supported a devolution deal for Cambridgeshire and Peterborough which has already resulted in a multi-million investment to help establish an independent university in the city and support to build 200 much-needed affordable homes.
- One of the best areas of the country for housing stock growth - with more than 4,600 new homes built between 2011-16. To support this further the council, working with Cross Keys Homes, has set up company to build more homes in the city.

Invested in community facilities such as The Green Backyard and Dementia Resource Centre

Supporting the council's residents through lower council tax

Council tax has risen over the past two years in Peterborough, primarily to keep up with the increasing demand on the council's adult social care services due to the city's growing elderly population. The population for the aged over 65 category increased by 16 per cent between 2010 and 2016. This directly relates to increased spending on providing care home placements and supporting people in their own home. In just the past three years the council has seen an increase of 7.3 per cent and 2.1 per cent on these services.

However the council has made a concerted effort to keep council tax low to support residents who may also be facing difficult financial circumstances. To that end, council tax was frozen in four out of the past seven years and means that Peterborough residents are paying one of the lowest council tax rates for a unitary authority in the country.

Residents in Peterborough pay £123 a year less in council tax than the average across other unitary authority councils (based on Band D).

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