

Appendix B

**Medium Term Financial Plan
2022/23 Phase Two Budget
Consultation Document**

**Embargoed until 3pm
21 January 2022**



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OVERVIEW

For the past decade or more we have faced very difficult financial circumstances due to a growing population needing more services and delivering this with significantly reduced government funding. And of course, most recently, coping with the added pressures caused by a global pandemic with Covid-19.

We have always strived to provide good or even excellent services for our residents at the lowest possible cost – avoiding big cuts to services or even closures in previous years. We have worked hard to protect the most vulnerable and those who need our help the most. At the same time, we have aimed to keep council tax as low as possible, understanding the pressures our residents face in making ends meet. This has meant in the past drawing upon our reserves to balance the budget or relying on one-off capital receipts. This cannot continue.

Something must change – a view shared by the Local Government Association, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC) following reviews last year of the council’s governance and finances.

In response to these reviews, we are committed to making changes ourselves rather than letting Government or outside bodies intervene and impose them on us. To do this we have:

- Committed to managing our very severe budget challenge locally by the establishment of an [Improvement Plan](#), which will allow us to manage our finances within the council and without any further exceptional support from Government, such as the capitalisation direction awarded to us in previous years.
- Agreed to undertake an even more exhaustive review of our contracts, services, assets, and income opportunities – all designed to get our council on the road to financial stability.
- Started a refresh of our Corporate Strategy setting out our aims for Peterborough to be a place which people are proud to call home. We can only implement this when we have got the council financially stable. We are asking people to comment on the first phase of our new Corporate Strategy, which you can read here as part of our Improvement Plan. Comments can be made on our [website](#) until Friday 25 February at 5pm. Further detailed consultation will follow on phase 2 of the Corporate Strategy later in the year.

We know – and experts have told us – we have the capability, the expertise and the desire to get Peterborough to full financial sustainability over the next two to three years, which will offer everyone in our city a better future, with good opportunities and support when and where they need it.

But we don’t underestimate that this is a huge challenge, with a rapidly increasing population, with more complex needs and a low council tax base. However, it is one we know we can meet, with the support of members, our staff, partners and everyone in the city.

In December, Full Council signed off our Improvement Plan setting out steps we will take to reach a stable financial position whilst still delivering quality essential services for residents.

We have already appointed an Independent Improvement and Assurance Panel which offers a wide range of experience and skills from across the local government sector and will provide external advice, challenge and expertise in driving forward the development and delivery of the plan.

Fundamentally, we may have to stop providing non-statutory services, because we simply cannot afford to do so. Hopefully people will not notice too much of a change in the services we currently provide as we must maintain essential services for residents.

There will be some difficult decisions to be made, starting with our phase two budget proposals for 2022/23. We have been honest with people for some time that we must make decisions that people will find uncomfortable. At the same time, we will continue to invest what we can in those services that residents tell us we should do. Our crackdown on flytipping will continue, we will do all we can to keep our streets clean, safe and tidy, whilst at the same time continue to look after the elderly and vulnerable, support children in care and provide assistance for those in housing crisis.

We've identified £18.8million savings across both phases, £12.6million in phase two, which is contributing to closing our £27million budget gap we started the year with. We also need to consider how we can reduce our running costs in the years that follow and work will continue on this.

In some areas where we need to reduce spending, we are proposing changes that will only be short term. In other areas, we want to redesign services so they are more cost effective but also still provide a good level of service. We will seek partners to take on much loved services which we can no longer afford to run as a council, so they continue to have a bright future like the Key Theatre.

This year as previous, we also need to ask residents to support a small increase in council tax of 2.99 per cent – this includes 1 per cent which will go to adult social care and will be used to look after the most vulnerable people in our city. It is worth reminding all that our council tax rates are much lower than other comparable local authorities and this increase will help to alleviate the financial challenges that we are facing.

The quicker we can reach a place of financial stability, the quicker we can return to a time where we can once again reinvest in services that the city needs and wants.

Peterborough is a great place which has come so far in recent years. Companies are investing in our city as they see its potential - at places like Northminster and Fletton Quays and at our new university site which opens this autumn. Additionally, we have millions of pounds coming our way from Government to deliver projects that will transform our city and the services we provide.

If all goes according to plan, in the coming financial year we are to receive £20million in Levelling Up funding and £22.9million from the Towns Fund which we will be investing in the city to improve life for residents now and in years to come. This includes £20million to pay for a further phase of the new university to create a Living Lab and Cultural Quarter Hub and there is the potential for up to £50million to deliver the Station Quarter redevelopment.

We have an exciting future ahead of us, but first we must find a way to deliver the right sort of essential services for those that need them most in an efficient, cost effective and sustainable way.

We want to invest in our future, but to do this we all need to work together and take the city forward so that everyone living and working here benefits.

THE BUDGET PROCESS

This is the second phase of the Council's budget setting process, in line with the Councils Constitution.

The following table outlines the key meeting dates:

MTFS Phase Two	Date
Consultation start date	21/01/2022
Cabinet	31/01/2022
Joint Scrutiny Committee Meeting- budget	09/02/2022
Cabinet	21/02/2022
Consultation close date	28/02/2022
Council	02/03/2022

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, climate change 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 on 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 & disabilities and commissioning function, often with our partners. It takes the lead on services that help people feel safe and supported in their communities, improving community relationships and working with communities to support and help each other. Services include regulatory, enforcement and domestic abuse. It also leads on leisure, culture and city services including libraries, 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 including revenues and benefits, business transformation, procurement, customer services and finance systems.

Customer services and digital

This department includes IT and digital services, which manages the council's IT infrastructure, its business systems and the devices used by staff. This service works to improve the technological options for the council and its services. This department also includes emergency planning and our internal and external communications service.

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.

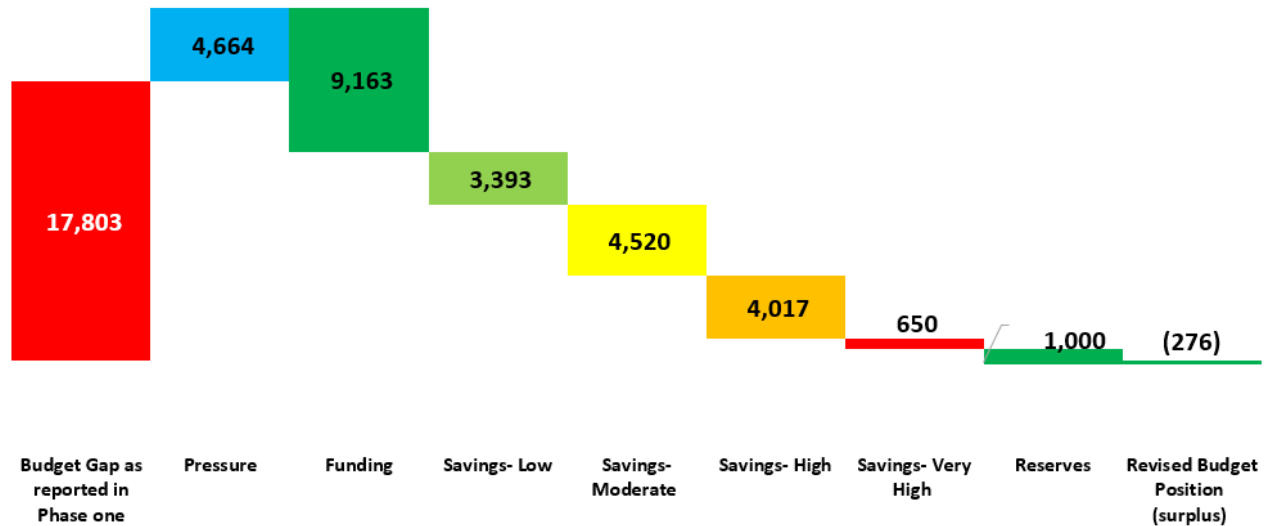
Chief Executive

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

OVERALL BUDGET POSITION

Phase Two of the budget concludes the 2022/23 budget setting process, which outlines £4.7million of additional pressures, £12.6million of savings, and £9.2million of funding changes. These actions will mean the Council is forecasting to have a surplus of £0.3m.

Phase Two Budget Position- 2022/23 (£000)



The surplus will be held for further budget adjustments as a result of refining estimates, detailed plans and consideration of consultation feedback. If not needed this will be contributed to boost our reserves position in line with our overarching financial strategy.

SAVINGS PROPOSALS

Adult Social Care increased income - £400,000

We will look to explore all opportunities for income to support care package costs, such as benefits entitlements, client contributions and partner funding. This will ensure that people are paying the right amount for their care and are supported to access all sources of financial support that they are entitled to.

Adult Social Care front door - £250,000

There is an opportunity to do more targeted prevention when people make initial contact with the council. This would include looking at opportunities to maximise people's independence, e.g. community networks, technology enabled care and carers support. Through changing the conversation and identifying straightforward ways in which we can provide help at an early stage (front door), we might be able to prevent a crisis or the need for longer term social care interventions, e.g. home care or residential care which are more costly.

Adult Social Care hospital discharges - £419,000

When people are discharged from hospital and require support with their social care needs, there is an opportunity to ensure we consider a range of options which support a better recovery. Through the targeted use of interventions such as technology enabled care and reablement we can support speedier recovery and greater independence in the longer term, thus preventing, reducing or delaying the need for more costly long-term care being required.

Adult Social Care increased technology enabled care - £100,000

Technology enable care (TEC) involves using equipment to support people with their care and support needs. This could be things such as Lifeline alarms, medication reminders and fall sensors. TEC can be put in place either alongside other care and support provision, or as an alternative depending on individual circumstances.

By increasing the use of TEC, through both increasing the range of TEC available and ensuring practitioners are skilled in identifying where TEC would be of benefit, we can increase people's confidence to live independently and delay the need for more costly long-term provision of care.

Adult Social Care reablement - £200,000

Reablement delivers short-term, goal orientated support for up to six weeks to help people regain their independence when they have been in hospital. By increasing reablement capacity we can increase the number of people who are offered this important service.

We will do this by investing in more frontline workers to deliver the service alongside looking at opportunities for us to be more efficient, e.g. better planning of rounds to reduce

travel time etc. This capacity will enable us to expand the service to support more people in their own homes, preventing the escalation of need for long-term care which is more costly.

Adult Social Care Direct Payments - £87,000

Direct Payments enable people to plan and pay for their care and support directly, with a financial contribution from the council. Reviewing processes and enhancing the range of options available for people to access with Direct Payments will enable them to benefit from greater choice at more affordable costs.

Adult Social Care interim bed review - £120,000

There has been a redesign of interim, respite and reablement (IRR) beds which provide short term accommodation-based support for people who need it, e.g. a respite break or short-term bridging care until a longer-term placement is found.

Levels of use have been reviewed and the service provision has been reconfigured. This has enabled a reduction of four interim beds and two reablement flats. The remaining six flats have been redesigned to offer a step up/down provision which will be used to facilitate hospital discharge, support people who are at risk of hospital admission or be used for other temporary purposes to avoid someone entering a care home.

This model will enable the beds to be used in a more targeted manner to support independence, producing better long-term outcomes for people and better value for money. This will not reduce our total capacity to ensure timely discharge from hospital.

Children's Social Care- reunification - £250,000

This proposal looks to carry out a review of whether we can successfully support more children to safely return to the care of their parents. Doing so would deliver financial benefits as well as rebuilding relationships within families where children have previously needed to come into care.

Children's Social Care – in-house fostering - £372,000

The council is able to make savings by increasing the number of in-house foster carers, who are a lower cost than foster carers supplied by independent fostering agencies. In-house foster placements are also more likely to be local than foster carers supplied by agencies. Placing children and young people local to Peterborough means less disruption to schooling and family and peer relationships. The council is continually looking to increase the number of in-house foster carers and will continue to do so in the coming year.

Children's Social Care - increased income - £500,000

There is an opportunity for us to increase income in respect of the provision of some services to meet complex needs. This target represents an initial estimate of what can be achieved, and we will work to develop further plans in respect of increasing income in this area.

Supporting Families Grant - £753,000

The Government is continuing existing grant funding for 'Supporting Families', enabling us to continue to support vulnerable families to tackle problems such as domestic violence and mental health. The 'Supporting Families programme replaces the earlier 'Troubled Families' programme.

Redesign of Communities and Place departments - £316,000

This proposal looks to develop a new operating model for services currently delivered by the Communities and Place departments. Bringing services such as housing, community safety, community development, planning, trading standards, adult skills, and climate change closer together presents opportunities to consider the ways they are delivered to make sure we achieve the best value for money we can whilst ensuring the issues that matter the most to our residents, such as flytipping, highways, housing, planning, environment services and anti-social behaviour, are dealt with.

This is also an opportunity to ensure we maximise the benefits of growth and regeneration to support our overall financial position as well as benefit both existing and new residents.

The council is still developing the operating model for this, but if progressed it would generate a saving in the region of £316,000.

Regulatory Services - £135,000

The council already sells its Regulatory Services to the commercial sector, generating the council an income. More than 100 clients access support around regulatory services including environmental health and trading standards.

This proposal looks to increase the income generated by this service to support other vital services provided by the council.

City centre management, £69,000

A total saving of £69,000 is proposed by ceasing the funding of city centre events. Whilst events such as the Christmas lights switch-on and pop-up markets are extremely popular, they are not statutory services that the council has a duty to provide.

The council does though remain fully committed to helping the city centre develop and grow and it is our intention to look for opportunities to continue these events through generating suitable sponsorship. The council will also look to make an income of £30,000 from selling more street licences to traders based in the city centre.

Citizens' Advice Peterborough - £20,000

The council provides an annual grant of £150,000 to Citizens' Advice Peterborough. The grant is the main source of permanent income for the charity and helps to pay its running costs, allowing for a range of consumer and household advice services to be delivered. The council is proposing to withdraw £20,000 of this funding and instead allow the service the use of office space on council premises to reduce its outgoings.

Unauthorised encampments - £10,000

Previously the council has allocated an annual budget of £50,000 to cover defence measures against unauthorised traveller encampments, the eviction process and clear-up costs. However, the actual amount spent has been lower than budgeted for in recent years. This proposal involves aligning the budget to meet the anticipated level of demand.

Communities grant income - £250,000

The council is awarded various grants to support its communities work including, for example, funding to support our refugee resettlement programmes. The way we provide that support is extremely cost-effective, and the council has been held up nationally as an exemplar of how this funding is used to support refugees arriving in the UK.

Despite the significant ongoing support provided by the council to refugees who have arrived in the city, including support relating to housing, access to employment, training and volunteering opportunities, healthcare, befriending and navigation of the various systems to access services, there is a surplus in the budget and therefore it is proposed that this is transferred to the main council budget and used to provide other valuable services to support vulnerable residents.

There will be no reduction in the support and services provided to refugees.

CCTV - £25,000

The council operates an excellent network of cameras covering public and private areas and already generates an income by selling the service to private companies wanting to protect their land and buildings.

This proposal looks to sell the CCTV service to other companies and organisations, generating additional income for the council.

Culture & Leisure- delivery of savings on services - £1,431,000

Currently the council spends in the region of £2.6million operating the museum and art gallery, libraries, the Key Theatre and Flag Fen, gyms and leisure centres, the regional pool, and the Lido. Our aim, as part of the need to get the council to a stable financial position, is to deliver culture and leisure services at net zero cost to the council. As a result, there are several proposals that relate to culture and leisure services. These include:

- Exploring the benefits of having a charitable partner which if implemented may release both VAT and business rate relief of between £500,000 and £700,000 a year. This saving would be used to move leisure services to a cost neutral model in future years.

- Remodelling the library service: Currently there are 10 libraries and a mobile library service operating across the city, with some of these open for just a small number of hours each week. The library service is a statutory function, meaning the council must provide a service, but it has leeway in how it does so. This proposal looks to remodel and modernise the library service and provide it differently, so that it costs less, therefore securing its long-term future. In addition, there will be investment in the mobile library service so that it offers a larger programme each week and can support more vulnerable groups such as those living in care homes to access reading and other resources. There will also be additional investment in digital resources, for example groups and sessions which can be accessed online.
- Peterborough Museum and Art Gallery and Flag Fen Archaeology Site – it is proposed to reduce the amount the council pays the current operator, City Culture Peterborough, to run these attractions by 50%. This will require City Culture Peterborough to review how the facilities operate, which will likely see a reduction in opening times for both sites. The review will also investigate how the attractions could generate more income. Currently both attractions cost in the region of £600,000 a year.

Contract and procurement saving - £1,700,000

The council has committed to reviewing all its contracts to identify where savings could be made. Every year it spends £170million with third party providers.

This budget proposal assumes that a saving will be achieved on all contracts through renewals, renegotiation and de-specification.

Serco business support- £250,000

The council's business support service, which provides admin support for departments, is provided by Serco. This proposal looks to review the operating model to achieve the level of service the council requires with a saving on the annual spend.

Discussions with Serco on what this new operating model could look like are at a very early stage and will be progressed during 2022.

Serco - £92,000

The Serco contract increases annually based on the Consumer Price Index (CPI) rate each July. We expect this to be lower than previously forecast as the number of services it was originally based on has reduced.

An underspend of £231,000 has been identified during 2021/22 budget monitoring and this is forecast to continue at a level of £92,000 in future years, generating a saving for the council.

Aragon Direct Services - £41,000

A number of changes are proposed to the Aragon contract as follows:

- Reduction in cleansing in medium and low intensity areas, ie areas of lower footfall and traffic. Cleansing regimes in areas of high intensity such as the city centre will remain.
- There are a number of verges across the city which require the council to manually weed, maintain and re-plant with wildflowers each year. It is proposed to replace these areas with grass to generate a saving. A number of wildflower areas are maintained by residents independent of the council. We will be looking for other groups which may be willing do to the same.
- Reduce cutting of grass on high-speed roads, from three cuts a year to two. Cutting grass on high-speed roads requires traffic management including lane closures which is expensive, therefore reducing the number of cuts by one will save £13,000.

Transport levy- £226,000

The Cambridgeshire and Peterborough Combined Authority (CPCA) holds strategic transport functions and is the Local Transport Authority for the Cambridgeshire and Peterborough area. It issues a levy on the council to meet the costs of discharging these functions, which includes providing supported bus services and funding concessionary fares.

The forecast cost of concessionary fares has reduced across the board, reflecting reduced patronage on bus services. On instruction from DfT, bus operators are currently paid a flat fee irrespective of actual passenger numbers to provide continued support during the pandemic. It is expected that in 2022/23 costs will remain lower than was forecast before the pandemic.

The Transport Levy will be set by the CPCA at its Board Meeting on 26 January and it is anticipated that the cost to the council will be lower than budgeted by £226,000.

Capital programme reduction- revenue impact - £750,000

Phase One of the budget setting process included a reduction in investment in the council's capital programme activity for 2022/23 to more accurately reflect the level of work it has capacity to deliver. This delivered a revenue saving on the cost of repaying debt of £2.245m. This additional target saving of £750,000 represents the removal of all planned borrowing for the remainder of this year and next. Essential statutory or unavoidable work that has no grant funding, eg property and ICT, will need to be funded by alternative sources such as capital receipts.

Review energy from waste budget assumption - £244,000

The Energy Recovery Facility (ERF) produces electricity from the treatment of the city's waste, and the electricity sold provides income to pay towards the operation of the plant. Rising energy prices have meant that future income is expected to be higher than currently budgeted.

Reduction in tree management - £250,000

The council works to maintain thousands of trees across the city for the benefit of communities and the general environment.

The total tree management budget is £900,000 per year and it is proposed to save £250,000 by only undertaking essential health and safety works and ceasing the proactive management of our tree stock.

This is proposed as a one year only proposal as it is recognised there could be risks around health and safety, insurance claims and future costs.

Peterborough Highways Services (PHS) and Milestone contract - £133,000

The council is proposing a number of measures to achieve this saving.

The council is reviewing fees for development control applications which have an impact on highways. This would involve an increase in the fees charged to developers and would bring the council's fee system in line with some other local authorities, including Cambridgeshire County Council. We are also proposing to charge developers for pre-application advice and Planning Performance Agreements where the development would have an impact on the highway. These charges would be in line with those made by planning services for proposed developments.

The council has carried out a high-level review to identify any areas across the highways services budgets where there is an annual underspend. This has identified a number of areas where the annual revenue budget can be adjusted, amounting to a total budget reduction of £30k.

The council is continuing to review contractual arrangements with Milestone Infrastructure Limited (formerly Skanska) for the delivery of highways infrastructure services in order to understand and manage the impact of both increasing or decreasing the contract turnover.

Disband Tourist Information Centre (TIC) team - £73,000

Since the start of the pandemic the service has been provided online, aside from a small presence in the Mini Vine on Bridge Street before its closure this autumn where maps and other information were exhibited.

This proposal is for the tourist information function to cease operating from 1 April.

Information about the city including events, places to stay, bookings and other functions provided by the tourism team will be available through the Visit Peterborough website.

City College Peterborough operating model review - £500,000

City College Peterborough (CCP) is the council's adult skills service. It receives no direct funding from the council for its adult skills offer although the council does not charge any

rent for the college site, and CCP is commissioned by the council for other services including the Day Opportunities Service for people with learning difficulties.

A review is being undertaken of the college's operating model which has been in place since 2014 and has not kept pace with the rate of growth in the college. The current model sees the college pay the council £250k a year, however this proposal is for a new operating model which delivers a better return to the council, based on the turnover CCP achieves, equating to an additional £500k.

City College Peterborough- utilisation of surplus balances - £1,000,000

CCP operates very successfully as an arm's length organisation and as a result has generated significant levels of reserves in its budget. The college will provide a £1million one-off contribution from their reserve to support our budget challenge.

ICT savings - £892,000

The council is proposing to implement a number of measures to achieve this savings target.

By updating devices and using laptops we will ensure staff are able to take advantage of the latest technology, allowing them to fulfil their roles more easily and efficiently. This change will have an impact on the number of licences required for software which is no longer required, and there will be less reliance on some existing systems resulting in an expected saving of £210,000.

Alongside this, we are looking at our options around the provision of telephony and will be reviewing our use of landlines, mobile phones and internet-based voice and video calls to see what we need in the future, given all the changes to the way we work over the past two years. Through this we will give staff access to the latest technology at the best price resulting in an expected saving of £486,000.

The council generates income by delivering ICT services to other public sector organisations. By formalising agreements and reviewing our charges we will achieve an expected income of £129,000.

We are also continuing to review our ICT contracts to ensure we are only retaining those which are essential. This will result in an expected saving of £67,000.

Solar roof top asset portfolio - £393,000

Following the administration of ECSP1, the company set up by the council and Empower Community Management LLP to deliver solar panels on rooftops across the UK, the council purchased the assets from the administrator for around £20m. Those assets are now on our balance sheet which generates a saving for the council.

Increased income from planning service - £30,000

The council has successfully traded its planning policy and housing strategy services to other nearby councils for over 10 years, and due to ongoing demand for such services we are confident a further uplift in income of £30,000 to a total of £430,000 a year is achievable.

Review inflation assumptions - £172,000

A very detailed review of the council's inflation assumptions has been made to arrive at this proposed budget saving. This means the inflation required is less than previously predicted for 2022/23, therefore generating a saving. This is the result of some of the utilities costs being lower, such as water, gas and electric and the NNDR freeze. The current rate of inflation is running at around 5% and energy prices have risen sharply, therefore in future years once the council is out of its current contract there is a budgetary risk due to the current market conditions.

Review of Constitutional Services - £85,000

A restructure was carried out in October for: mayoral services, member services, electoral services, democratic and constitutional services and the leader's office. This led to four roles being deleted and two new roles created.

The restructure was aimed at uniting the whole of constitutional services together to ensure continuity of ways of working, which in turn will deliver a better level of performance.

Pension costs - £41,000

There is a small saving in relation to pensions costs associated with employees of Cambridgeshire County Council, before Peterborough gained unitary status in 1998. These pension costs are now reducing as a result of there being fewer people receiving pensions.

BUDGET PRESSURE & SERVICE DEMAND

Loss of parking income - £413,000

Since the start of the pandemic the parking and enforcement related income generated by the council has taken a significant hit. Lockdowns saw a significant reduction in both on and off-street parking income and it has never returned to pre-pandemic levels with many people choosing to shop and socialise online. In addition, more people are now working from home, including council staff.

This therefore creates a pressure on the council's budget and as a result the income target for the parking service is being reduced.

In addition, investment will also be needed in signage and road markings to ensure that the public are clear about parking rules, and our parking officers can enforce correctly when these are breached.

Adult Social Care market sustainability and demand - £1,869,000

Adult Social Care faces increased demand for services as a result of a growing and ageing population, greater complexity of needs and the ongoing impacts of Covid-19. Covid has led to increased demand for adult social care services such as residential care, mental health provision and support for younger working age adults, although the long-term impact of the pandemic remains uncertain at this time.

In addition, inflationary pressures are leading to increased costs for the provision of care, including the National Living Wage increasing by 6.6% to £9.50 per hour in 2022/23 and increasing inflation for other non-workforce related costs, such as fuel and equipment. It is crucial that we are able to support independent social care providers with these rising costs to support sustainable provision of care.

Adult Social Care- review backlog £225,000

Due to the impact of Covid-19 on service demand and the workforce, additional short-term social worker capacity is required to ensure that we are able to meet our statutory duty to complete reviews under the Care Act 2014. Reviews are vital to ensure that people continue to receive the right level of care and support to meet their needs at any given time. For individuals with frequently changing needs, regular reviews support both better outcomes and better demand management, with a focus on prevention.

Adult Social Care reforms - £535,000

The Government recently announced substantial changes to Adult Social Care, which will come into effect over the next two years. This includes changes to client charging, the new care cap cost and the need to ensure that we are paying providers a fair cost for the care

they provide. Implementation of these reforms will result in additional costs to the council, however government funding will be made available to cover some of this burden.

Adults Lifeline - £124,000

Lifeline is a personal alarm service used by the elderly and vulnerable. A saving had previously been outlined based on introducing a charge in line with other areas of the country for the service after an initial six-week trial period.

However, after recently recommissioning the contract the price has risen, meaning the planned saving will now not begin until 2024/25.

Clare Lodge – Loss of income - £480,000

Clare Lodge is a national provider of welfare secure placements for vulnerable children and young women aged 10-17. With there now being far more complex referrals, this impacts the running of the home, primarily occupancy and the impact on staffing, and makes it harder for the home to make an income. The occupancy has and continues to be significantly lower than previous years, which is due to both the continually increasing complexity of the people who are referred and the lasting impact of covid i.e. requirement to isolate new arrivals.

This also makes it harder to recruit staff. As a result there is an increased use of agency staff which comes at a much higher rate - nearly three times that of permanent staff.

Home to school transport – £486,000

The cost of providing home to school transport has increased because of rising fuel costs, the number of children needing the service and reduced providers in the market as a result of Covid-19 seeing many drivers move to other sectors. Many reviews have taken place in the past, including looking at independent travel, and a further review is planned to make sure we're doing all we can to keep costs as low as possible. This pressure represents the additional costs for providing transport in the 2022/23 financial year.

Housing – temporary accommodation pressure - £178,000

The Housing Needs team is to be re-structured. This will see the creation of a service delivery unit at a cost of £178,000 - due to the recruitment of new staff - which will take over strategic and commissioning responsibilities, leaving managers to focus on the front-line and how we support individuals needing our help.

By creating the service delivery unit this will allow the team to focus directly on homelessness prevention, which in turn will reduce the reliance on temporary accommodation and deliver savings.

Since the pandemic began demand for our support has risen, a problem likely to be made worse due to the lifting of restrictions on evictions as well as the ending of the furlough scheme, removal of the Universal Credit top-up and other economic conditions such as the rise in the cost of living.

Despite this, the team has managed to reduce the total number of households in temporary accommodation to 310, a number we forecast will go down thanks to the proposed restructure and effective prevention of homelessness.

Housing Enforcement - selective licensing - £217,000

The council's Housing Enforcement team delivers the council's statutory duties in respect of the Housing Act 2004 which introduced both mandatory licencing of HMOs and the Housing Health and Safety Rating System (HHSRS) to help ensure that private sector housing meets set minimum standards. In addition to mandatory licencing, the Act also introduced selective licencing.

In 2016 the council introduced a selective licencing scheme for which it charged landlords a fee, which funds services directly in relation to the licencing scheme. The scheme ended on 31 October 2021, with consultation on a new scheme currently underway (20 January to 13 April). If approved by the Secretary of State, the new scheme is not likely to come into force until the second half of 2022 at the earliest, which means that the council has no core funding or budget established for the continued provision of statutory functions for 2022/23. It also has no funding to cover the cost of the officers appointed to manage selective licencing who are still employed, and currently supporting the high risk Covid 19 postcode statutory work for Public Health.

To resolve this, the council is proposing that an in-year budget pressure of £389,000 be approved to cover the salaries of the housing enforcement officers currently employed until 31 March 2022. Due to the specialist nature of the selective licencing officers work, letting go and rehiring will be costly, and there is no guarantee that we will be successful in attracting the right calibre officers.

It is further proposed that the salaries of the officers who deliver the selective licencing scheme be covered for the first two quarters of 2022/23 (April to Sept) to allow for the Secretary of State to reach a decision on whether to approve or reject our proposal. If the proposed selective licencing scheme is rejected, funding for these posts will cease at 30 September 2022, and further budget will be required to cover redundancy payments. If the scheme is approved, the selective licencing officers will be retained and their salaries covered by the income generated by the licence fee.

Chief Executive personal assistant - £50,000

Following agreement to employ separate chief executives in Peterborough and Cambridgeshire there is a need to recruit a dedicated personal assistant for the Peterborough Chief Executive; this was a shared role previously.

Joint Equality Diversity & Inclusion role - £50,000

This proposal is for a jointly funded role with Cambridgeshire County Council to support the Equality Diversity and Inclusion agenda, given the overlap of this activity across both

councils. This is a wide-reaching programme and follows a self-assessment of the city council against the Local Government Association's equalities framework.

Human Resource – capacity resource - £37,000

This proposal is for additional resource within the Employee Relations Team to support and deliver day to day business priorities. This team supports senior level recruitment and offers guidance on attendance management, performance management, grievance, disciplinary and all aspects of change management.

FUNDING CHANGES AND RESERVES

Reserves - £1,000,000

At the end of November the council put a stop on all non-essential expenditure (anything other than essential statutory services) across the organisation with immediate effect. The moratorium on expenditure was put in place to protect the council's reserves in the current year so that reserve balances could be used to fund transformation projects, increase the council's financial resilience and/or strategically support the following financial year budget planning for 2022/23.

This approach has been successful and the council has so far reduced its reliance on reserves by over £5million. In line with the original plan, the council has built into its budget plan the use of £1million, with a further £1million commitment being set aside in the reserves to fund the implementation and transformational activity needed to implement these savings plans.

Business Rates Pool - £341,000

The council has, along with other Cambridgeshire local authorities, been part of the Cambridgeshire and Peterborough Business Rates Pool since 2020/21 following a successful application to the Department for Levelling Up, Housing and Communities (DLUHC). The pool takes into account the business rates levy owed by each of the authorities, pooling them together, which produces a lower percentage levy calculation for member councils. The pool provided the council with £1.6million of additional benefits in 2020/21 and was initially forecast to provide in excess of £2.2million in 2021/22. The forecast for 2022/23 is now available and is expected to be £2.5million. This proposal is to update our initial budget forecast included within phase one.

Following the Local Government Provisional Finance Settlement announced in December, DLUHC has written to the members of the Cambridgeshire and Peterborough Business Rates Pool to confirm the continuation of this arrangement.

Council tax collection fund - £525,705

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 year's budget.

For a number of years the council has declared a surplus position due to the level of growth within the city. However due to Covid-19 this is the second year the council has reported a deficit position. This is the result of supply chains slowing house building and a temporary rise in the level of residents claiming Local Council Tax Support.

The estimated deficit at the end of 2020/21, was spread over 3 financial years, in accordance with the government legislation, therefore £558,727 of the £1,084,432 collection fund deficit has already been accounted for within the budget. At the end of 2020/21 the council received £2.3million of Tax Income Guarantee compensations grant from the government, like many other councils, in recognition that we have suffered significant losses in NNDR and council tax as a result of Covid-19. The council had put this money in to reserves to cover any future Collection Fund deficits, therefore £525,705 will be utilised from the reserve to cover the adjustment to the deficit.

Local Government Provisional Finance Settlement Announcement - £8,822,000

The Local Government Provisional Finance Settlement was published on 16 December which confirmed the 2022/23 allocation of grant funding, previously announced by the Chancellor within the Spending Review 2021.

The settlement overall was generous and has provided the council with £8.8million of additional funding, over and above our original budget estimates outlined in phase one. The announcement included the following key changes:

- **New Homes Bonus:** A new scheme has been consulted on by the government, but a final scheme is yet to be announced. As a result, the announcement included confirmation of an additional year of the scheme, meaning an additional £1.5million of grant funding for the council.
- **Services Grant:** a new grant, which has been created to fund general responsibilities. The council should receive £2.9million, however this is one-off and likely to be replaced by more radical funding changes in future years.
- **Revenue Support Grant, Improved Better Care Fund and Lower tier services grant:** have received an inflationary up lift in comparison to the 2021/22 grant levels.
- **Adult Social Care reforms:** The council is expecting to receive £0.5million of new funding in 2022/23, to commence implementing the [Social Care Reform White paper](#) and the [Fair Cost of Care and Market Sustainability Fund](#). A corresponding pressure has also been factored into the budget, to take account of the additional cost the council expects to see as a result of implementation.
- **Social care funding** is expected to increase by £2.1million as part of the Government's commitment to ensuring local government has the resources it needs to support the most vulnerable through adult and children's social care.
- **NNDR (business rates):** The chancellor announced within the Spending Review that businesses will see a freeze in their business rates bills, which in turn would reduce the amount of income the council would receive to fund services. The government acknowledges this and therefore compensates councils with a grant, to cover the

income lost had an increase in line with CPI been applied. An estimate of £1.3million was factored into the budget.

Further details around the council's funding assumptions are outlined within the Phase Two MTFP 2022/23 report, which will be reported to Cabinet on 31 January 2022.

HUMAN RESOURCES IMPLICATIONS

Whilst it is anticipated that there will be some staffing implications as part of this budget, much of the management focus is looking at how operating models can change to ensure any staffing impact is minimised.

It is the aim of the council to try and minimise any compulsory redundancies and the impact on our service delivery. In the first instance there are a number of elements which the council considers first which are looking for redeployment opportunities, deleting vacant posts, restricting recruitment (considering 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. Hard copies can be requested by emailing communications@peterborough.gov.uk

The consultation will close on 28 February at 5pm. Cabinet will consider comments on Monday 21 February 2022 and Full Council will debate the phase two proposals on Wednesday 2 March 2022.

The consultation will ask the following questions:

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

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2. Having read the phase two proposals document, how much do you now feel you understand about why the council must make savings of almost £17.8million in 2022/23? 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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