

**Medium Term Financial Strategy  
2021/22 Phase One Budget  
Consultation Document**

**Embargoed until 5pm  
16 October 2020**



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## OVERVIEW

This document sets out the first set of budget proposals to be considered by Cabinet to ensure Peterborough City Council can set a balanced budget for 2021/22.

The budget setting process for next year will once again be a challenge, with the funding we receive from Government and elsewhere not coming close to meeting the demand for services. The Covid-19 pandemic has raised the bar on this challenge, placing an unprecedented strain on Peterborough's future financial stability, and will mean that the council has a much greater level of savings to make to achieve a balanced budget for 2021/22, as explained later in this document.

It is well known that the council has been operating within a difficult financial position for the past decade, having to make millions of pounds worth of savings annually to be able to balance its budget. To put it into context, since 2013/14 the council's funding from Government has been reduced by over 70% – that equates to £58million. Yet demand for services has increased at an unprecedented rate, meaning we are having to provide services for more people, with less funding.

In recent years we have taken a comprehensive approach and worked hard to implement a financial recovery programme which has included external challenge and review of all our services to ensure they are achieving best value, increased HR and financial controls to generate savings and a review of all our contracts to ensure they are achieving best value. We also now generate £78million of external income annually, through selling our services, rental, fees and income.

As a result, we are a well-run council which provides good quality and low-cost services for our residents.

However, the pressures on our services remain:

- The population is growing older and people are surviving longer with significant health conditions and requiring more complex care, which in turn is significantly increasing our costs of care. Although we are not seeing an increase in numbers supported, due to our significant prevention and early intervention work, we are seeing increasing costs for those who do need our support. In 2019/20 we supported 2,743 people with long-term packages of care and 553 people with shorter term reablement care. We also responded to referrals for 3,419 clients, offering services and support to help them stay independent.
- The number of children in care nationally has risen which has had an impact on where we place children. The recruitment of foster carers has not kept pace with the number of children requiring care and we have had to use residential placements which are more costly, this position has been exacerbated by Covid-19. As a result, the council has needed to identify an additional £2m in 2021/22 to meet additional placement costs.
- We continue to experience a growing demand in special educational needs. Comparing 2020 with 2016, we have experienced a 40% increase in pupils with Education, Health and Care Plan (EHCP) supported by Peterborough City Council.
- We face significant pressure in providing enough school places as a result of extensive new housing developments and demographic changes resulting from increased birth rates. The school population in Peterborough has increased from 28,257 pupils on roll in January 2006 to 37,582 in January 2020, an increase of 33%.

- In 2019/20 a total of 1,145 new homes were completed and we have averaged more than 1,100 new homes per year for the last five years - good news, but with this growth comes extra service demands.

Alongside a rise in demand and reduced government funding, the council also faces a number of additional financial challenges including more people on lower council tax bands restricting our ability to raise local taxes, a fast-growing population - the population is now over 202,300, with a 13% increase since 2009 - and low resilience, with virtually non-existent levels of usable reserves forecast by the end of the financial year.

2021/22 was always going to be a difficult year, but with the measures we had taken in previous years and the savings and changes to services that we had identified we had a plan for our budgets in future years, to move towards sustainability.

However, the Covid-19 pandemic has exasperated our financial situation and created unprecedented strain on our services and created additional pressures which include:

- Forecast loss of £2.4million in parking revenue.
- Council tax deficit of £2.8million as a result of people being unable to pay and an increase in households receiving council tax support.
- Business rates deficit of £7.2million as a result of businesses being unable to pay their rates because of the impact on their operation.
- Additional £13.8 million on providing Adult Social Care services differently during the pandemic.
- £2.2m to provide accommodation for all rough sleepers so that they could isolate safely.
- Inability to achieve £5.5million of the savings that we expected to in the current year which creates a pressure in-year and next year.

As a result, we are faced with a gap in our budget for 2021/22 of £36million.

The scale of the challenge next year will require additional funding and solutions, we cannot meet the challenge by savings alone.

As a result, we are discussing with the Ministry of Housing, Communities and Local Government (MHCLG) about potential solutions to the financial situation that we and many other councils face. The outcome of these discussions will be crucial to our second phase of proposals and being able to deliver a balanced budget next year.

We have presented a number of options which will not just allow us to set a balanced budget for 2021/22 but may give the Government the time it needs to adjust national finances to take account of the Covid-19 emergency nationwide. These include:

- Providing additional un-ring fenced funding for these exceptional Covid-19 incurred costs.
- Allowing the council powers to use debt financing to cover one-off Covid-19 issues in 2020/21.
- Allowing the council to take a one-year holiday in 2021/22 on Minimum Revenue Provision Payments. This is the same as the private sector re-negotiating their debt repayments and would free up £15m.
- Allowing the council to take a one-year holiday on Pension Fund payments. With the present three yearly revaluation the council pension fund is fully funded over its 25-year, life and this

will have no impact on staff pensions currently or in the future, but would free up in the region of £6-8m.

This will not just help the council to continue to deliver essential services, but will allow us to continue our highly effective support in fighting the effects of Covid-19 in Peterborough.

We are awaiting a response from Government on the suggestions that we have made.

Although the pandemic has placed unprecedented strain on our services, it has also shone a light on the vital role that councils play in the lives of residents and in supporting businesses, and how important it is for local government to be at the forefront when there is a crisis.

Of particular note this year has been:

- Our work with communities to reduce our rates of infection from a position which saw us go from sixth highest rates in the country, to below the national average.
- Our scheme to contact trace people who have tested positive for COVID-19 which has a 90% success rate, one of the highest in the country.
- Our work to distribute £32m in business grants and award 100% business rate relief for designated businesses totalling £40.3m – at one point being among the best in England for issuing grants to local businesses, and better than anywhere else in Cambridgeshire.
- Our work in supporting those most affected by the pandemic through the Peterborough Coordination Hub.

In addition, we have continued to maintain good quality services and outcomes for residents and taken big strides forward with the redevelopment of the city. Particular successes include:

- Plans for a dedicated university for Peterborough progressing at pace with Anglia Ruskin University announced as the academic partner and planning permissions now being sought.
- Progress on the redevelopment of North Westgate following an agreement with Hawksworth Securities PLC to begin acquiring land, bringing momentum to ambitious redevelopment plans for the delivery of a vibrant new £150m quarter for the city.
- Redevelopment of Fletton Quays continues with work getting underway on the new Hilton hotel and due to start soon on a new Government hub.
- Leadership of an ambitious £600m regeneration and growth strategy set out in the 2019 City Centre Investment Prospectus and the recently submitted Towns Fund Investment Plan which sets out proposals for £25m of Government investment.
- Partnership with Network Rail and LNER to agree a visionary masterplan for the station quarter; and as a landowner and partner working with Peterborough United FC to enable the relocation of the football ground in the city.
- Lower numbers of children in care than our statistical neighbours which has been achieved through our family safeguarding initiative and good quality early help services.
- We have one of the lowest hospital delayed discharge rates for adults with social care needs in the country.
- We have kept pace with the significant demand for school places by investing £88million in school buildings and expansion over the past five years. The council has directly funded £25million of this sum.
- Our highways service (a partnership with Skanska) ranked first in the East of England in the 2019 National Highways and Transport public satisfaction survey and was awarded 'Project

of the Year' for the Nene Bridge in the regional Chartered Institute of Highways and Transportation awards.

As demonstrated, we are a well-run, innovative and imaginative council which runs low cost, good quality services, however in setting a budget for 2021/22, we have immediate and significant financial challenges and we must identify £36m of savings.

This first phase of proposals details how we will save £2.7million in 2021/22 but there is a significant challenge ahead - one that we cannot meet without Government support. Therefore, we continue to work with MCHLG and our MPs on how we will be able to deliver a balanced budget next year and continue to provide the services that our residents need.

## **THE BUDGET PROCESS**

The council is faced with a challenging financial position this year. The magnitude of the savings required has meant that we have had to consider significant changes to our operating model and redesign the way we deliver services.

Due to the nature and scale of this, developing the proposals has required additional time and resource to ensure the plans are robust, deliverable and collectively achieve financial sustainability.

At Full Council in July ([Item 9a, Cabinet Report, Appendix A](#)) a budget process was approved, with fewer revisions, which will allow the council to consider and develop a balanced budget. The timetable approved is outlined within the following table:

### **MTFS Phase One**

Consultation start date	16/10/2020
Cabinet	26/10/2020
Joint Scrutiny Committee Meeting - budget	11/11/2020
Cabinet	30/11/2020
Consultation close date	07/12/2020
Council	09/12/2020

### **MTFS Phase Two**

Consultation start date	22/01/2021
Cabinet	01/02/2021
Joint Scrutiny Committee Meeting- budget	10/02/2021
Cabinet	22/02/2021
Consultation close date	02/03/2021
Council	03/03/2021

## **CABINET PRIORITIES**

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



Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned.



Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city



Safeguarding vulnerable children and adults.



Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city's carbon footprint as part of our Climate Change declaration.



Supporting Peterborough's culture and leisure offer.



Keeping our communities safe, cohesive and healthy.



Achieving the best health and wellbeing for the city.



## **COUNCIL DIRECTORATES**

### **Governance**

This department includes legal and democratic services, support for members and the mayor, management of elections and the electoral register, data protection and oversees information governance and coordinates information requests.

### **Place and Economy**

This department is responsible for the Peterborough Highways Service, planning, regeneration, waste treatment, energy and the management of Aragon Direct Services, who provide services relating to waste, cleaning and open spaces.

It leads on the promotion of the city to attract business and investment by working with Opportunity Peterborough and the Peterborough Investment Partnership.

It also leads of delivering support to individuals and families requiring housing through the housing needs team, and works with Medesham Homes, the council's partnership with Cross Keys Homes to provide more affordable housing within the city to reduce the risk of homelessness.

### **People and Communities**

This department is responsible for ensuring the needs of our residents are met, particularly those that are most vulnerable. It works with adults, children, families and communities, including schools, health services and the police. It leads on keeping children and adults safe, ensuring sufficient quality education placements, including early years settings, supporting children with special educational needs and commissioning of services, often with our partners.

It takes the lead on services that help people feel safe in their communities, improving community relationships and working with communities to support and help each other.

And also leads on tourism and city services including CCTV, car parks, events and the City Market.

In the current year it has also led on the work to support people who are more at risk from Covid-19 and those who need support to remain safe and well. This has been through the Countywide Coordination Hub and the local Peterborough Support Hub. It has also supported with outbreak management, to contain outbreaks when they occur and to encourage people to follow national guidance.

### **Public Health**

This department works to improve the health and wellbeing of residents. 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 and services to support people to give up smoking, lose weight and achieve health goals.

In the current year it has led on the council's response to Covid-19, both in terms of managing outbreaks when they occur and working intensively with our communities to make sure as many people as possible are following national guidance to reduce the spread of the virus.

## **Resources**

This department includes financial services encompassing financial planning and accounting, internal audit, fraud and insurance, and responsibility for the city's cemeteries, cremation and registrars. It also oversees strategic Property services and the Peterborough Serco Strategic Partnership (PSSP), which covers business support, shared transactional services, business transformation, procurement, customer services and finance systems.

## **Customer services and digital**

This department includes IT and digital services to manage and support most of the council's business systems, emergency planning, communications, including design and print and ICT services and the drive to improve technological options for the council and its services.

## **Business improvement and development**

This department takes the lead on transforming council services so that they are able to meet the needs of residents with the funding that we have available. It is also responsible for delivering commercial opportunities for the Council.

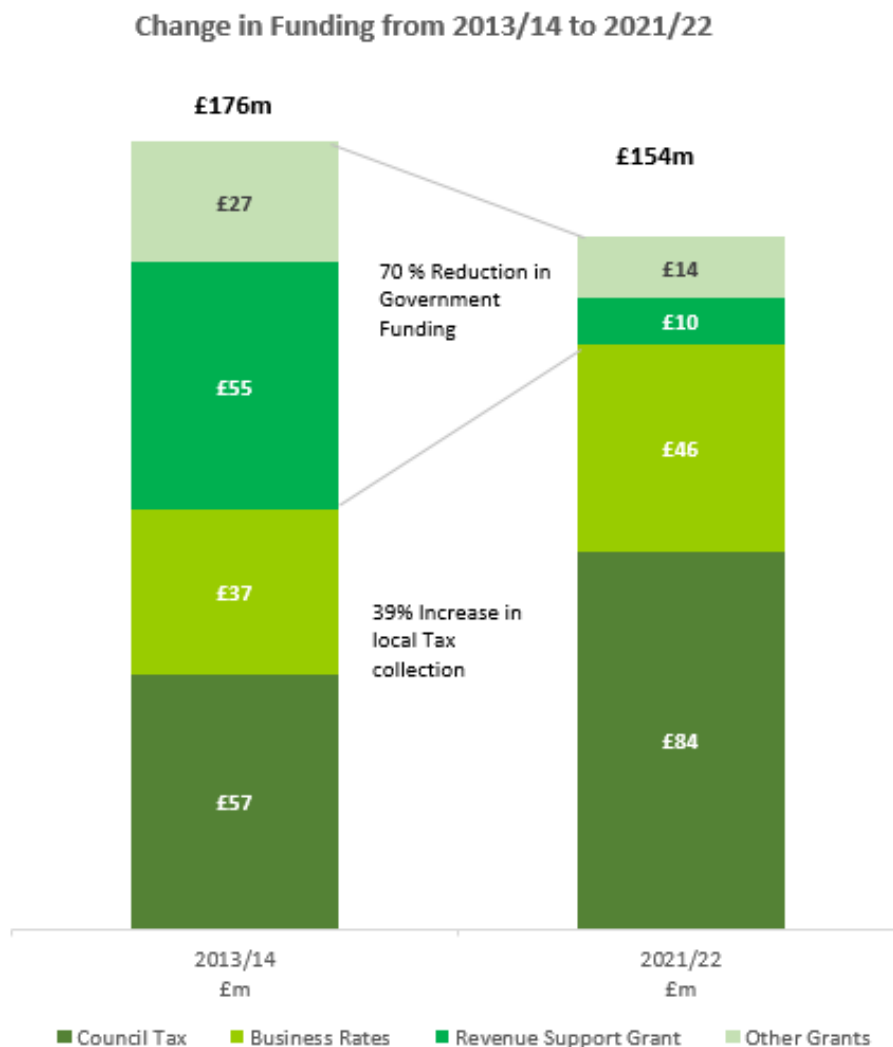
## **Chief Executive**

The Chief Executive is the head of the paid service. This directorate contains human resources and organisational development.

## FUNDING AND COUNCIL SERVICE EXPENDITURE

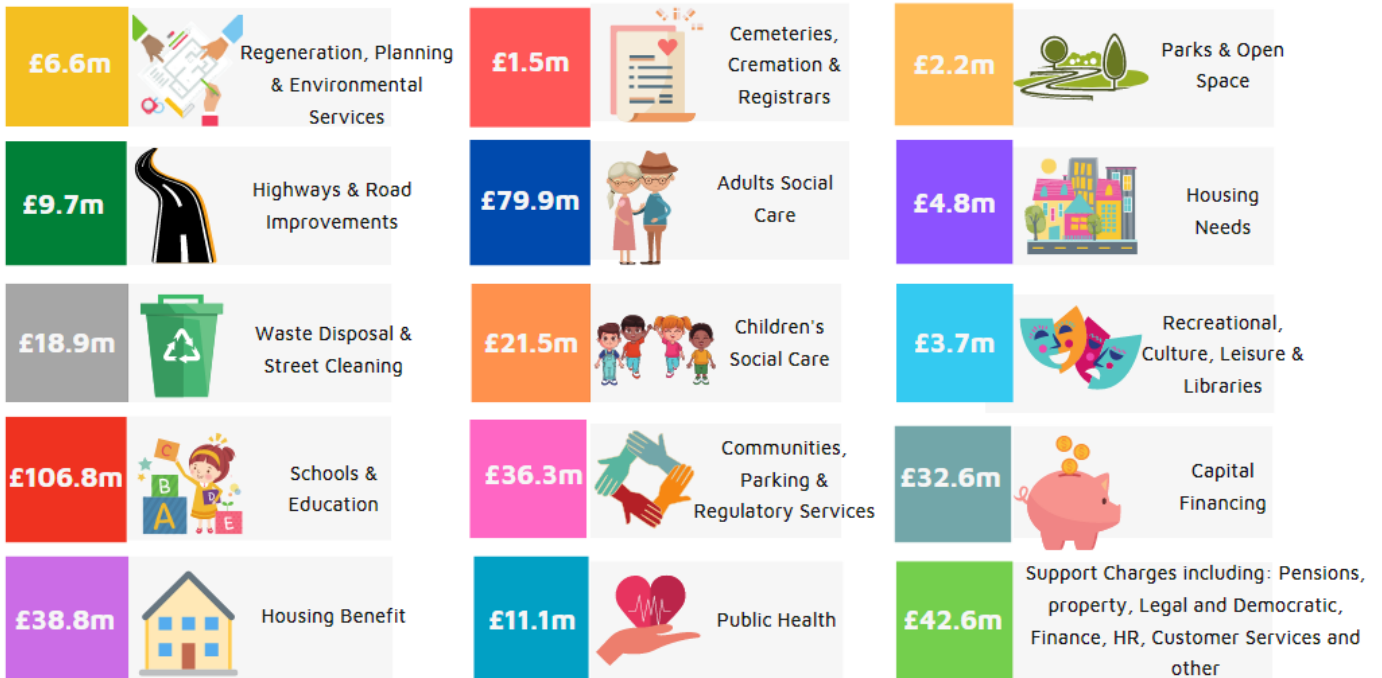
### Funding 2021/22

The council's forecast total funding for 2021/22 is £154m, comprising of council tax, business rates, its Revenue Support Grant (RSG) and other grants. The council has seen a 70% reduction in the level of grant funding received since 2013/14, and over this period has relied on Council Tax increases and Business Rates growth to bridge the funding gap, and have only partially achieved this, leaving a £18m difference (as demonstrated in the following chart). This is a significant reduction in funding, and to illustrate the scale of the challenge the £18m is the equivalent of almost 180% of the Councils current level of RSG.



## The Councils Expenditure Budget 2021/22

The Following Graphic outlines some of the Councils key service areas, and the gross expenditure budget for these areas for 2021/22:



These budgets reflect the proposals outlined within this document, but at this stage this is an estimated position, based on the best and most up to date information available to the Council. The Councils will finalise the budget within Phase Two of the MTFs and balanced budget setting process.

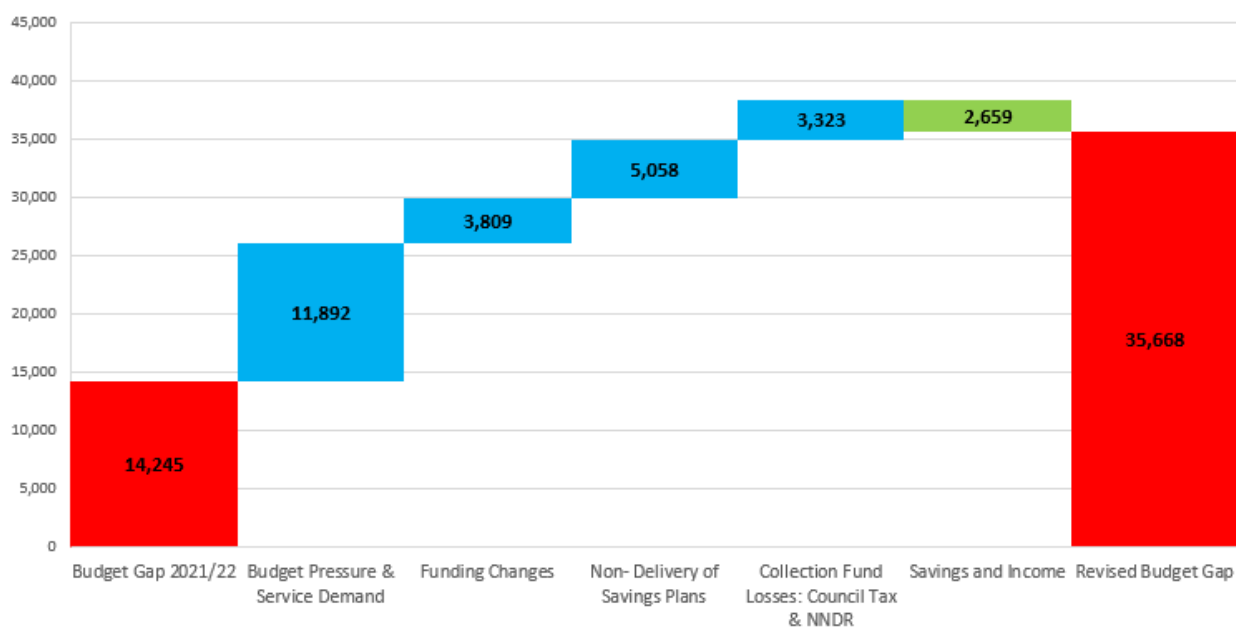
## OVERALL BUDGET POSITION

### Revenue

Phase one contains the first of two rounds of budget proposals, which outline £24.1m of additional pressures and £2.7m of savings, leaving the council facing a £35.7m budget gap.

Estimated 2021/22 MTFS budget gap

Existing budget gap **£14.2 m** + pressures **£24.1m** - new savings **£2.7m** = revised budget **gap of £35.7m**



	2021/22	2022/23	2023/24
	£000	£000	£000
<b>Budget Gap from 2020/21 MTFS</b>	<b>14,245</b>	<b>14,808</b>	<b>14,609</b>
Budget Pressure & Service Demand	11,892	12,649	15,168
Funding Changes	3,809	3,515	3,165
Non- Delivery of Savings Plans	5,058	4,978	4,978
Collection Fund Losses: Council Tax & NNDR	3,323	3,323	3,323
<b>Revised Budget Gap</b>	<b>38,327</b>	<b>39,273</b>	<b>41,243</b>
Savings and Income	(2,659)	(2,659)	(2,659)
<b>Budget Gap</b>	<b>35,668</b>	<b>36,614</b>	<b>38,584</b>

## **SAVINGS PROPOSALS**

### **Capital programme review- reduction in capital financing costs**

This is the impact to the capital financing budget following amendments to the council's capital programme for 2020/21 onwards, resulting in lower borrowing requirement and lower associated revenue costs.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>367,000</b>	<b>367,000</b>	<b>367,000</b>

### **Customer services and digital - changes within the ICT service**

The managed IT contract with Serco came to an end during 2020 with IT staff and services transferring back to the council generating savings totalling £311,000.

An additional £50,000 saving should be possible from consolidating and sharing the council's IT service structure with Cambridgeshire County Council as outlined in the Joint IT Strategy. Savings amounting to £300,000 have also been identified within business systems including removal of entire systems where these are either no longer required, have been replaced or where the functionality can be provided through an existing or cheaper alternative.

As part of the sharing of services with Cambridgeshire County Council, the council will host its IT systems in the Peterborough DataCentre. This will provide Peterborough City Council with an income of £50,000 per annum and represents the first step towards becoming a more commercial IT service.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>711,000</b>	<b>711,000</b>	<b>711,000</b>

### **Reduce spend on virtual school for children in care**

Peterborough virtual school for children in care works in partnership with schools and other agencies in order to improve standards of achievement for this group of children and young people. It has a focus on improving educational outcomes and accelerating learning from early years to the end of Year 13.

Following an Ofsted review in 2015, it was noted that the virtual school lacked sufficient capacity to monitor and improve educational outcomes for looked after children, including those in post-16 education. A substantial investment was made to increase capacity and in 2018 Ofsted noted that the quality of planning and support for children in care and care leavers provided by the virtual school had improved following investment in key new posts.

Since then, the council has received further grant funding from the Department for Education to support the core functions of the virtual school and as a result the investment made by the council in 2015 can be reduced by £80,000 per year.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>

### **Reduction of posts in Adult and Safeguarding**

This proposal looks to delete three part-time non-essential vacant posts from Adults and Safeguarding, within the People and Communities directorate.

In April 2020 new financial assessment software was implemented following an upgrade of the council's electronic care record system. This new way of working has led to more automation of several aspects of the work and therefore the need for less staffing resource. As a result, voluntary redundancy was agreed for one post and there is now the opportunity to delete a full time equivalent (FTE) Financial Assessment Officer role from the team.

There is also the opportunity to remove the post of Early Help Prison Support Worker (0.5 FTE). The previously outsourced care act assessment and support planning functions within the prison were transferred back to the council last year and further review of the function and duties undertaken has established that this now vacant role is no longer required.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>59,000</b>	<b>59,000</b>	<b>59,000</b>

### **Disability Forum infrastructure**

There are regular provider forums in place and a more robust communication and support channel with the provider market which offer alternative solutions for those requiring the support previously offered.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>

### **Reviewing Dedicated Schools Grant (DSG) expenditure**

In 2018, the Department for Education removed the Education Service Grant which funded services provided by local authorities to maintained schools, trusts and academies. Some of the responsibilities previously held by the council for all schools including attendance, work with excluded pupils, child employment and the statutory oversight of education, were transferred into the Dedicated Schools Grant (DSG) as additional funding.

The council has undertaken a review of its spend across these areas and as a result we are able to charge more costs, previously met by core council funding, against the centrally retained schools block in the DSG. This will lead to £250,000 being saved by the council, providing the DSG continues to provide funding for these activities.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

## Housing service

The council's housing service is working towards becoming a national leader in customer service, efficiency and performance. A number of proposals are being put forward to support these aims.

Firstly, it is proposed to establish a new permanent housing assistant director role at an annual cost of £127,000. An interim appointment covering the same scope of work has already been successful in achieving key objectives such as ending the use of B&B accommodation, reducing the backlog of homelessness and housing register cases and reducing the number of new homelessness cases requiring temporary accommodation. This post would enable the continuation of this work, supporting the council to deliver a range of additional savings and manage demand.

There is also a proposed project to establish a housing management and repairs service within the Housing Service. This would take responsibility for all repairs, asset management, compliance and housing management functions using a fit-for-purpose information system; making a saving of £160,000 in comparison to the current contract costs.

In addition, there are proposed improvements to temporary accommodation and traveller sites income collection, and debt collection more generally, in the Housing Service which would generate a saving of £205,000.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>238,000</b>	<b>238,000</b>	<b>238,000</b>

## Brown bin fee increase

The council runs an opt-in garden waste (brown bin) collection service for all residents across the city; since 2014 there has been a charge for this.

This proposal is to increase the current subscription fee for the scheme, from £45 to £50 per year, to reflect the fact that the existing budget does not allow for back office software improvements, the impact on vehicle costs, or officer time. This would be the first increase to the charge since 2018/19.

The council is also proposing to introduce a £25 charge for a second (or any subsequent) brown bin to further mitigate the costs outlined above. The limit on the number of brown bins any one household has would be removed where operational demand allows.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>

## Peterborough Highway Services

Peterborough Highway Services is a partnership between Peterborough City Council and Skanska. The contract covers the improvement and maintenance of Peterborough's highway network and maintains 550 miles of carriageway, 718 miles of footways and 366 structures.

A review has been undertaken to identify any elements of the services provided which can be stopped, amended or reduced; or, where income could be increased or new income streams identified.



This proposal includes a number of options where savings can be delivered. These include:

- Changes to street lighting across the city, options include altering lighting levels or switching off some lights altogether between midnight and 5am, which could generate a £100,000 annual saving.
- Adapting intervention standards on roads by allocating £150,000 of capital funding to allow whole areas of highway to be improved, rather than one-off patching, to enhance the asset, which would generate £150,000 revenue saving.
- A review of fee levels to ensure that costs are recovered in relation to S38 (construction of new estate roads) and S278 (works to an existing highway) applications; this would increase income by £50,000.
- A fee increase to street naming which will cover costs in this area and generate additional income of £6,000.
- A budget adjustment of £5,000 to reflect maintenance work at Junction 3A (Ikea) being absorbed within the wider maintenance budget and another for £5,000 to reflect that the activity of the Accessibility and Travel team has been absorbed as part of a wider programme of work.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>316,000</b>	<b>316,000</b>	<b>316,000</b>

### **Sustainable Growth Strategy savings**

The council has contracts with several other local authorities to deploy its staff to provide planning policy service support. There is increasing demand for this, so the council is proposing to increase the target for income achieved through such contracts over the coming years.

In addition, the council plans to reduce its budget for the examination of planning policy documents, for example the inspection fees for the Local Plan. For the next few years, less examinations/inspections are programmed in and therefore the budget can reduce accordingly.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

### **Westcombe Engineering**

Westcombe Engineering is a sheltered employment scheme that manufactures engineering components for external sale. It has recently secured new long-term work orders, which, with associated capital investment has enabled additional income to support the budget, releasing a saving of £100k per year.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>



### Public Health - Falls Prevention funding

As part of a new contract for the Integrated Lifestyles Service across Cambridgeshire and Peterborough, which started on 1 October 2020, the service is now fully funded by the Public Health Grant.

This saving has been taken early and so also has a part year effect in the second half of 2020/21.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>

### Public Health – Removal of Head of Public Health Intelligence post

As part of a realignment of the Public Health directorate, which works across Cambridgeshire and Peterborough, the Head of Public Health Intelligence post was made redundant at the end of August 2020. This post was employed by Cambridgeshire County Council, but because the team is jointly funded, a proportion of the cost of this post is a saving for Peterborough City Council.

This saving has been taken early and so also has a part year effect in the second half of 2020/21.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>

### Commercial property portfolio

This proposal reflects an uplift of commercial rents for properties within the council's portfolio which are due for review, including the Eco Centre and units at Saville Road and Alfric Square.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>

### Core property contract

NPS Peterborough Limited is a joint venture with Peterborough City Council which was set up in 2016. The team provides estate services including asset management and rural estates, estate management, property agency, rating and valuation and consultancy services.

As with all other outsourced contracts and joint ventures, the council has reviewed the service level agreement with NPS Peterborough Limited and the services delivered to identify potential savings. As a result, an 11.5% reduction is proposed to the budget over the next three years by making efficiencies around our strategic estates management function and the management of capital works.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>96,000</b>	<b>96,000</b>	<b>96,000</b>

### **Reduction in security**

This proposal reflects changes in security arrangements following alterations in the usage of council buildings, enabling a saving to be made. This includes a reduction in the number of security officers employed at Peterborough Central Library from two to one to reflect a lower than expected usage of the conference facilities which security is required for.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>

## **BUDGET PRESSURE & SERVICE DEMAND**

### **Adult Social Care- market sustainability**

These pressures and recommended investment ensure the social care market continues to support service user's needs under the backdrop of continued financial pressures seen on a national and regional scale as a result of Covid-19.

The vast majority of external funding which had been available during phase one of Covid-19 has now ceased – at a time when the NHS is gearing back up to 'business as usual', and we organise to meet the challenges of winter pressures, flu and further expected Covid-19 outbreaks.

The budget required under this proposal would enable the council to continue to support providers with the costs of direct intervention. Measures include:

- Continuing to fund the additional c. 104 beds commissioned by the council for patients discharged from hospital into other care settings during phase one of Covid-19
- Continuing to support providers with infection control measures associated with Covid-19, for example PPE and professional support
- Supporting providers to cover the cost of the largest increase to the National Living Wage seen in 20 years.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Pressure</b>	<b>5,147,000</b>	<b>4,480,000</b>	<b>4,815,000</b>

### **Adult Social Care - Cost drivers and demography review**

Nationally, Adult Social Care is facing unprecedented financial pressures resulting from reducing budgets, rising costs of care, increasingly complex needs and an ageing population, exacerbated further by the Covid-19 pandemic.

The council has not escaped these pressures, which are driven by a growing population and an increase in contract inflation and the cost of providing care.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Pressure</b>	<b>0</b>	<b>2,314,000</b>	<b>4,628,000</b>

### **Think Communities investment**

The Peterborough and Cambridgeshire Think Communities approach brings together local authorities across the county, the voluntary and faith sector, community groups, housing providers, business, health, police and fire services to coordinate place-focused people-centred support.

The approach was first developed in 2019, but since the start of the Covid-19 pandemic the coordinated Hub response implemented in Peterborough and Cambridgeshire has proven how the concept works in real time, supporting tens of thousands of residents to protect themselves, and as such not overload the NHS or other statutory services. This way of working achieved some outstanding outcomes and is something the council and Cambridgeshire County Council want to take experience from and to build on.

Targeted preventative work will be delivered to ensure that people who might need help and support - for example, if they are lonely and isolated, or if they struggling with their household bills, or who are an informal carer - are able to get that support from within their own community first and foremost, either through a stronger and more resilient set of community-led services or through council and other staff working more closely within and alongside communities.

The council is proposing an initial 18-month investment to build on our existing core-funded infrastructure, embed many of the features developed during the Covid-19 pandemic, and deliver highly practical outcomes across all services. After the 18 months of transformation investment, it is expected that this approach and way of working will be embedded in the organisation and that ongoing work will be part of core budgets.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>247,000</b>	<b>0</b>	<b>0</b>

### Care Home Support Team

Across Cambridgeshire and Peterborough there are 167 registered residential and nursing homes (131 in Cambridgeshire and 36 in Peterborough). Compared to other areas, a higher percentage of homes are rated good or better, however, there are a small number of homes which require focus to address and respond to quality and practice issues.

This proposal involves the establishment of a dedicated Care Home Support Team across Cambridgeshire and Peterborough for two years to support homes where systemic issues are identified, in order to reduce the risk of provider failure and/or large-scale safeguarding concerns.

This dedicated team of staff could provide practical support to the homes for a concentrated period to bring practice and documentation up to the required position. They could also work with providers where early involvement is likely to provide a preventative benefit. This support will include:

- Talking to residents and staff to gather their concerns and provide advice and reassurance
- Ensuring care and support documentation is up-to-date and meets the needs of all
- Supporting adherence to Mental Capacity Act and Deprivation of Liberty Safeguards statutory duties across the home
- Liaising with safeguarding teams as appropriate
- Celebrating and sharing good practice
- Checking the clinical needs of each resident are met and infection control measures are in place and appropriate
- Identifying opportunities for use of technology to support practice throughout the home as opposed to a resident by resident basis
- Work alongside home management to ensure they understand what is required and are able to take the changes forward positively.

To resource this new team, a manager and five social workers would need to be recruited. The resource would be shared across Cambridgeshire and Peterborough so that it can be deployed where needed. The costs of this service would be shared by Peterborough City Council (26%) and Cambridgeshire County Council (74%).

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>73,000</b>	<b>30,000</b>	<b>0</b>

### **Children’s Family Safeguarding**

Family Safeguarding was implemented in Peterborough with the support of a grant from the Department for Education in 2017/18. This grant met the initial set-up costs and additional staffing costs for operating the model. It has now been fully utilised.

Family Safeguarding is an approach to working with children living in families where issues affecting parents place them at the greatest risk of harm. These parental factors are substance and/or alcohol misuse, parental mental ill-health and domestic abuse and in the most complex family situations, parents may be struggling with all these issues.

In Family Safeguarding, practitioners with expertise in supporting adults to address these difficulties are seconded into teams of children’s social workers. Those practitioners support adults to address the difficulties they are facing, leaving the children’s social workers to ensure that those changes are having a positive and sustainable impact for the children in the family.

This approach is associated with fewer children coming into care as more families are supported to make permanent positive changes and is why Peterborough has fewer children in care than our statistical neighbours. Having fewer children in care more than offsets the additional staffing costs for the adult practitioners, which are £900,000 per annum. Part of this cost is met by the public health grant, because successfully addressing substance, alcohol and domestic abuse and improving mental health are all core public health priorities. This reduces the staffing pressure to £700,000 per year.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>

### **Children’s rise in placements**

While the council’s overall number of children in care remains significantly below the average of its statistical neighbours, we have seen a small increase during the Covid-19 pandemic, partly as a result of families struggling to continue to look after children with very complex needs at a time when other forms of support including help from extended family was less available to them.

Prior to Covid-19, the council had been reducing its placement costs and was set to achieve a £300,000 saving in 2020/21 and a further £500,000 saving in 2021/22.

The costs of specialist placements for young people with complex social and emotional needs and for children and young people with complex disabilities are often as much as £5,000 per week per child or young person and can be significantly higher. This means that there can be an increase in placement costs of £1million resulting from an additional four children and young people with complex needs coming into care.

The council is concerned that the impact of Covid-19 will continue to affect families and children and young people with the most complex needs, resulting in a continuing small increase in the numbers needing specialist care and placements over the remainder of the current financial year and into 2021/2. It is therefore prudent to assume a potential pressure of up to £2million in additional placement costs over the coming years.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

#### **Aragon Direct Services (Peterborough Ltd)**

Since 2019, the council has operated a local authority trading company Peterborough Limited, through which a range of services are delivered under the name Aragon Direct Services. These include refuse collection, recycling, street cleansing, parks, trees and open spaces and other services.

Since these services were insourced from the previous contract with Amey (Enterprise Managed Services Ltd), operations and costs have been reviewed to ensure high quality standards are maintained for the future. This review has identified that the cost base upon which the original contract was established was insufficient to sustain the required service levels in the long-term. The impact of the coronavirus pandemic has also led to additional financial pressures.

Additional investment is required in several areas, including the replacement and updating of refuse vehicles, street sweepers, transport fleet and other equipment.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

#### **Reduction in income from sale of electricity from Energy from Waste plant**

The council is able to sell electricity produced by its Energy Recovery Facility and as a result a predicted income is built into the council's budget. However, energy prices have been lower than previous years and the amount of power generated by the facility has fluctuated, meaning it is expected to generate a reduced income. Therefore, a pressure of £500,000 needs to be reflected within the council's budget for 2021/22, reducing in future years in anticipation of an improved market.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>500,000</b>	<b>400,000</b>	<b>300,000</b>



### Pay award- 2.75%

In August 2020 an agreement was reached between the National Employers and the NJC Trade Union on rates of pay applicable from 1 April 2020, which included an increase of 2.75%. The council's budget had assumed a lower level of pay award, therefore an adjustment is required to ensure the full cost of this is covered.

	2021/22	2022/23	2023/24
Pressure	725,000	725,000	725,000

### Increase in sundry bad debt provision - due to the economic impact of the Covid-19 pandemic

Due to the economic impact of Covid-19 the council is anticipating that a high level of provision may be required at the end of the financial year. This is to reflect a higher than anticipated level of sundry debt outstanding, resulting from businesses, organisations and individuals struggling to pay for new and historic debt.

	2021/22	2022/23	2023/24
Pressure	500,000	0	0

### Peterborough Serco Strategic Partnership- Budget adjustment

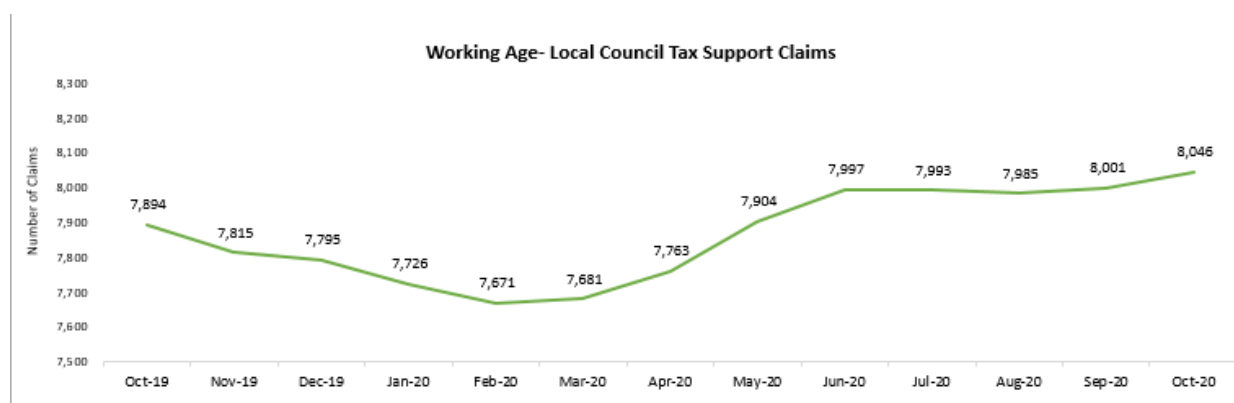
This budget adjustment reflects amends to the original contract with Serco to provide a range of frontline and back office services to the Council. Initially, the contract included a £500,000 'growth rebate' to be paid to the council after five and ten years, this was later adjusted to a £100,000 payment in each year of the ten-year contract. However, an error meant the second £500,000 payment was left in the 2021/22 budget, which is why this adjustment is required.

	2021/22	2022/23	2023/24
Pressure	500,000	500,000	500,000

## **FUNDING CHANGES AND COLLECTION FUND LOSSES**

The council's Council Tax and NNDR collections levels have been significantly impacted by the Covid-19 pandemic, which due to timing impact the council's budget in 2021/22. These are important income sources for the council, funding 84% of its net revenue budget.

Annual growth in the Council Tax base has been assumed within the council's Medium Term Financial Strategy, however as a result of C-19 housing growth has been slower and it's evident that unemployment levels have led to a rise in the levels of Local Council Tax Support (LCTS) claims. With the furlough scheme coming to an end it is anticipated that the levels of claims will continue to rise. The following graph demonstrates the rise in the level of Local Council Tax Support claims:



Although the government has provided a package of support, including rates relief and grants for businesses, there is still a significant risk to the Councils NNDR income due to potential ratable value reductions and a reduction in business growth.

Whilst we don't know the full extent to which the council's income will be impacted, it is expected that prior to approving the budget in March 2021, clarity on local government funding will be provided and as the economy settles this will enable budget assumptions to be firmed up.

### **Collection Fund Deficits**

Each year the council must evaluate the financial position of the collection fund and declare whether there is a surplus, where additional income has been collected in comparison to budget, or a deficit, where the income collected is less than budgeted. This amount is then carried forward into the following years budget.

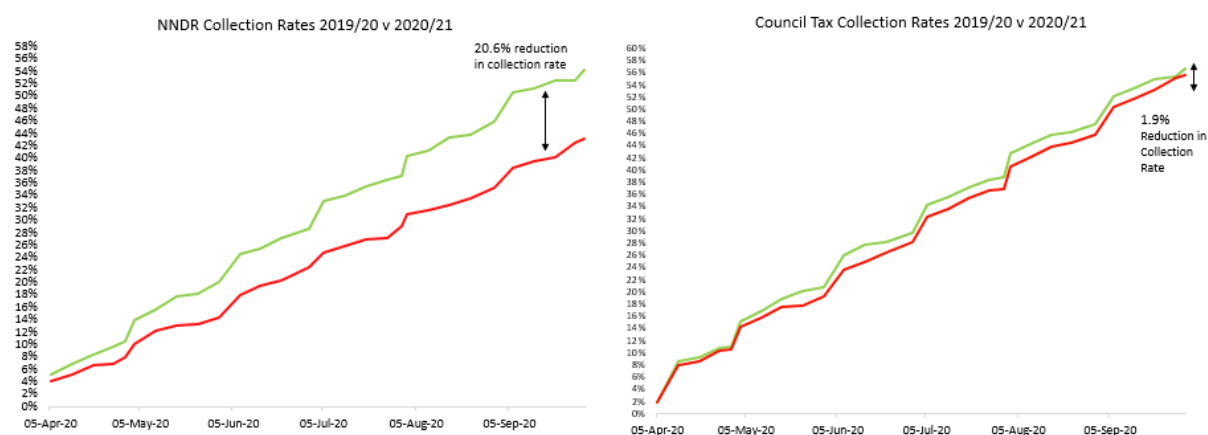
For years the council has declared a surplus position due to the level of growth within the city. However due to Covid-19 the actual position in comparison to the forecast has been significantly impacted by reduced construction and a strained economy, effecting both businesses and households. the following graphs outline a reduction in the collection rate in comparison to 2019/20:

On 2 July, the government announced measures to support local authorities. This included a scheme to allowing them to spread the collection fund deficits over three years rather than the usual one. Therefore, the following table outlines the impact of this on the council's budget.

	2021/22	2022/23	2023/24
<b>Council Tax</b>	<b>934,000</b>	<b>934,000</b>	<b>934,000</b>
<b>NNDR</b>	<b>2,389,000</b>	<b>2,389,000</b>	<b>2,389,000</b>

### Bad Debt Provision Increase

Estimated increase required in the council's bad debt provision, as a result of the current levels of income collection. The following graphs outline a reduction in the collection rate in comparison to 2019/20:



	2021/22	2022/23	2023/24
<b>Council Tax</b>	<b>500,000</b>	<b>400,000</b>	<b>300,000</b>
<b>NNDR</b>	<b>1,000,000</b>	<b>750,000</b>	<b>500,000</b>

### Reduced Income Base

The council tax base is calculated by looking at the amount of properties within the city, and considering other variables, such as property banding, exemptions, discounts and the level of (LCTS) recipients. Covid-19 has meant that construction has been slowed, therefore there is a decrease in the levels of houses now forecast, and the number of households in receipt of LCTS has risen by 365 since the beginning of the Covid-19 pandemic, both of these having a negative impact on the Council Tax Base.

The NNDR income base is based on the rateable value of businesses and organisations within the city. This too is forecast to be adversely impacted by the economic fallout of Covid-19.

	2021/22	2022/23	2023/24
<b>Council Tax Base</b>	<b>1,304,000</b>	<b>1,304,000</b>	<b>1,304,000</b>
<b>NNDR Income Base</b>	<b>1,005,000</b>	<b>1,005,000</b>	<b>1,005,000</b>

## **HUMAN RESOURCES IMPLICATIONS**

In order to deliver Phase 1 of the budget as outlined in this document, it is anticipated that there will be less than 5 FTE reductions. It is always the aim of the council to try and minimise compulsory redundancies and the impact on our service delivery. This will be achieved, wherever possible, by seeking redeployment opportunities, the deletion of vacant posts, restrictions on recruitment (taking into account service delivery), natural wastage / turnover and reducing or eliminating overtime, (providing service delivery is not compromised). Where staff are affected, the Council will seek voluntary redundancies as appropriate to minimise compulsory redundancies and where this is unavoidable, appropriate outplacement support will be considered.

**BUDGET CONSULTATION FORM**

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 can be requested by emailing [communications@peterborough.gov.uk](mailto:communications@peterborough.gov.uk)

The consultation will close on 7 December 2020 at 5pm. Cabinet will consider comments on Monday 30 November 2020 and Full Council will debate the phase one proposals on Wednesday 9 December 2020.

The consultation will ask the following questions:

1. Do you have any comments to make about the phase one budget proposals?

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

2. Having read the phase one proposals document, how much do you now feel you understand about why the council must make total savings of almost £35.7million in 2021/22 and over £38.6million by 2023/24? 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:

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

**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**

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