

# **Medium Term Financial Strategy 2019/20 Tranche Three Budget Consultation Document**

**January 2019**

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## **INTRODUCTION**

This document sets out the third set of budget proposals to be considered by cabinet to ensure Peterborough City Council can set a balanced budget for 2019/20.

Since 2010 the Council has made significant savings, however as demand increases in vital services such as adult social care and children's services and Central Government continues to reduce funding across Local Government, the financial challenges to this Council continue.

The Council is required to take measures, set out in this document, to create a balanced budget which is required by law.

### **National challenges, which place pressure on the Council's budget include:**

- **Adult Social Care** - An aging population with more adults requiring local authority help in providing care services, including care homes and nursing homes. Rise in needing very specialised care, such as those with dementia. Rise in young people with complex physical and mental health needs becoming adults. Future population growth is expected to be highest among our older population. By 2036 there is expected to be a 166 per cent growth in those 85+.
- **Children's Social Care** - Nationally there has been an increase in the number of children going into care. This has forced 88 per cent of councils in England and Wales to overspend in this area. For this reason, Peterborough has seen its spend in Children's Social Care increase two years running.

The above national pressures have been acknowledged by Central Government this financial year, resulting in a £2.15million Social Care Funding grant. This will go some way to alleviate the pressure, but does not count for all additional spend.

### **Despite these pressures, the Council:**

- is ensuring older people in hospital have the support they need to get them home as soon as possible.
- is continuing to invest in its Family Safeguarding approach to improve the lives of our most vulnerable children and young people. This approach means the number of children in care (per head of population) is 12.5 per cent lower than our statistical neighbours.
- has ensured that the ever increasing demand for school places has been met. Since 2013, we have built 10 new schools and carried out over 20 school expansions. Since 2007, we have spent over £300m of capital on creating additional school places.
- has led a new approach to school improvement which recognises the responsibility of our schools to drive their own improvement and ensures the Council is able to support and, in some cases, robustly challenge poor performance.
- has led the successful re-development of Fletton Quays which is modernising the city's skyline further boosting the city's economy, strengthening the city's tourism offering and extending the city centre to the south, creating hundreds of new jobs and housing.

- is leading on the redevelopment opportunities at North Westgate and embarking on a city centre development framework to secure our future as a larger city destination, supporting future tourism growth and increasing opportunities for local residents.
- is tackling the issue of homelessness by securing housing locally to meet the projected long term need for housing in the City. The number of homeless presentations to the council has risen from 1,118 in 2014/15 to 1,504 in 2017/18. Despite this unprecedented rise in demand, the numbers of households in temporary accommodation has reduced from 385 to 327 and our reliance on costly Travelodge accommodation has reduced to zero. We are also supporting households at risk of becoming homeless, to keep them in their own homes.
- Since the start of the Healthy Peterborough Lifestyle service, which is delivered by the Solutions 4 Health 3836 people have set personal health goals with over 1718 achieving their goals. In addition 844 people have stopped smoking.
- has seen success with our prevention and enforcement service, with over 11,300 fixed penalties issued for littering, anti-social behaviour and fly-tipping since June 2017. Through the work of the PES team, our city centre has visibly improved for all to enjoy.
- has delivered a balanced budget in 2018/19 by doing things more efficiently and joining up services with others to reduce spend on management and other non-direct delivery services.
- has secured £9.7 million from the Combined Authority to invest in a University for Peterborough. This is significant for our city and will meet the needs of our young people and businesses. Our plans are to develop a campus on the embankment.



## **THE BUDGET PROCESS**

This year the council is following a rolling budget process throughout the year, which has three tranches:

- Tranche One - June 2018 - Complete
- Tranche Two - October 2018 - Complete
- Tranche Three - (as set out in this document)

The rolling budget process allows the council to spread the workload of identifying and implementing savings and efficiencies across the year, driving out savings earlier and keeping a continued concentration on its finances to ensure any shortfalls are quickly identified and addressed.

Each tranche will identify:

1. Savings and efficiencies that have been validated and are ready for approval by councillors
2. Savings and efficiency proposals that are being developed
3. Pressures within the councils budget where investment is required due to increased service demand.

Some budget proposals, which will save the council money in the future, may require investment in the first instance to be realised and implemented. 'Invest to save'.

## **PRIORITIES**

The Cabinet remains firm in its priorities this year against the funding challenges it faces. These are:-

- Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned.
- Improving educational attainment and skills for all 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 offer.
- Keeping our communities safe, cohesive and healthy.
- Achieving the best health and wellbeing for the city.

## COUNCIL TAX

It is proposed that the city council will increase council tax by 2.99 per cent in 2019/20 which means:

### How will the increase affect my council tax bill?

Please be aware that this increase doesn't include the contribution you pay for fire and police services



Band	2018/19	2019/20	Annual Increase	Weekly Increase
A	£870.22	£896.25	£26.03	£0.50
B	£1,015.27	£1,045.62	£30.35	£0.58
C	£1,160.30	£1,195.00	£34.70	£0.67
D	£1,305.34	£1,344.37	£39.03	£0.75
E	£1,595.41	£1,643.12	£47.71	£0.92
F	£1,885.49	£1,941.87	£56.38	£1.08
G	£2,175.56	£2,240.62	£65.06	£1.25
H	£2,610.68	£2,688.74	£78.06	£1.50

This proposed 2.99 per cent increase would mean that overall the **Band D council tax charge would rise from £1,305.34 to £1,344.37 per year - an increase of £0.75 per week.** The average property in Peterborough is in **Band B, meaning council tax would rise from £1,015.27 to £1,045.62 per year - an increase of £0.58 per week.** The council tax bill that households in Peterborough receive also includes elements from police, fire and in some cases parish councils. The actual increase that households face will depend on decisions taken by these bodies.

The Government continues to set limits on the maximum increase in council tax, known as a referendum limit. As before, if any council proposes an increase higher than 3 per cent (excluding the Adult Social Care Precept), they are required to put the matter to local taxpayers through a referendum. The final council tax charge will be agreed by Council on 6 March 2019.

**8th**  
lowest



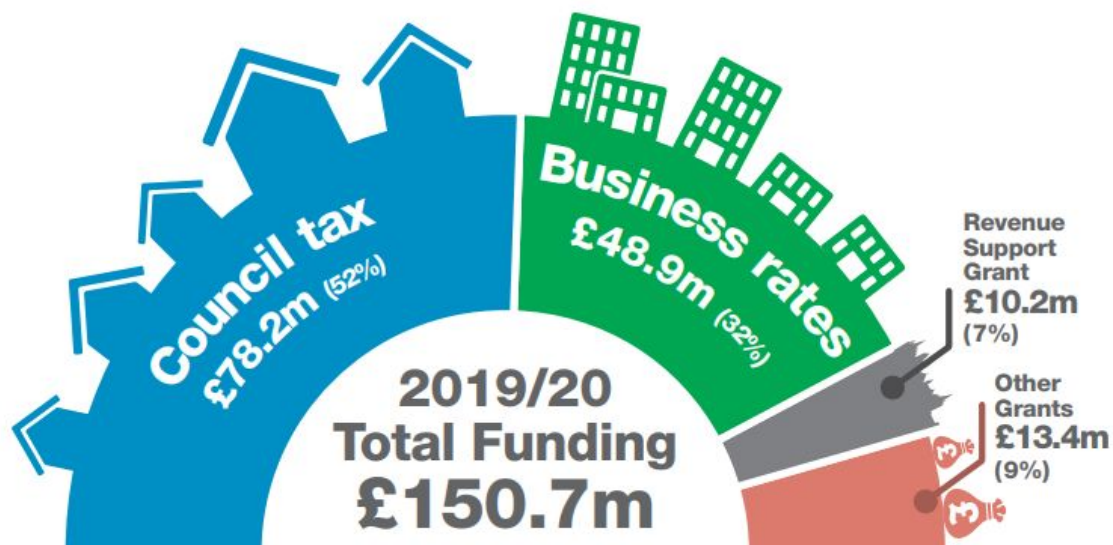
**Peterborough has the 8th lowest council tax**  
out of 56 Unitary Authorities



## FUNDING AND COUNCIL SERVICE EXPENDITURE

### Funding 2019/20

The Council's total funding for 2019/20 is £150.7m, comprising of Council Tax, Business Rates, its Revenue Support Grant (RSG) and other grants. Over the past seven years Government funding has reduced significantly. The RSG is expected to drop by 80 per cent to £10m in 2019/20, meaning it will equate to less than 7 per cent of our overall funding.



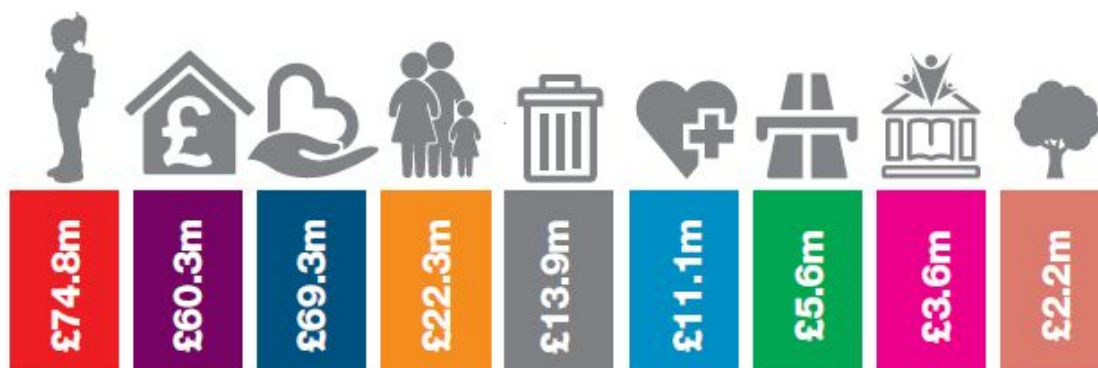
### Gross Expenditure Budget 2019/20

The Council's total gross budget in 2019/20 is £440.3m, the following highlights some of the key areas spend. This highlights that 38 per cent of the councils gross budget is spent on Schools, Adults and Children in Care.

## Where The Council spends its money

These are some examples of the services the Council spends its budget on 2019/20

- **£74.8 million on Schools**  
*This money can only be spent on schools*
- **£11.1 million on Public Health**  
*This money can only be spent on Public Health*
- **£60.3 million on Housing Benefit**  
*This money can only be spent on Housing Benefit*
- **£5.6 million on Highways and Road Improvements**
- **£69.3 million on Caring for Adults**
- **£3.6 million on Recreation, Culture, Leisure and libraries**
- **£22.3 million on Supporting Children and families**
- **£2.2 million on Parks and open spaces**
- **£13.9 million on Waste disposal and Street Cleaning**

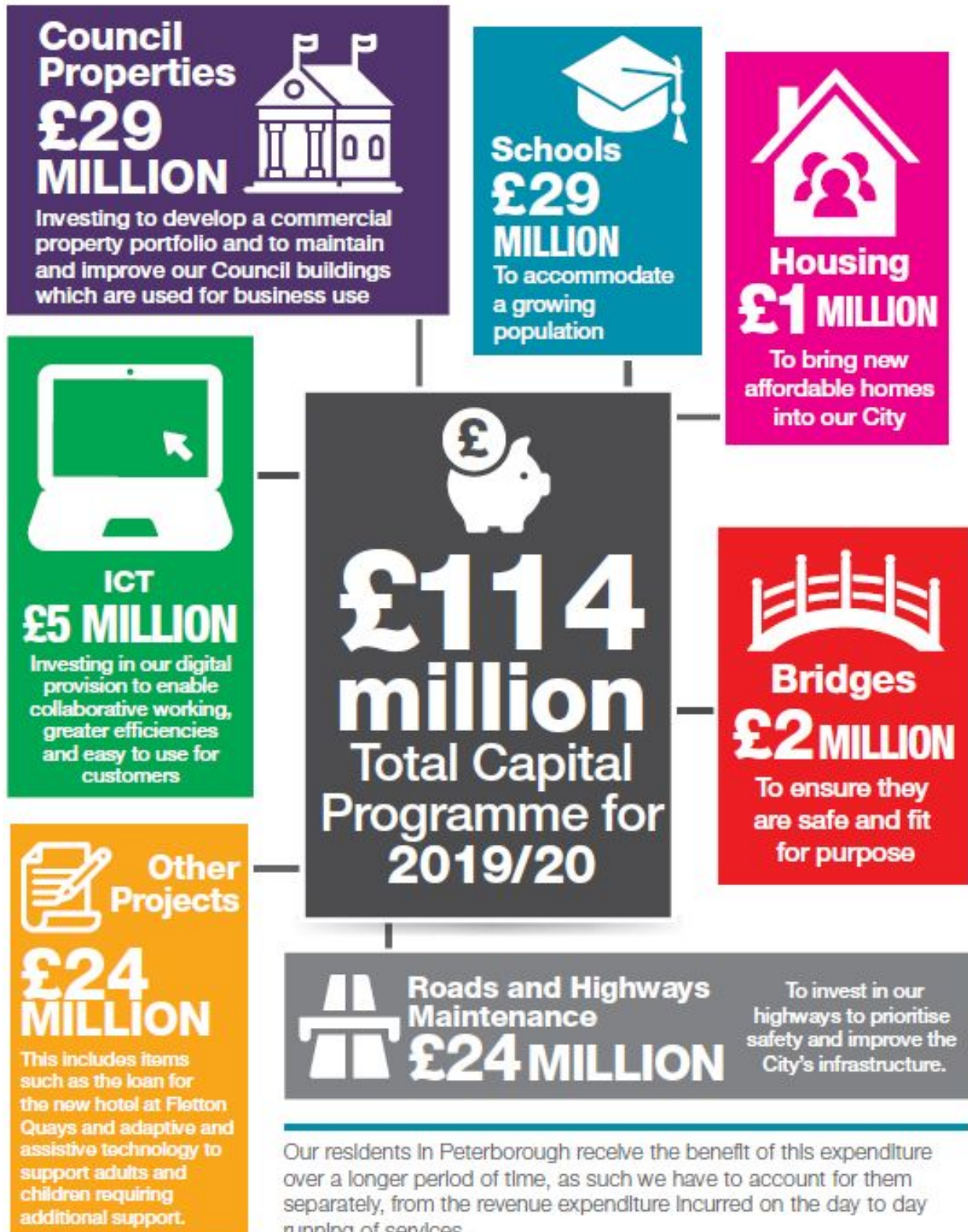




## CAPITAL EXPENDITURE BUDGET

### The Councils **Capital programme**

The **Capital programme** is where the council incurs expenditure classed as capital. This is money that we spend on investing, improving or upgrading our assets such as land, buildings, equipment and infrastructure.



## OVERALL BUDGET POSITION

### Revenue

The council had succeeded in reducing its budget gap by the end of the last financial year, however there are additional demands and pressures coming this year, as set out on page one of this document.

Tranche Three contains the third round of budget proposals which aim to address the budget gap and the future pressures facing the Council.

	2019/20	2020/21	2021/22
	£000	£000	£000
Budget Gap as reported in MTFS 2019/20 Tranche Two	3,034	18,093	20,688
Additional Pressures	5,173	5,592	5,641
<b>Revised Budget Gap</b>	<b>8,207</b>	<b>23,685</b>	<b>26,329</b>
Budget Reductions and Additional Income	-5,122	-5,276	-6,273
Use of Reserves	-3,084		
<b>Present Budget Gap</b>	<b>0</b>	<b>18,409</b>	<b>20,056</b>
<b>Incremental Budget Gap</b>	<b>0</b>	<b>18,409</b>	<b>1,647</b>

### Capital

The following summarises the capital programme proposed as part of the Budget for 2019/20-2021/22, further detail can be found within the Capital Strategy which will go to cabinet as part of the Medium Term Financial Strategy on 4 February 2019.

Capital Programme	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Growth & Regeneration	37,157	29,187	37,754	33,099	30,958
People & Communities	33,931	20,114	21,743	22,357	6,563
Invest to Save	37,599	30,875	20,075	10,075	75
Resources	5,447	5,384	5,873	3,500	3,500
<b>Total Capital Programme</b>	<b>114,134</b>	<b>85,560</b>	<b>85,445</b>	<b>69,031</b>	<b>41,096</b>
<b>Funded By:</b>					
Grants & Third Party Contributions	26,826	29,834	28,124	32,520	16,851
Capital Receipts repayment of loans	23,150	15,000	-	-	-
Borrowing	64,158	40,726	57,321	36,511	24,245
<b>Total Capital Financing</b>	<b>114,134</b>	<b>85,560</b>	<b>85,445</b>	<b>69,031</b>	<b>41,096</b>

**BUDGET CONSULTATION**

We want to hear the opinions of all residents, partner organisations, businesses and other interested parties as part of the budget setting process.

People will be able to give their opinions by completing an online survey on the city council website - [www.peterborough.gov.uk/budget](http://www.peterborough.gov.uk/budget). Hard copies of the consultation document will also be available from the receptions of the Town Hall, Bayard Place and all city libraries.

The consultation will close on 4 March 2019 at 5pm. Cabinet will consider comments on Monday, 25 February 2019 and Full Council will debate the Tranche Three proposals on Wednesday, 6 March 2019.

The consultation will ask the following questions:

1. Do you have any comments to make about the Tranche three budget proposals?

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2. Having read the Tranche Three proposals document, how much do you now feel you understand about why the council must make total savings of almost £8million in 2019/20 and over £26million by 2021/22? 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 or generate additional income to protect services, please state these here:

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.....

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

Are you?

- Male

- Female

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).....

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

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

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

Yes.....  
No .....

**Thank you for taking the time to complete this survey**

Please hand this completed questionnaire into either the reception desks of the Town Hall or Bayard Place. Alternatively they can be returned by post to: Communications Team, Peterborough City Council, Town Hall, Bridge Street, Peterborough, PE1 1HG.

## **GOVERNANCE BUDGET PROPOSALS**

### **Department overview:**

- **Legal and Democratic services** - This team provides legal services to all council departments as well as Rutland County Council, Fenland District Council, East Cambridgeshire District Council and Corby Council. It supports Full Council, Cabinet and all 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. It is also responsible for data protection.
- **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.
- **Performance and Information** - This team is shared with Cambridgeshire County Council. It provides a central performance management and business intelligence function, oversees information governance and coordinates information requests. It provides the Caldicott Guardian role and the Senior Information Risk Officer. The team also provides systems support for the social care case records systems.

The following budget pressures have been identified to be consulted on.

<b>Proposal</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>Proposal Detail</b>
Coroner Volume related pressure	105	105	105	The number of referrals to the combined coroner's service in Cambridgeshire and Peterborough has risen by 16 per cent over the last four years. This has resulted in rising workloads. An additional two full time officers are required to support this. The Local Government Association and the Coroner Society have sought to try and agree a national pay structure for Coroner and Assistance Coroners. This has led to national guidance being published for local authorities to increase pay for some staff.
Legal Child Protection Team Pressure	100	100	100	The child protection team has six lawyers (including the senior lawyer) and four legal officers, all dedicated to carrying out the legal work for Children's Services. The budget has not increased since 2014, but the amount of work both locally and nationally has increased in volume and complexity. The biggest demand on the budget is the cost of the court cases, which are likely to continue to increase in line with national trends.

There are no financial savings to be consulted on within this department.

## GROWTH AND REGENERATION BUDGET PROPOSALS

### Department overview:

Peterborough is one of the fastest growing cities 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 currently consists of the following:

- **Peterborough Highway Services** - including gritting, lighting and road maintenance;
- **Planning services** - ensuring new development fits with the city's growth plans;
- **Opportunity Peterborough** - promoting the city to attract business and investment;
- **Housing joint venture company** - partnership with Cross Keys, including affordable and temporary housing;
- **Growth joint venture company** – Peterborough Investment Partnership;
- **Property Services** - managing the council's property stock;
- **Amey contract** - including refuse collection, street cleaning, parks and open spaces (soon to be replaced by the Peterborough Ltd, the council's Local Authority Trading Company).
- **Westcombe Engineering**- manufacturing business owned by the council;
- **City Services** - including CCTV, car parks, events and the City Market;
- **Communications** - including marketing, design/print and communications;
- **Regulatory Services** - including trading standards, licensing and health and safety;
- **Tourism** - promoting the city to visitors;
- **Resilience** - ensuring the council can fulfil its duties if an emergency occurred.

The following budget pressures have been identified to be consulted on.

Proposal	2019/20 £000	2020/21 £000	2021/22 £000	Proposal Detail
Pollution Control	120	120	120	<p>The Environmental Health Pollution Control team is low cost currently when compared to other authorities, accounting for £2 per head of population, compared to a national average of £7. The team's workload has risen in line with the city's growth and it now needs to recruit two additional full time members of staff.</p> <p>The additional two posts would mean a budget pressure for the city council, but would ensure the team is able to continuing to meet its statutory (legal) obligations both now and in future years.</p>



Peterborough Ltd (Latco)	1,087	805	940	<p>In 2018 the city council made the decision to set up a wholly owned Local Authority Trading Company to take on services currently provided by Amey. These include refuse collection, street cleansing, parks management and building maintenance.</p> <p>The Amey contract delivers over £10m of vital council services each year and employs over 300 staff. Due to the work it undertakes, it is vital that residents experience a smooth transition and staff continue to be supported by the highest standard in health and safety practices. As this is such a large area of services, a phased approach has been proposed to minimise any disruption to residents. These amounts are the projected additional costs of running these services over the present base budget.</p>
Trees- Insurance Risk	250	250	250	<p>The city council is fortunate that it has a relatively young tree stock. To ensure our trees continue to be safe in future years it is proposed the council's tree stock is categorised, with trees that pose more of a risk inspected more regularly than the current three yearly period. In addition, the council proposes to increase its insurance spend.</p>
POSH Rental income budget (removal post sale)	380	380	380	<p>Peterborough City Council has signed a Memorandum of Understanding (MOU) with the owners of Peterborough United Football Club regarding the purchase of the ABAX stadium and grounds. This will result in a one-off bulk sum (capital receipt) being paid to the council in 2019/20. Consequently the income stream from the rental of the site will need to be removed from the budget. This transaction is expected to take place in Summer 2019.</p>
Peterborough Highways Services Commercial Income Pressure	400	275	275	<p>Savings were identified from 2019/20 onwards from reselling the existing contract to other local authorities. The Peterborough Highways Services team already provide work for one local authority outside of the Peterborough area (generating income) and it was expected that another would enter into an agreement for additional work. This second agreement was halted, resulting in a budget pressure. The team will continue to approach other local authorities with the aim of creating further income throughout the year.</p>
Materials Recycling Facility	300	300	300	<p>The collection and recycling of a number of materials from households is a statutory duty and therefore not able to be stopped. The marketplace in which this service operates has changed considerably since the commencement of the contract and its subsequent financial performance is less than expected. An ongoing budget requirement of £300k is needed to support its continued operation.</p>

The following financial savings have been identified to be consulted on.

Proposal	2019/20 £000	2020/21 £000	2021/22 £000	Proposal Detail
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Repairs and Maintenance cost reduction (result of CAT's)	-180	-180	-180	There will be savings in the Council's repair and maintenance budget for community assets, as Peterborough City Council will no longer be responsible for inspection, testing and reactive repair and maintenance works.
Energy From Waste Income	-500	-500	-500	The Energy Recovery Facility (ERF) is owned by the Council and operated on a 30 year Operation and management basis by Viridor Peterborough Limited (VPL) with the Council paying a gate fee for each tonne of waste processed there. Part of the contractual arrangement allows the Council to benefit from control of all of the energy the facility produces. The facility has benefitted from a steady electricity generation income, now that the facility is settled and the staff have become familiar with the facilities operation over its first three years. Recent power prices have been higher than experienced in previous years and this coupled with increased and steady generation has led to additional income for the Council.

## PEOPLE AND COMMUNITIES BUDGET PROPOSALS

### Department overview:

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 Safeguarding** -The Adult and Safeguarding Directorate leads on the operational delivery of work to improve outcomes for all adults and their carers which includes work related to Learning Disability and Autism, Physical Disability, Sensory Impairment, Mental Health and Older People.
- **Commissioning** -The Commissioning Directorate leads on the bringing together of information on the needs of our residents; now and in the future, making sure that the services we deliver as a council or we get other people to deliver will meet the needs of our residents at a cost we can afford. Much of the work is done with partners such as health and the private, independent and voluntary sectors; jointly commissioning where it makes sense to do so.
- **Communities and Safety** - The Communities and Safety Directorate lead on delivering services that help people feel safe in their communities, improve community relationships and working with communities to support and help each other. Much of the Communities and Safety work is delivered in partnership with the police, fire service, health and the voluntary sector.
- **Children and Safeguarding** - The Children and Safeguarding Directorate leads on keeping children safe and providing services to support vulnerable children and families. Where children are unable to live at home they provide alternative homes for them.
- **Education** - The Education Directorate leads on ensuring all children, including those with special educational needs and disabilities, are able to access early years settings and school places. Where children have additional needs ensuring they have specialist support. The directorate supports early years settings and schools to provide high quality services that enable children to do the best they can.

The following budget pressures have been identified to be consulted on.

Proposal	2019/20 £000	2020/21 £000	2021/22 £000	Proposal Detail
Tackling Troubled Families (TTF) Grant	0	753	753	Since 2012/13, the city council has received a 'payment by results' grant from the Government for its work in providing support for troubled families. To date, a total of just over £1.3m has been received. From 2020 this grant is expected to finish, so the city council must prepare for this. The city council has examined the work that is funded by this grant and is proposing to continue with the core elements. This will cause an additional budget pressure of £753,000 per year.
St George's Hydrotherapy Pool- Vivacity Transfer	58	58	58	In 2017, Vivacity, the city's culture and leisure trust, took on the management of the St George's Hydrotherapy Pool. Since then, the Pool has developed well and has increased attendance levels.

				In Tranche One, the city council announced its intention to transfer the remaining financial liabilities for the Pool to Vivacity - these relate to the utility costs for running the Pool and the building it occupies. However, the operating model for the Pool is still being developed, and Vivacity are not yet in a position to be able to take on this additional liability, and so this money is being put back into the budget as a pressure.
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The following financial savings have been identified to be consulted on.

<b>Proposal</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>Proposal Detail</b>
Social care funding announced in the Autumn Budget £650m	-2,150	-2,150	-2,150	<p>Central Government have responded to calls from councils over rising costs created by additional children and adults entering social care.</p> <p>To date, two grants have been announced to address this: Winter Pressures Funding for 2018/19 and Social Care Funding for 2019/20.</p> <p>As the Government has effectively acknowledged councils need additional funding in this area, it is expected this funding will continue in coming years if demand levels continue to be high.</p>

## **PUBLIC HEALTH BUDGET PROPOSALS**

### **Department overview:**

Public health services work to improve the health and wellbeing of local residents. They are funded through a ring-fenced grant from central government. Public health services include:

- Local health visiting and school nursing services
- Services to treat people with drug and alcohol misuse and addiction issues
- Sexual health and contraception services
- Services to support people to give up smoking, lose weight and achieve health goals

Public health staff work closely with the local NHS and with Public Health England.

There are no budget pressures or savings to be consulted on.

## RESOURCES BUDGET PROPOSALS

### Department overview:

- **Financial Services** - Including financial planning and corporate accounting, finance and management, internal audit, fraud and insurance, Serco ICT partnership and digital, including City Fibre partnership.

In addition it provides the Serco Strategic Partnership, which covers business support, shared transactional services, business transformation, procurement, customer services, finance systems and strategic property.

- **Commercial group** - Covering the financial aspects of the Council's commercial ventures.
- **Cemeteries, cremation and registrars** - Including bereavement services and registration service

The following Budget pressures have been identified to be consulted on.

Proposal	2019/20 £000	2020/21 £000	2021/22 £000	Proposal Detail
New Homes Bonus	177	-173	-228	There has been significant growth in the city over the last year and Peterborough is now the 4th fastest growing city nationally. In addition, it has brought a number of empty homes back into use. Because of this, the initial forecast in Tranche 2 was realistic in that we only received slightly less than expected, £4.713m, compared to the £4.890m forecast, creating a budget pressure in 2019/20. However, there is additional funding now expected in 2020/21 and 2021/22.
Across Back Office Efficiencies	155	155	155	In the past year there has been significant savings achieved from back office efficiencies, such as £400k from within the Finance Department. However further savings are not deliverable at this time as they require further clarification and agreement, meaning a pressure of £155k to be addressed within the budget.
Pay Scales Review- National Living Wage	114	114	114	New pay scales for employees on the NJC pay scales were nationally negotiated and agreed last year. They will be coming into effect on 1 April, 2019 and will ensure that the bottom scale points are above the National Living Wage rates going forward. The council is legally bound to follow the national pay scales. This means approximately 1,015 City Council members of staff, currently on Grades 1 to 15 will continue to be entitled to any nationally agreed pay award as has previously been the case. Based on its current workforce, the combined amount of additional wages the council must factor into its budget for each year is £114k..

Axiom/Longhurst interest income reduction due to loan redemption	140	140	140	In October 2014 the Council approved the entering into of a £30m, 30 year loan agreement with Axiom Housing Association Ltd. The lending of this capital provided the council with a steady revenue income stream of £140k a year, which it had factored into its budget planning for future years. In November 2018 the Axiom / Longhurst Group gave notice on both of these loans, resulting in a budget pressure. The council will recoup any redemption (termination) costs from Axiom / Longhurst.
Capital Programme- Additional Cost of financing	1,182	1,533	1,533	Earlier this year the Council had plans to reduce its Capital Programme from £114m to £100 in 2019/20. This has been unachievable due to the demand placed on this programme from the need to undergo work such as build, refurbish and expand schools, to keep up with the increasing number of schools places required. Therefore this proposal reflects the borrowing costs associated with this additional capital expenditure from previous Tranche assumptions.
ICT	605	677	646	The council relies on its ICT systems to complete its support functions in public services. Like domestic systems, ICT becomes outdated quickly, and needs to be enhanced, upgraded or changed from time to time in order for the council to continue working effectively. This budget pressure covers hosting and licensing of ICT systems. It comprises of the council's move to Microsoft 365 and also covers other specialist IT systems including the HR/Payroll system, the Public Protection system, the People's Network and additional IT support for users.

The following financial savings have been identified to be consulted on.

Proposal	2019/20 £000	2020/21 £000	2021/22 £000	Proposal Detail
Business Rates Forecast	-1,321	-852	-738	An increase in the amount of money retained by the council from business rates is expected, compared to what was previously forecast. This is due to a combination of factors, including growth from the Roxhill Peterborough Gateway site, a 180 acre distribution and manufacturing park in Haddon, which is currently under construction, with some units already in operation with more coming online in 2019/20. Once complete, the new site will generate a significant amount of Business income for the Council and economic growth for the area, including the creation of hundreds of new jobs.



Council Tax additional 1% and Tax Base Forecast	-770	-1,594	-2,705	On 13 December 2018 Central Government issued the Local Government Provisional Finance Settlement. The most significant change was permitting county and unitary councils' to increase their 2019/20 council tax by an additional 1 %, this will generate £770k of additional income for the city council per in 2019/20. If this proposal is approved it would mean that council tax would rise by a total of 2.993% in 2019/20, which would equate to an annual increase of £39.03 for a Band D property. The Council has also reviewed the Council Tax assumptions built in to the MTFS, given the recent council tax increases agreed by MHCLG, the council thinks it prudent to assume a 2.99% increase in the future years of the MTFS. Taking that into consideration the city council would still have one of the lowest council tax rates in the country and discounts and support would still be available for our most vulnerable residents.
Council Tax Collection Fund Surplus (one-off)	-201	0	0	There will be growth in council tax income for the current financial year above predictions because of the city's rising population and construction of new homes. This has identified that the council can expect to receive a further £201k in 2018/19, which can be rolled forward to protect services during 2019/20.

## **STAFFING IMPLICATIONS**

### **Redundancies**

There are no proposals for staffing reductions in Tranche Three. In previous tranches and years, the Council has reduced its staffing and now has very streamlined teams. To reduce staffing further at this stage would have an impact on the council's ability to carry out the savings highlighted for 2019/20.

### **National Living Wage**

As detailed in National Living Wage proposal on page 20 of this document, the council is legally bound to adhere to new pay scales for employees on the NJC pay scales that will be coming into effect on 1 April 2019.

### **Closer working with Cambridgeshire County Council**

The Council is continuing to drive efficiencies and work closer with Cambridgeshire County Council to share, integrate and align back office services, where this makes sense.