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<b>CABINET</b>	AGENDA ITEM No 6.2
<b>14<sup>th</sup> December 2009</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Cllr David Seaton – Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Executive Director - Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452398 Tel. 384654

## **BUDGET 2010/11 AND MEDIUM TERM FINANCIAL PLAN (MTFP) TO 2014/15**

R E C O M M E N D A T I O N S	
<b>FROM</b> : Cllr David Seaton	<b>Deadline date:</b> Council Meeting 24 <sup>th</sup> February 2010
<p>Cabinet is recommended to agree the following as the basis for consultation:</p> <ul style="list-style-type: none"> <li>a) That the MTFP is set in the context of the community strategy (MTFP section 1).</li> <li>b) The Budget monitoring report for October as the first draft of a probable outturn position for 2009/10.</li> <li>c) The draft revenue budget for 2010/11 and indicative figures for 2011/12 to 2014/15 (including capacity and savings proposals).</li> <li>d) The draft capital programme for 2010/11 to 2014/15, associated capital strategy, treasury strategy and asset management plan.</li> <li>e) The draft medium term financial plan for 2010/11 to 2014/15.</li> <li>f) The proposed council tax increase of 2.5% for 2010/11 and indicative increases of 2.5% for 2011/12 to 2014/15.</li> <li>g) To spend at the level of the Dedicated Schools Grant for 2010/11 to 2014/15.</li> <li>h) The proposals for reserves and balances.</li> <li>i) The draft Annual Accountability Agreement with the Primary Care Trust for 2010/11.</li> <li>j) The challenging financial position in future years, and the need to start planning early for meeting the financial deficits indicated in the later years of the MTFP.</li> <li>k) The financial arrangements for neighbourhood councils</li> </ul>	

### **1. ORIGIN OF REPORT**

- 1.1 The report is submitted to the Cabinet following the agreement of the draft medium term financial plan process as agreed at Cabinet on 14<sup>th</sup> October 2009.

## 2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to present draft budget proposals for 2010-11 through to 2014-15. For the first time, in response to the challenging financial environment, the Councils MTFP is based on a 5 year plan.
- 2.2 The proposals set out in this report are to enable consultation on the proposals to be undertaken over the coming months, before final recommendations are made to the meeting of Full Council on 24<sup>th</sup> February 2010.
- 2.3 The report is for Cabinet to consider under its Terms of Reference no.3.2.7 *To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit.*

## 3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	<b>YES</b>	If Yes, date for relevant Cabinet Meeting	14 <sup>th</sup> December 2009
Date for relevant Council Meeting	24 <sup>th</sup> February 2010	Date for submission to Government department	Department for Community and Local Government (DCLG) March 2009

## 4. MTFP SUMMARY AND BACKGROUND

### 4.1 Context

- 4.1.1 The council, along with all other local authorities and businesses, has been negatively affected by the recession and its consequences. The situation in the economy this year has been unprecedented and historically stable sources of income (planning, land charges, car parking) have dramatically reduced.
- 4.1.2 The strength of the business transformation programme, however, significantly mitigates the negative impact of this combination of increased costs and reduced income.
- 4.1.3 The longer term impacts are starting to emerge, most notably on public finances. Whilst economic recovery should see a recovery in the local income sources, the weak state of public finances will impact on the councils grant levels for many years to come.

### 4.2 MTFP Headlines

- The new medium-term financial plan proposes council tax increases of 2.5% each year; in line with the previous medium-term financial plan.
- The medium-term financial plan builds on our successful business transformation programme in response to the demanding financial climate.
- The overall financial position provides for a balanced budget in 2010-11, and in 2011-12 assuming a grant freeze in that year. In reality the financial position in 2011-12 is likely to be far more challenging, and it will be necessary to plan early and implement change to meet these financial challenges
- The final three years of the MTFP show sizeable deficits. This adds to the need to consider options early, including the review of partnership arrangements and efficiencies considered elsewhere on this Cabinet agenda.
- As soon as this budget is approved, we will need to start work to refresh future years and plan for the challenging financial climate ahead. Given the scale of the financial challenges, it may be necessary to bring options forward for discussion with Members and our communities earlier, rather than wait for the next budget cycle.

### **4.3 Investing in the city's future**

Despite the financial challenges, the real story of this budget is to be found in the commitment it makes to the city's future, and helps deliver our vision of a bigger and better Peterborough. The budget sets out proposals to invest in:

- A university project to ensure we maintain our momentum to become a city with a robust higher education offering.
- Funding for additional schools advisors to drive up secondary school standards.
- New secondary schools in the south of the city – for the Ortons and Stanground.
- Re-opening of a former secondary school to ease pressure of secondary school places
- Additional funding for adult social care services to provide services for more vulnerable adults.
- Development of a culture and leisure trust to improve the level of leisure and culture activities available to local people.
- Redevelopment of the John Mansfield Centre to provide a community facility.
- £175,000 of capital monies to be split equally between neighbourhood councils to be spent in improving local areas.
- City-wide investment in schools' ICT to ensure young people have access to the latest technologies.
- A water taxi and associated park and ride project to investigate new greener transport options in the city.
- Creation of women's enterprise centre to encourage and support local innovation and business initiatives.
- Wi-Fi for the city centre.
- Investment into the delivery of our Environment Capital priority

In a difficult financial climate this is a responsible, measured budget that delivers investment in the city's future, demonstrating a commitment to Peterborough's residents, taxpayers, visitors and businesses.

### **4.4 Risk management**

Because the financial climate is so much harsher than has been the case in previous years, it is inevitable that setting a budget that balances community needs, future investment, an employer's obligations and the council's duty towards taxpayers involves some risks. A full assessment of risks associated with this budget is included in the MTFP.

## **5. 2009/10 BUDGET AND PROBABLE OUTTURN**

- 5.1 The budget monitoring report for October is attached at Appendix 2 of the MTFP and indicates in summary that the forecast for the year is over the agreed budget.
- 5.2 The probable outturn of £145.1m is £0.8m more than the budget of £144.3m. It is expected that the management action being led by the Chief Executive and CMT will improve on this position by the end of the year. The aim is to bring the cost within the overall budget.
- 5.3 The budget for the medium term has had to have regard for any key issues arising from the Budgetary Control Report. The following key issues have been factored into the MTFP:
  - Where emerging pressures have an on-going impact, these have been factored into capacity bids.
  - Balances used to meet one-off costs will be restored, returning the level to £6m.

## 6 MTFP 2009/10 to 2014/15

### 6.1 Financial Settlement

The preliminary grant settlement as announced on 26<sup>th</sup> November was that as declared last year. Again Peterborough has lost grant through the clawback mechanism. The Government uses a formula to calculate the level of funding each authority should receive based on the needs of the people living in that area and this calculation shows we should have received about £4 million more than we have. However, the government claws back funding over a certain level from those councils who would receive a greater amount to ensure every council in the country receives an increase. In effect this means we are subsidising other councils

For future years, the council is assuming that its grant is frozen. The actual figures will depend on a future comprehensive spending review. It is likely that this is an optimistic view, and that the council may actually receive a cash reduction in grant

	2009/10 £m	2010/11 £m	Estimated 2011/12 and beyond £m
Formula Grant Entitlement	78.9	80.8	80.8
Less clawback (*)	4.5	3.8	3.8
Amount to be paid	74.4	77.0	77.0
% increase	4.1%	3.5%	0%

In addition, the Council also receives £15m of area based grants.

### 6.2 Budget Overview

The summary figures underpinning the council tax proposals are:

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
<b>Funding</b>					
Dedicated Schools Grant	118,113	120,475	120,475	120,475	120,475
Formula Grant & NNDR	77,014	77,014	77,014	77,014	77,014
Parish Precepts	310	318	318	318	318
Council Tax	60,697	62,836	65,051	67,344	69,718
<b>Total Funding</b>	<b>256,134</b>	<b>260,643</b>	<b>262,858</b>	<b>265,151</b>	<b>267,525</b>
<b>Total Expenditure</b>	<b>256,134</b>	<b>260,643</b>	<b>267,775</b>	<b>273,348</b>	<b>278,751</b>
<b>Budget Surplus/Deficit(-)</b>	<b>0</b>	<b>0</b>	<b>-4,917</b>	<b>-8,197</b>	<b>-11,226</b>

The Council has a balanced position for 2010/11 with a Council Tax increase of 2.5%.

For 2011/12 the position is also shown as balanced, and this assumes that the grant is frozen in that year. However this may be an optimistic view, and is also likely that further pressures will emerge before then.

For the last 3 years of the MTFP, the council is forecasting sizeable deficits. The Council has specifically extended its financial planning horizon to 5 years to be able to assess this position. It is essential that early planning and action occurs to deal with this future financial pressure.

### 6.3 Capacity Bids

In preparing a Medium Term Financial forecast it is important to ensure unavoidable spending pressures are accurately reflected in future budgets. A summary of these items are shown below, with full detail outlined in the MTFP.

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Inescapable	3,163	3,147	4,739	5,534	6,532
Essential	3,477	4,461	8,409	10,361	11,331
	<b>6,640</b>	<b>7,608</b>	<b>13,148</b>	<b>15,895</b>	<b>17,863</b>

The items are a mix of pressures that the council cannot avoid or has a legal duty to meet, on-going pressures from the credit crunch as well as investments in delivering our priorities and improved services, including the revenue costs of our capital programme.

### 6.4 Savings

The Council's Corporate Plan is still founded on the basis of the council being efficient, effective and accessible. The draft medium term plan is once again based around the philosophy of:

*“Minimising overheads, reducing bureaucracy and improving value for money to ensure that resources are available to improve front line service outcomes to the community whilst ensuring the impact on council tax levels is as low as possible”*

Peterborough City Council has delivered £24m in cash savings through Business Transformation since autumn 2006. The council's effectiveness in this area has been recognised with a series of awards, the most significant of which, the Local Government Chronicle Finance Efficiency Award, has just been won.

The new savings proposals are set out in the MTFP and can be summarised as follows:

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Efficiencies	8,160	5,327	5,565	5,980	6,007
Business Transformation	6,408	8,719	8,729	8,406	8,731
<b>total</b>	<b>14,568</b>	<b>14,046</b>	<b>14,294</b>	<b>14,386</b>	<b>14,738</b>

## 6.5 Council Tax 2009/10 – 2011/12

The Council Tax base and estimate of surplus is set out in a report to be considered separately on this Cabinet agenda.

The proposals for Council Tax for 2010/11, and for planning purposes in the MTFP after that are as follows:

	2010/11	2011/12	2012/13	2013/14	2014/15
	£k	£k	£k	£k	£k
Council Tax increase	2.5%	2.5%	2.5%	2.5%	2.5%
Council Tax Band D	£1,096	£1,123	£1,151	£1,180	£1,209
Council Tax Base - Band Ds	55,395	55,949	56,508	57,074	57,644
Council amount raised (£m)	60.7	62.8	65.1	67.3	69.7

The equivalent Band D Council Tax figure for 2009/10 is £1,069 for the Council, not including the precepts from the Fire and Police Authorities and Parishes. This is currently one of the lowest levels in the country.

The proposal for a 2.5% increase is in line with the previous MTFP and strikes a balance between:

- Delivering our priority of a bigger and better Peterborough.
- Supporting vulnerable people and minimising the impact on services.
- Recognising the impact the recession is having on our communities and minimising their tax burden.

Members will be aware that at the lowest band (A) the Council Tax is a third less than band D. In addition, single person discount (SPD) of 25% is available and if a council tax payer is already in receipt of council tax benefit then this will cover any increase. Some 51% of properties are subject to the full impact of Council Tax increases, while 24.1% are exempt or in receipt of full or partial benefits and 24.9% receive single persons or other discounts.

## 7. CAPITAL PROGRAMME 2010/11 TO 2014/15

7.1 The capital programme is driven by the Council's contribution to the sustainable community strategy. In addition, it is based around the Capital Strategy that is integrated with the Council's Asset Management Plan. These are included in the MTFP attached.

7.2 The Capital Programme is included in the MTFP. In summary, the programme is as below.

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
<b>Total Capital Expenditure</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>
<b>Financed by:</b>					
Grants	40,717	14,253	5,193	5,193	5,193
S106 and Contributions	2,600	2,250	250	250	250
Asset disposals	13,382	7,192	14,042	10,000	5,000
Right To Buy Receipts	712	757	546	567	0
Borrowing	44,105	57,772	47,433	18,293	21,403
<b>Total Capital Financing</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>

- 7.3 Members should also be aware that the programme is reliant on capital receipts generated through asset disposal. Hence some capital schemes will only be initiated if resources are actually achieved. The whole programme has been re-assessed as part of the credit crunch analysis and schemes re-profiled based upon expectations of likely levels of capital financing available.
- 7.4 Capital schemes will not progress until the following requirements have been satisfied:
- External funding secured where supporting a scheme.
  - A full business case has been approved through the Councils project gateway process.
- 7.5 The revenue impact of borrowing has been factored into the budget. The impact of this, including the report on the Prudential Code, Treasury Management Strategy and MRP Policy are included in the MTFP attached

## **8. RESERVES AND BALANCES & ROBUSTNESS OF ESTIMATES**

- 8.1 The Local Government Act 2003 requires the Chief Finance officer to report on the adequacy of reserves and provisions and the robustness of budget estimates as part of the annual budget setting process. A full analysis of possible budget risks as well as the forecasts for levels of reserves are included in the MTFP.
- 8.2 The key budget risk over the life of the MTFP is the uncertainty over future funding levels due to poor state of overall public finances. The need for early action has been flagged already in this report.
- 8.3 The 2009-10 budget report outlines how it has been necessary in the current year to use reserves to meet one-off costs. The MTFP provides for these reserves to be returned to a reasonable level.

## **9. BUDGET MANAGEMENT BY NEIGHBOURHOOD COUNCILS**

- 9.1 When establishing the 7 councils at the May 2009 AGM it was agreed that for these bodies to have real impact in their local areas that they should control budgets at a local disaggregated level. The ability of these bodies to manage services and priorities within their own area will ensure that 'place shaping' can occur and improved local outcomes are achieved.
- 9.2 To enable this to happen then a series of principles need to be agreed. These are:
- That they cannot control protective services – children's and adults social care
  - It has to be legally possible to delegate – schools budgets would not be possible
  - They should not control services that although may be situated in that community are related to council wide facilities or those that service a wider community – for example the lido
  - That they cannot control regulatory services ~ trading standards etc
  - That they cannot control centrally delivered services ~ benefits administration, tax collection
  - The decisions taken locally should be in accordance with the budget and policy framework and in particular seek to enhance the delivery of the sustainable community strategy and local area agreement targets
  - The cost of managing the budget should be proportionate to the benefits to be achieved at local level
  - There should be clear evidence based decision making to support the allocation of monies to a project or service area



9.3 To achieve the above the following programme of delegation is put in place:

- 2010/11 - a new capital allocation of project finance is provided for neighbourhood councils
- 2010/11 – preparation and approval of community action plans to demonstrate priority areas for spend
- 2010/11 – first phase delegation of budgets to neighbourhood councils
- 2011/12 – second phase delegation of budgets following a review of year 1

The services that are most likely to be included in phase 1 are:

- Parks and play areas – play equipment, furniture etc
- Grounds maintenance – replacement programmes
- Grants to local third parties – community centres, community leadership fund etc
- Graffiti
- Cleansing hot spots
- Footpath maintenance programme
- The neighbourhood teams

This level of budget delegation could be up to £5m in 2010/11.

9.4 Neighbourhood councils will be consulted at the meetings on these areas and the results reviewed to enable budgets to be managed from April 2010. In addition they will be asked on which other areas they would like to see delegated for 2011/12.

A full report would then be presented to the next meeting in early 2010.

## **10. CONSULTATION**

10.1 This report starts the process of consultation on the budget proposals over the next few months. All comments will be fed back to Cabinet to consider when finalising the budget proposals.

10.2 This report will be subjected to review by the Scrutiny Committee, scrutiny panels and the Parish Liaison Committee, as well as business rates payers, unions and communities through the neighbourhood councils.

## **11. ANTICIPATED OUTCOMES**

11.1 The Sustainable Community Strategy and the Local Area Agreement targets can only be achieved by ensuring that resources are aligned with these priorities. The MTFP delivers this and also ensures that a balanced budget will be set.

## **12.0 REASONS FOR RECOMMENDATIONS**

12.1 The Council must set a lawful and balanced budget.

12.2 The Council is required to set a Council Tax for 2010/11 within statutory prescribed timescales.

12.3 Before setting the level of Council Tax, the Council must have agreed a balanced budget.

## **13. ALTERNATIVE OPTIONS CONSIDERED**

13.1 Alternative levels of Council Tax increase and areas for growth/savings can be considered but this must be seen in the context of the Corporate Plan and other constraints. Each 0.1% change (increase or decrease) is equivalent to approximately £61,000.

## **14. IMPLICATIONS**

### **14.1 Elected Members**

14.1.1 Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

14.1.2 It is an offence for any Members with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made, unless the Members concerned declare at the outset of the meeting they are in arrears and will not be voting on the decision for that reason.

### **14.2 Legal Implications**

14.2.1 These are considered within the main body of the report.

## **15.0 BACKGROUND DOCUMENTS**

15.1 Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985.



# **MEDIUM TERM FINANCIAL PLAN**

**2010/11 – 2014/15**

**COUNCILLOR MARCO CERESTE  
LEADER OF THE COUNCIL**

**JOHN A HARRISON  
EXECUTIVE DIRECTOR STRATEGIC RESOURCES**

# **MEDIUM TERM FINANCIAL PLAN**

## **2010/11 – 2014/15**

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# 1. The Medium Term Financial Plan in the Context of the Community Strategy

Peterborough has a clear ambition and vision for the future of the City to meet the diverse needs of our communities as set out in the Sustainable Community Strategy (SCS). The SCS priorities below combine the ambition for growth with the need to improve the life of our residents and service users and, in particular, those experiencing inequalities in outcomes.

- Creating opportunities - tackling inequalities;
- Creating strong and supportive communities;
- Creating the UK's environment capital; and
- Delivering substantial and truly sustainable growth.

Led by the Greater Peterborough Partnership (GPP), these priorities were developed in consultation with our communities and refreshed in 2008 to ensure they continue to reflect community needs and changing circumstances. The delivery vehicle detailing 'how' we will deliver this vision is the Local Area Agreement (LAA). This is a three-year agreement between the Council and the GPP partners as well as regional and national government. It sets out through transparent actions what we will undertake to deliver and assigns accountability for this delivery.

Our medium term financial plan has aligned to reflect these priorities and focused outcomes to ensure the Council continues to deliver what our community wants and reinforcing our commitment to playing a lead role in delivering the SCS.

## The City's Vision

A bigger and better Peterborough that grows the right way, and through truly sustainable development and growth...

- improves the quality of life of all its people and communities, and ensures that all communities benefit from growth and the opportunities it brings
- creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environment capital of the UK

Each of these priority areas have a number of focused outcomes that will collectively deliver the improvements needed to achieve the vision for the City and meet the needs of the communities.

## Creating opportunities – tackling inequalities

- **Improving health** – so that everyone can enjoy a life expectancy of the national average or above and benefit from speedier access to high quality local health and social care services.
- **Supporting vulnerable people** – so that everyone can access support and care locally to enable them to maintain independence, should they be affected by disadvantage or disability at any point in their lives.
- **Regenerating neighbourhoods** – so that the most deprived communities can achieve their full potential and therefore contribute to and benefit from sustainable economic growth in the Peterborough area.
- **Improving skills and education** – so that the people of Peterborough have better skills and benefit from high quality education from cradle to grave, including through the new university.



## Creating strong and supportive communities



- **Empowering local communities** – so that all communities and individuals are engaged and empowered, and take their opportunities to shape the future of Peterborough.
- **Making Peterborough safer** – so that people of all ages and abilities can live, work and play in a prosperous and successful Peterborough without undue fear of crime.
- **Building community cohesion** – so that new communities are integrated into Peterborough and welcomed for the contribution they bring to our city and rural areas.
- **Building pride in Peterborough** – so that we recognise, celebrate and take pride in Peterborough’s achievements, it’s diverse but shared culture and the exciting opportunities for leisure and relaxation.

## Creating the UK’s environment capital

- **Making Peterborough cleaner and greener** – so that we become the UK’s greenest city with attractive neighbourhoods, surrounded by beautiful countryside and thriving biodiversity.
- **Conserving natural resources** – so that we reduce Peterborough’s overall consumption of the Earth’s natural resources.
- **Growing our environmental business sector** – so Peterborough is the natural location for green businesses.
- **Increasing use of sustainable transport** – so that Peterborough has the highest proportion of citizens using sustainable transport modes in the UK.



## Delivering substantial and truly sustainable growth



- **Creating a safe, vibrant city centre and sustainable neighbourhood centres** – so that people have more diverse and improved places to visit and enjoy.
- **Increasing economic prosperity** – so that the people of Peterborough can work locally, benefiting from a strong local economy that is an attractive destination for business investment, particularly in higher skilled sectors.
- **Building the sustainable infrastructure of the future** – so that we create the conditions for business, service and community prosperity and growth.
- **Creating better places to live** – so that we provide better places to live for both new and existing communities, ensuring the highest environmental standards of new building

Delivering these outcomes cannot be achieved by the Council alone, which is why partnership working is so important to realising the Sustainable Community Strategy’s ambition. We will continue to build on our successes with the Police, the Primary Care Trust, and many other key partners to make this ambition a reality for the City and its community.

## **2. Medium Term Financial Plan Summary and Chief Financial Officer Report**

### **2.1 INTRODUCTION**

The previous section outlines what we intend to achieve with partners for our communities using their council tax. The rest of the MTFP outlines the specific financial proposals that will enable us to deliver these priorities.

This section summarises the key financial information, and indicates where the full supporting detail can be found.

Also Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer (CFO) must report to the Authority in two areas:

- the robustness of the budget estimates
- the identification and management of risks together with the adequacy of the proposed reserves

and that the authority must have regard to this report when making budget decisions. This report deals with these key issues.

### **2.2 APPROACH TO BUSINESS AND FINANCIAL PLANNING**

2.2.1 The budget report that was presented to Cabinet in October 2009 outlined the robust process that would be undertaken in preparing the Councils medium term financial plan. Following agreement at Cabinet in December 2009, the budget proposals are subject to extensive consultation, before a final recommendation is made to a meeting of Full Council on February 24<sup>th</sup> 2010.

2.2.2 Within the Council, draft Departmental Delivery Contracts have been drawn up to record what each department has agreed with the Chief Executive that it will deliver in the coming year. This ensures that the golden thread is maintained from partnership priorities, through the MTFP into individual departments. This is further maintained through service plans and individual appraisals.

2.2.3 In preparing the budget, the Council must balance the needs of services with the impact on the taxpayer through Council Tax and fees and charges. The business transformation programme has helped to balance the budget to date but the likely financial pressures faced by the Council in coming years mean that alternative approaches may be needed to cope with the impact of the recession and public finances.

2.2.4 It would be easy to simply do nothing and wait for the economy to naturally pick up in the fullness of time. This MTFP proposes a positive approach to investment in order that the Council is in a position to rapidly respond to and influence the turnaround. By considering new ways of delivering services, such as establishing special purpose vehicles for delivery of infrastructure projects and other innovative methods, the Council will be able to manage the finances available to it over the long term in a more efficient and effective manner. Specific proposals are being considered by Cabinet on December 14<sup>th</sup>.



2.2.5 The Council is well placed to deal with many aspects of the downturn and is determined to continue to invest in high quality services to underpin the growth of the City. The MTFP still provides investment in those services that need it.

### 2.3 FINANCIAL SETTLEMENT FOR 2010-11 AND THE FUTURE PUBLIC FINANCE POSITION

2.3.1 The preliminary grant settlement as announced on 26<sup>th</sup> November was that as declared last year.

2.3.2 The grant itself is calculated according to the Four Block Model. The model uses calculations relating to population and authority type (central allocation), local ability to raise Council Tax (Relative Resource), population characteristics and need (Relative Need). It is however then subject to Ministerial discretion over a minimum grant increase for authorities. Authorities with an increase above this level have their grant reduced to pay for the minimum increase in other authorities.

2.3.3 Again Peterborough has lost grant through the clawback mechanism. The Government uses a formula to calculate the level of funding each authority should receive based upon the needs of the people living in that area and this calculation shows we should have received about £4 million more than we have. However, the government claws back funding over a certain level from those councils who would receive a greater amount to ensure every council in the country receives an increase. In effect this means we are subsidising other councils.

	2009/10 £m	2010/11 £m	Estimated 2011/12 and beyond £m
Formula Grant Entitlement	78.9	80.8	80.8
Less clawback (*)	4.5	3.8	3.8
Amount to be paid	74.4	77.0	77.0
% increase	4.1%	3.5%	0%

For future years, the council is assuming that its grant is frozen. The actual figures will depend on a future comprehensive spending review. It is likely that this is an optimistic view, and that the council may actually receive a cash reduction in grant. This would also apply to the £15m Area Based Grant the Council receive and the Dedicated Schools Grant of £120m.

2.3.4 The Chancellor's pre-budget report will be released on 9<sup>th</sup> December 2009, after these papers have been released. It is unlikely that the financial position for the coming years will be anything other than very challenging.

2.3.5 As soon as this budget is approved, the Council will need to start work to refresh future years and plan for the challenging financial climate ahead. Given the scale of the financial challenges, it may be necessary to bring options forward for discussion with Members and our communities earlier, rather than wait for the next budget cycle.

## 2.4 COUNCIL TAX

2.4.1 Peterborough currently has one of the lowest council tax levels in the country. Out of 56 unitary councils across the country, Peterborough has the fifth lowest council tax.

2.4.2 The proposals for Council Tax for 2010/11, and for planning purposes in the MTFP after that are as follows:

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Council Tax increase	2.5%	2.5%	2.5%	2.5%	2.5%
Council Tax Band D	£1,096	£1,123	£1,151	£1,180	£1,209
Council Tax Base - Band Ds	55,395	55,949	56,508	57,074	57,644
Council amount raised (£m)	60.7	62.8	65.1	67.3	69.7

The equivalent Band D Council Tax figure for 2009/10 is £1,069 for the Council, not including the precepts from the Fire and Police Authorities and Parishes. This is currently one of the lowest levels in the country.

2.4.3 The proposal for a 2.5% increase is in line with the previous MTFP and strikes a balance between:

- Delivering our priority of a bigger and better Peterborough.
- Supporting vulnerable people and minimising the impact on services.
- Recognising the impact the recession is having on our communities and minimising their tax burden.

## 2.5 BUDGET SUMMARY

2.5.1 The summary figures underpinning the council tax proposals are:

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
<b>Funding</b>					
Dedicated Schools Grant	118,113	120,475	120,475	120,475	120,475
Formula Grant & NNDR	77,014	77,014	77,014	77,014	77,014
Parish Precepts	310	318	318	318	318
Council Tax	60,697	62,836	65,051	67,344	69,718
<b>Total Funding</b>	<b>256,134</b>	<b>260,643</b>	<b>262,858</b>	<b>265,151</b>	<b>267,525</b>
<b>Total Expenditure</b>	<b>256,134</b>	<b>260,643</b>	<b>267,775</b>	<b>273,348</b>	<b>278,751</b>
<b>Budget Surplus/Deficit(-)</b>	<b>0</b>	<b>0</b>	<b>-4,917</b>	<b>-8,197</b>	<b>-11,226</b>

The Council has a balanced position for 2010/11 with a Council Tax increase of 2.5%.

For 2011/12 the position is also shown as balanced, and this assumes that the grant is frozen in that year. However this may be an optimistic view, and is also likely that further pressures will emerge before then.

For the last 3 years of the MTFP, the council is forecasting sizeable deficits. The Council has specifically extended its financial planning horizon to 5 years to be able to assess this position. It is essential that early planning and action occurs to deal with this future financial pressure.

## 2.5.2 Capacity Bids

In preparing a Medium Term Financial forecast it is important to ensure unavoidable spending pressures are accurately reflected in future budgets. A summary of these items are shown below, with full detail outlined in the MTFP.

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Inescapable	3,163	3,147	4,739	5,534	6,532
Essential	3,477	4,461	8,409	10,361	11,331
	<b>6,640</b>	<b>7,608</b>	<b>13,148</b>	<b>15,895</b>	<b>17,863</b>

The items are a mix of pressures that the council cannot avoid or has a legal duty to meet, on-going pressures from the credit crunch as well as investments in delivering our priorities and improved services.

## 2.5.3 Savings

The Council's Corporate Plan is still founded on the basis of the council being efficient, effective and accessible. The draft medium term plan is once again based around the philosophy of:

*"Minimising overheads, reducing bureaucracy and improving value for money to ensure that resources are available to improve front line service outcomes to the community whilst ensuring the impact on council tax levels is as low as possible"*

Peterborough City Council has delivered £24m in cash savings through Business Transformation since autumn 2006. The council's effectiveness in this area has been recognised with a series of awards, the most significant of which, is the Local Government Chronicle Efficiency Award, has just been won.

The new savings proposals are set out in the MTFP and can be summarised as follows:

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Efficiencies	8,160	5,327	5,565	5,980	6,007
Business Transformation	6,408	8,719	8,729	8,406	8,731
<b>Total</b>	<b>14,568</b>	<b>14,046</b>	<b>14,294</b>	<b>14,386</b>	<b>14,738</b>

## 2.6 Reserves

2.6.1 For the Chief Finance Officer to recommend the level of reserves and provisions the council should hold, consideration is given to the general economic conditions facing the authority, the internal control framework in operation, and the probability and financial

impact of service risks, including specific budget risks identified within the budget process.

2.6.2 Projected movements on reserves for this MTFP are shown in Appendix 1g

2.6.3 In line with the Council's reserves policy, reviews of the Council's reserves and balances have been undertaken, as part of the financial planning exercise and in the completion of the Statement of Accounts for 2008/09. Final proposals for reserve usage are approved by members as part of the budget and final accounts approval process. Reserves are reviewed and monitored during the year to ensure that the adequacy and application of reserve are valid and appropriate.

2.6.4 It has proved necessary to use reserves in the current year to meet one-off costs. The MTFP specifically provides for contributions to be made to restore reserves as follows:

- o A contribution of £2m to the capacity building fund to support transformation projects
- o Restoring balances to £6m during the MTFP

2.6.5 The Director has reviewed the financial risks identified (see Section 2.7 below), and the expected level of reserves at 1<sup>st</sup> April 2010. On this basis the Director is satisfied with the reserves proposals in the MTFP.

## 2.7 ROBUSTNESS OF ESTIMATES

2.7.1 In setting a budget for 2010/11 including a medium term financial plan to 2014/15 it is important that Members consider the risks inherent in the financial figures presented and the potential for there to be variances and events that may occur that may significantly impact on them.

2.7.2 The following is a summary of other matters that Members should take into account when considering the budget:

Area	Risk	Action to Mitigate Risk
Overall Budget	The achievement of a balanced budget is reliant on an ambitious savings programme and organisational capacity to deal with speed of change. There is a risk that both savings already extracted from budgets and the new savings programme will not be achieved.	The Business Transformation team will continue to work closely with managers across the organisation, with progress being monitored via the monthly budget monitoring process process.  There will be specific disclosure in the monthly budget monitoring process of the achievement of savings.
Overall Budget	The pay award for 2010-11 is not yet finalised. There is a risk that the award for this and for future years will exceed the sums allowed for in the budget/MTFP	Funding for pay will be held centrally to allow the correct sums to be released once the pay award is known
Overall Budget	Increase in employer's contribution rate to the pension scheme in future years (next triennial valuation due December 2010)	Following discussions with the Actuary, and additional 1.5% per annum has been included in the MTFP.
Overall Budget	The current grant settlement finishes	Planning for future years to being

Area	Risk	Action to Mitigate Risk
	in 2010/11. Changes to the economic and political environment may impact the amount received.	earlier than in previous rounds
Overall Budget	Interest rates decrease further to 0%	The Council is planning to run down cash balances and use them to finance the capital programme instead of borrowing to maximise value for money
Capital Expenditure	The proposed Capital Programme is reliant on asset disposals being achieved. Any slippage will impact on capital financing requirements	The estimates used are based on the latest information available in terms of both timing and capital receipt. Schemes will be carefully managed and regular reporting will continue
Overall Budget	Demand led service pressures	Reviewed through monthly budget monitoring
Overall Budget	Third Party contributions	Reviewed through Business Transformation
Overall Budget	Impact of recession	Review through monthly budget monitoring

## 2.8 EDUCATION FUNDING

2.8.1 Funding for education is provided directly through a specific grant known as the Dedicated Schools Grant. The majority of this grant is delegated directly to schools, but some is held centrally and spent on education and children's services across the city.

2.8.2 The estimated Dedicated Schools Grant for 2009/10 is £120.080m, which is a 5.4% cash increase over 2008/09. This figure is before amounts recouped for academies. The final figure for 2010/11 will not be known until May/June 2010, when pupil numbers are finalised.

## 2.9 CAPITAL PROGRAMME 2010/11 TO 2014/15

2.9.1 The capital programme is driven by the Council's contribution to the sustainable community strategy. In addition, it is based around the Capital Strategy that is integrated with the Council's Asset Management Plan. These are included as appendices.

2.9.2 The Capital Programme is included in the MTFP. In summary, the programme is as below.

<b>Capital Expenditure by Service:</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adult Social Care	921	3,466	3,165	165	165
Deputy Chief Executives	10,696	8,593	1,221	1,242	1,225
Children's Services	37,011	40,217	29,291	8,134	6,134
City Services	2,904	1,068	960	960	960
Operations	34,982	14,820	11,259	9,700	9,360
Strategic Resources	15,929	14,060	21,568	14,102	14,002
Contingency	(927)	-	-	-	-
<b>Total Capital Expenditure</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>
<b>Financed by:</b>					
Grants	40,717	14,253	5,193	5,193	5,193
S106 and Contributions	2,600	2,250	250	250	250
Capital Receipts	13,382	7,192	14,042	10,000	5,000
Right To Buy Receipts	712	757	546	567	0
Capital Financing Requirement (Borrowing)	44,105	57,772	47,433	18,293	21,403
<b>Total Capital Financing</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>

2.9.3 Members should also be aware that the programme is reliant on capital receipts generated through asset disposal. Hence some capital schemes will only be initiated if resources are actually achieved.

2.9.4 Capital schemes will not progress until the following requirements have been satisfied:

- External funding secured where supporting a scheme.
- A full business case has been approved through the Councils project gateway process.

2.9.5 The Local Government Act 2003 introduced the prudential capital system. The key objectives of the prudential system are to ensure, within a clear framework, that local authority capital investment plans are affordable, prudent and sustainable and have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code.

2.9.6 The revenue impact of borrowing has been factored into the budget. The impact of this, including the report on the Prudential Code, Treasury Management Strategy and MRP Policy are attached

## **2.10 ASSET MANAGEMENT PLAN**

2.10.1 Attached is the Corporate Asset Management Plan (AMP). This document sets out how the Council will manage Council Property Assets in the future and builds upon the AMP prepared last year. The AMP sets out how we will address future challenges including:

- A property portfolio that is ageing with excessive liabilities
- A portfolio that is not suited to Council needs

2.10.2 In addition, it sets out how we will get the most from our property portfolio. This will include:

- The options appraisal and delivery of nearly £50m of Capital Receipts over the next 5 years in a falling market
- Using property to support the Growth Agenda
- Minimising the impact of property assets on the environment

## Appendix 1a – Key Figures

### Key Figures (Grant Freeze from 2011/12 onwards)

	2010/11 £k	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k
Funding					
Dedicated Schools Grant	118,113	120,475	120,475	120,475	120,475
Formula Grant & NNDR	77,014	77,014	77,014	77,014	77,014
Parish Precepts	310	318	318	318	318
Council Tax Base	58,618	60,697	62,836	65,051	67,344
Council Tax Increase	1,465	1,517	1,571	1,626	1,684
Council Tax Growth	614	622	644	667	690
Collection Fund Surplus	0	0	0	0	0
<b>Total Funding</b>	<b>256,134</b>	<b>260,643</b>	<b>262,858</b>	<b>265,151</b>	<b>267,525</b>
Departmental Control Totals	258,478	266,081	267,921	270,839	274,626
Less: Savings 2010/11					
Efficiencies	-3,576	-5,327	-5,565	-5,980	-6,007
Business Transformation	-6,408	-8,719	-8,729	-8,406	-8,731
Capacity Bids 2010/11					
Inescapable	3,163	3,147	4,739	5,534	6,532
Essential	3,477	4,461	8,409	10,361	11,331
Sub Total	<b>6,640</b>	<b>7,608</b>	<b>13,148</b>	<b>15,895</b>	<b>17,863</b>
Risk Management Contingency	1,000	1,000	1,000	1,000	1,000
<b>Total Expenditure</b>	<b>256,134</b>	<b>260,643</b>	<b>267,775</b>	<b>273,348</b>	<b>278,751</b>
<b>Budget Surplus/Deficit(-)</b>	<b>0</b>	<b>0</b>	<b>-4,917</b>	<b>-8,197</b>	<b>-11,226</b>

Council Tax increase	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Band D	£ 1,095.71	£1,123.10	£ 1,151.17	£ 1,179.93	£ 1,209.42
Council Tax Base - Band Ds	55,395	55,949	56,508	57,074	57,644



## Appendix 1b – Capacity Bids

### Revenue Capacity Bids

#### Capacity Bid - Inescapable

		2010/11	2011/12	2012/13	2013/14	2014/15
Department	Issue	£k	£k	£k	£k	£k
Adult Social Care	Pressure arising from population growth - Older People, Dementia and Physical Disability	500	500	500	500	500
City Services	Additional costs relating to grounds maintenance issues with S106 agreements	31	31	31	31	31
Operations	Funding required to address the planning and parking income shortfall in future years	750	750	750	750	750
Operations	Investment in Heritage within Peterborough area	100	100	100	0	0
Operations	Increased demand on concessionary fares based on latest estimates (net of grant)	268	435	715	904	1,103
Operations	Concessionary Fares grant	-720	-720	-720	-720	-720
Operations	Maintenance costs of the fountains within Cathedral Square	15	15	15	15	15
Strategic Resources	Property - Ongoing impact of the credit crunch on the commercial property portfolio	500	500	500	300	100
Strategic Resources	Replenishment of General Fund re Icelandic Deposits	0	300	0	0	0
Strategic Resources	To meet the full costs associated with Pension Strain	1,187	1,104	943	822	621
Strategic Resources	Replenishment of General Fund re VAT Shelter	0	0	173	0	0
Strategic Resources	Impact of employers pension contribution in future years	532	132	1,732	2,932	4,132
		<b>3,163</b>	<b>3,147</b>	<b>4,739</b>	<b>5,534</b>	<b>6,532</b>

#### Capacity Bid - Essential

		2010/11	2011/12	2012/13	2013/14	2014/15
Department	Issue	£k	£k	£k	£k	£k
Adult Social Care, Children Services, Operations	Green Shoots pilot - Investment in business process reengineering for resource intensive families	75	0	0	0	0
Adult Social Care	Invest in prevention and reenablement to reduce demand on Adult Social Care budgets in future	275	0	0	0	0
Adult Social Care	Implementation of Safeguarding inspection report recommendations	500	500	500	500	500
Corporate	Implementation of Green Shoots agenda	700	200	200	200	200

<b>Department</b>	<b>Issue</b>	<b>2010/11 £k</b>	<b>2011/12 £k</b>	<b>2012/13 £k</b>	<b>2013/14 £k</b>	<b>2014/15 £k</b>
Children Services	Secondary School Phase 2 costs	0	292	389	0	0
Children Services	Re-open Hereward College to meet school place demand in City / Eastern region. Rates and security costs	65	65	0	0	0
Children Services	Children Services contingency for Looked After Children. (50% of current contingency already built into the current budget)	0	450	0	0	0
City Services	Deferral of waste food project by one year to allow a waste education programme and impact of LATS adjustment	-554	827	1,151	775	1,002
Deputy Chief Executive	Peterborough University - Project Management	150	150	150	150	150
Deputy Chief Executive	Women's Resource Centre - rent and rates liability	100	100	100	100	100
Deputy Chief Executive	Environment Capital - Council's contribution	50	100	100	100	100
Children Services	Key Stage 3 / 4 Secondary Advisor support	100	100	100	100	100
Operations	Strategic Growth & Development operational costs of New Link	265	265	265	265	265
Operations	Maintenance costs of cemetery and closed churchyard walls to comply with health and safety requirements	50	50	50	50	50
Operations	Implementation of a programme of events for Peterborough area	170	170	170	170	170
Operations	Environmental Projects	75	75	100	100	100
Operations	Wi Fi City Centre - operational costs	105	113	113	120	120
Operations	RSA bid. The Council is required to provide match funding as part of the bid for Citizens of the Future	125	125	0	0	0
Operations	Water Taxi Infrastructure and associated Park and Ride	50	0	0	0	0
Operations	To meet the pressure within the library book fund	40	40	40	40	40
Operations / Strategic Resources	John Mansfield School revenue costs	210	210	210	210	210
Strategic Resources	Werrington Car Park - Rates liability and annual maintenance	6	6	7	7	8
Strategic Resources	Additional costs of borrowing incurred to fund new elements of the capital programme	201	858	1,974	3,228	3,504
Strategic Resources	Revenue impact of further changes to the capital programme	-2,415	-2,042	1,259	2,715	3,181
Strategic Resources	Impact of anticipated changes to interest receipts.	774	1,413	1,531	1,531	1,531
Strategic Resources	Replenishment of capacity fund	2,360	394	0	0	0
		<b>3,477</b>	<b>4,461</b>	<b>8,409</b>	<b>10,361</b>	<b>11,331</b>

## Appendix 1c – Savings and Transformation

### New Savings and Efficiencies

Department	Issue	2010/11	2011/12	2012/13	2013/14	2014/15
		1 £k	2 £k	3 £k	4 £k	5 £k
Corporate	Increased fees and charges	tbc	0	0	0	0
Corporate	Impact of reduced pay award in future years	2,454	4,089	5,335	5,792	5,819
Deputy Chief Executive	Your Peterborough - Reduce current 10 publications to 6 per annum	70	70	70	70	70
Operations	Passenger Transport - Bus Shelter cleansing and maintenance saving every three years to coincide with cyclical maintenance	0	0	42	0	0
Strategic Resources	Reduction in External Audit Fee	118	118	118	118	118
Strategic Resources	Collection Fund Surplus	934	0	0	0	0
Strategic Resources	Icelandic capitalisation	0	1,050	0	0	0
		<b>3,576</b>	<b>5,327</b>	<b>5,565</b>	<b>5,980</b>	<b>6,007</b>

### Business Transformation

Programme	Overview	2010/11	2011/12	2012/13	2013/14	2014/15
		1 £k	2 £k	3 £k	4 £k	5 £k
Adult Social Care	Sustainable savings following investment in prevention and reenablement, implementation of Independent Living Support Service and Green Shoots agenda	1,150	1,530	1,430	1,180	1,180
Children's Services	Delivering efficiencies via Natural Alliances, outsourcing, business support review, education placements, income generation and commissioning	250	350	350	350	350
Efficiency	Delivering efficiencies within processes across the Council and flexible working initiatives	4,608	6,189	6,299	6,226	6,551
Trading Services	Trading opportunities with other organisations as part of the Total Place agenda	400	650	650	650	650
		<b>6,408</b>	<b>8,719</b>	<b>8,729</b>	<b>8,406</b>	<b>8,731</b>

ADD Current MTFS new items relating to 2010/11 4,584

**Gross Business Transformation Programme 10,992**

## Appendix 1d – City Services Savings

### City Services savings

As part of ensuring the most efficient delivery of services, the Council has undertaken a review of City services to see where greater efficiencies and savings could be found.

A total of £1.8m of efficiencies have been identified. These are listed below, and include the more cost-effective, efficient four-day bin collection schedules that have been introduced. We are also sharpening the focus of our street cleansing programme into the areas of the greatest need. Standards of cleanliness will be maintained using this approach, as feedback from the teams on the ground indicates that the current input-based schedules are generating visits to streets that do not require cleaning.

	£k
Catering:	
Remove subsidy from school meals (Loss on catering trading account)	210
Grounds Maintenance	
Reduce shrub replacement programme	155
Reduce contingencies	95
Street Cleansing	
Targeted street cleansing savings	120
Replacement litter bins	30
Close unattended public toilets	85
Refuse and Recycling	
Introduction of 4 day week	360
Bulky waste and white goods collections charge	35
Replacement of new bin charge	35
General	
Vehicle efficiencies	70
Bus service realignment	75
Additional school trip income generation	30
New waste collection skip services	100
Property Design and Maintenance income	100
Senior management changes	145
Other savings and efficiency measures	155
<b>TOTAL SAVINGS</b>	<b>1,800</b>

## Appendix 1e – Reserves

Council Estimated Reserves 2010/11 to 2014/15

Reserve	2010/11	2011/12	2012/13	2013/14	2014/15
	Estimated Balance at 31.03.11 £000	Estimated Balance at 31.03.12 £000	Estimated Balance at 31.03.13 £000	Estimated Balance at 31.03.14 £000	Estimated Balance at 31.03.15 £000
<b>Departmental Reserves Total</b>	<b>1,727</b>	<b>1,727</b>	<b>1,727</b>	<b>1,727</b>	<b>1,727</b>
Parish Council Burial Ground Reserve	42	42	42	42	42
Insurance Reserve	2,341	2,241	2,141	2,041	1,941
Schools Capital Expenditure Reserve	2,080	2,080	2,080	2,080	2,080
Capacity Building Reserve	-	-	-	-	-
<b>Corporate Reserves Total</b>	<b>4,463</b>	<b>4,363</b>	<b>4,263</b>	<b>4,163</b>	<b>4,063</b>
General Fund Working Balance	4,327	5,827	6,000	6,000	6,000
<b>Grand Total</b>	<b>8,790</b>	<b>10,190</b>	<b>10,263</b>	<b>10,163</b>	<b>10,063</b>

Footnotes:

The departmental reserves line includes £1,273k relating to Peterborough College of Adult Education (PCAE)

The Capacity Reserve will have a £2,360k contribution in 2010/11 but full use of this reserve has been factored in

## Appendix 1f – Schedule of Grants

Specific Grants - Revenue	Ring fenced / Non-ring fenced	Managing Directorate	Capital or Revenue	Body	Status for 2010/11 (TBC = To Be Confirmed)	2009/10 £k	2010/11 £k
14 - 19 Partnerships/Consortia on Diploma Specific Formula	Ring fenced	CS	R	DCSF	TBC	214	0
AIDS Support	Ring fenced	ASC	R	DoH	Provisional	65	65
Area Based Grant	Non-ring fenced	SR	R	DCLG	Provisional	10,387	15,318
Bus Service Operators Grant (including Section 19) (Estimate for 09/10)	Non-ring fenced	City	R	DfT	TBC	60	
Childrens Workforce - Workforce Modernisation and Development, Support Staff and Golden Hellos	Ring fenced	CS	R	TDA	TBC	262	0
Concessionary Fares	Ring fenced	OPS	R	DfT	TBC	734	754
Demonstrating How to Deliver Stroke Care for Adults in the Community	Ring fenced	ASC	R	DoH	Provisional	87	87
Diploma Formula Grant	Ring fenced	CS	R	DCSF	TBC	73	0
Discretionary Housing Payments	Non-ring fenced	SR	R	DWP	TBC	63	
Drug Intervention Programme MAIN Grant	Ring fenced	OPS	R	HO	TBC	786	786
DSG - Dedicated Schools Grant	Ring fenced	CS	R	DCSF	Provisional	112,370	118,439
Every Child Matters - Contact Point now in Area Based Grant from 10/11	Ring fenced	CS	R	DCSF	Provisional	144	0
Free Swimming Programme - Pot 1 (over 60)	Ring fenced	OPS	R	DCMS	TBC	42	42
Free Swimming Programme - Pot 2 (under 16)	Ring fenced	OPS	R	DCMS	TBC	106	106
Future Jobs Fund	Ring fenced	OPS	R	DWP	TBC	1,085	0
Growth Area Fund III - Revenue	Non-ring fenced	DCE	R	DCLG	Provisional	25	15
Growth Fund Revenue Grant - Opportunity Peterborough	Ring fenced	DCE	R	DCLG	TBC	350	350
Handy Person Funding (09/10)	Ring fenced	OPS	R	DCLG	TBC	50	
Homelessness Revenue Grant	Ring fenced	OPS	R	DCLG	Provisional	91	90
Housing and Planning Delivery Grant	Non-ring fenced	DCE	R	DTI	Provisional	575	548
Housing Benefit - Administration Costs	Ring fenced	SR	R	DWP	TBC	1,879	

Specific Grants - Revenue	Ring fenced / Non-ring fenced	Managing Directorate	Capital or Revenue	Body	Status for 2010/11 (TBC = To Be Confirmed)	2009/10 £k	2010/11 £k
Learning Disabilities - Closure of Campuses	Ring fenced	ASC	R	DoH	Provisional	551	906
Local Authority Business Growth Incentive	Non-ring fenced	DCE	Both	DCLG	TBC	203	293
Mortgage Rescue Programme (09/10)	Non-ring fenced	OPS	R	DCLG	TBC	57	
Neighbourhood Crime & Justice Grants Work Priorities 09/10	Ring fenced	OPS	R	HO	TBC	70	
Peterborough CDRP Vigilance Programme	Ring fenced	OPS	R	HO	TBC	64	0
Play Pathfinder & Play builder, Capital & Revenue Grant	Ring fenced	CS	R	DCSF	Provisional	16	16
School Standards Grant including Personalisation	Ring fenced	CS	R	DCSF	Provisional	6,019	6,208
Sixth Form Funding	Ring fenced	CS	R	LSC	TBC	9,828	
Social Care Reform Grant	Ring fenced	ASC	R	DoH	Provisional	612	757
Standards Fund - Revenue	Ring fenced	CS	R	DCSF	Provisional	13,845	11,707
Supporting People (ABG from 2010/11)	Non-ring fenced	OPS	R	DCLG	TBC	5,021	11,707
Surestart, Extended Schools and Childcare - Main Revenue Block Childrens Centres	Ringfenced	CS	R	DCSF	Provisional	7,341	7,802
Think Family Grant	Ringfenced	CS	R	DCSF	Provisional	418	437
Welfare Foods	Ringfenced	CS	R	DoH	TBC	113	113
Youth Opportunity Fund	Ringfenced	CS	R	DCSF	Provisional	124	124
<b>Total Specific Grants - Revenue</b>						<b>173,730</b>	<b>176,670</b>

		Managing Directorate	Capital or Revenue	Body	Status for 2010/11 (TBC = To Be Confirmed)	2009/10 £k	2010/11 £k
<b>Other Grant Support - Revenue</b>							
Adult & Community Learning - Learner Responsive	Ringfenced	CS	R	LSC	TBC	3,122	
Alcohol (Crime Disorder Reduction Partnership)	Ringfenced	OPS	R	HO	TBC	30	0
Citizenship Ceremonies	Ringfenced	SR	R	HO	TBC	45	
Communities for Health	Ringfenced	OPS	R	DoH	TBC	100	0
Effective Practice	Ringfenced	CS	R	YJB	TBC	194	0
Formula Grant	Non-ring fenced	SR	Both	DCLG	Provisional	74,408	77,014
Housing Benefit - Council Tax Benefits	Ringfenced	SR	R	DWP	TBC	10,925	
Housing Benefit - Rent Allowances	Ringfenced	SR	R	DWP	TBC	48,754	
Housing Benefit - Rent Rebates	Ringfenced	SR	R	DWP	TBC	168	
Investing in Communities - Economic Participation Programme	Ringfenced	OPS	R	EEDA	TBC	971	
ISSP - Intensive Supervision & Surveillance Programme	Ringfenced	CS	R	YJB	TBC	296	0
KYPE Access to Employment & Learning Project	Ringfenced	CS	R	LSC	TBC	23	0
Peterborough Arts Council	Ringfenced	OPS	R	AC	TBC	7	0
Prevent Grant Funding	Ringfenced	OPS	R	DCLG	TBC	55	0
Prevention Grant	Ringfenced	CS	R	YJB	TBC	133	0
Prevention of Violent Extremism	Ringfenced	CS	R	YJB	TBC	75	0
Private Finance Initiative Fund PFI	Ringfenced	CS	R	CWDC	TBC	4,731	4,731
Private Space Violence Fund	Ringfenced	OPS	R	HO	TBC	22	0
Resettlement and Aftercare Provision	Ringfenced	CS	R	YJB	TBC	172	0
Rural Bus Subsidy S.19 Grant	Non-ring fenced	City	R	DFT	TBC	2	0
Substance Misuse Worker (Youth)	Ringfenced	CS	R	YJB	TBC	37	0
Supported Employment (Westcombe Industries) Estimate 09/10)	Ringfenced	ASC	R	DWP	Provisional	467	470
Tackling Youth Alcohol Related Disorder Grant	Ringfenced	CS	R	DCSF	TBC	20	0
Unaccompanied Asylum-Seeking Children	Ringfenced	CS	R	HO/NAS S	TBC	92	0
Young Cultural Creators	Ringfenced	OPS	R	MLA	TBC	1	0
Youth4U Young inspectors Programme	Ringfenced	CS	R	NCB	TBC	37	37
<b>Total Other Grant Support - Revenue</b>						<b>144,887</b>	<b>82,252</b>



<b>Capital Grants</b>		<b>Managing Directorate</b>	<b>Capital or Revenue</b>	<b>Body</b>	<b>Status for 2010/11 (TBC = To Be Confirmed)</b>	<b>2009/10 £k</b>	<b>2010/11 £k</b>
Aids & Adaptations 'Now Social Care Single Capital Pot SCP	Ringfenced	ASC	C	DoH	Provisional	85	85
Clare Lodge Capital Extension	Ringfenced	CS	C	DCSF	TBC	3,616	0
Detrunking	Non-ring fenced	OPS	C	DFT	Provisional	246	120
Disabled Facilities Grant	Ringfenced	OPS	C	DCLG	TBC	685	679
Drug Intervention Programme	Ringfenced	OPS	C	HO	TBC	9	0
Growth Area Fund III - Capital	Non-ring fenced	DCE	C	DCLG	Provisional	6,813	3,867
HIV Aids Capital Grant 09/10	Ringfenced	ASC	C	DoH	TBC	23	0
Housing & Planning Delivery Grant	Non-ring fenced	DCE	C	DTI	Provisional	277	264
ICS Integrated Childrens System - Capital Grant for Mobile Technology to Support Children's Social Workers	Ringfenced	CS	C	DCSF	TBC	34	0
Investing in Communities Under 'Economic Participation'	Ringfenced	OPS	C	EEDA	TBC	1537	
Local Transport Plan - Bridge Strengthening	Ringfenced	OPS	C	DFT	Provisional	6,310	6,310
Local Transport Plan - Integrated Transport Block Allocations	Non-ring fenced	OPS	C	DFT	TBC	2,289	2,423
Local Transport Plan - Other allocations	Non-ring fenced	OPS	C	DFT	Provisional		807
Mental Health Grant - Social Exclusion Unit (Mental Health) Now Single Capital Pot	Ringfenced	ASC	C	DoH	Provisional	102	102
Migration Impact Fund		Various	R	DCLG	TBC	356	0
Peterborough Innovation Centre	Ringfenced	DCE	C	EEDA	TBC	30	0
Play Area Capital Fund 09/10	Ringfenced	City	C	BIG	TBC	389	438,578
Play Pathfinder & Play builder, Capital & Revenue Grant	Ringfenced	CS	C	DCSF	Provisional	410	438
Public Realm Improvements Project 7085 (b/f from 08/09 - complete omission)	Ringfenced	DCE	C	EEDA	TBC	TBC	TBC
Regional Housing Pot	Ringfenced	OPS	C	DCLG	TBC	698	
Safer Stronger Communities Capital Grant	Non-ring fenced	OPS	C	HO	TBC	79	79

<b>Capital Grants</b>		<b>Managing Directorate</b>	<b>Capital or Revenue</b>	<b>Body</b>	<b>Status for 2010/11 (TBC = To Be Confirmed)</b>	<b>2009/10 £k</b>	<b>2010/11 £k</b>
Specific Road Safety Capital Grant	Non-ring fenced	OPS	C	DfT	Provisional	73	72
Standards Fund - Capital	Ringfenced	CS	C	DCSF	Provisional	12,511	13,298
Supported Capital Expenditure (Capital Grant) for IT Infrastructure	Ringfenced	ASC	C	DoH	Provisional	51	54
Sure Start, Early Years & Childcare Grant & Aiming High for Disabled Children Grant (AHDC) Capital	Ringfenced	CS	C	DCSF	Provisional	1,681	1,507
Traffic Asset Management Plans TAMPS (09/10)	Ringfenced	OPS	C	DfT	TBC	30	
Waste Infrastructure	Non-ring fenced	City	C	DEFRA	Provisional	315	116
Youth Capital Fund	Ringfenced	CS	C	DCSF	Provisional	107	107
<b>Total Capital Grants</b>						<b>38,756</b>	<b>468,906</b>
<b>TOTAL SPECIFIC &amp; OTHER GRANT SUPPORT</b>						<b>357,373</b>	<b>727,828</b>
<b>Analysis of Grants by Status after change to status</b>						<b>2009/10 £k</b>	<b>2010/11 £k</b>
Provisional						256,526	267,150
To be confirmed						100,847	460,678
<b>TOTAL</b>						<b>357,373</b>	<b>727,828</b>

## Appendix 1g – Fees and Charges

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
Operations	Library Services	Hire Fees	0.0%	Council Lead	
Operations	Library Services	Fines	0.0%	Council Lead	
Operations	Library Services	Computer use/ photocopying and fax charges	2.9%	Council Lead	
Operations	Library Services	Room Lettings	6.0%	Council Lead	
Operations	Library Services	Other Services	6.2%	Council Lead	
Operations	Sports Services	Artificial Turf Areas	3.0%	Council Lead	
Operations	Sports Services	Athletics	4.5%	Council Lead	
Operations	Sports Services	Badminton	0.0%	Council Lead	
Operations	Sports Services	Basketball	3.3%	Council Lead	
Operations	Sports Services	BSC	3.1%	Council Lead	
Operations	Sports Services	Hockey	5.3%	Council Lead	
Operations	Sports Services	Netball	3.7%	Council Lead	
Operations	Sports Services	Racketball	3.4%	Council Lead	
Operations	Sports Services	Squash	3.4%	Council Lead	
Operations	Sports Services	Table Tennis	3.4%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
Operations	Sports Services	Tennis	5.1%	Council Lead	
Operations	Sports Services	Training Grid	0.0%	Council Lead	
Operations	Sports Services	Volleyball	3.4%	Council Lead	
Operations	Sports Services	Bushfield Sports Centre	3.3%	Council Lead	
Operations	Sports Services	Werrington Sports Centre	3.6%	Council Lead	
Operations	Sports Services	Swimming	3.7%	Council Lead	
Operations	Sports Services	Cityswim Tuition	2.1%	Council Lead	
Operations	Sports Services	Swimming - Bishops Road Lido	0.0%	Council Lead	
Operations	Sports Services	Swimming - Regional Pool	5.1%	Council Lead	
Operations	Sports Services	Pool Hire – Jack Hunt Pool	5.9%	Council Lead	
Operations	Sports Services	School Swim Tuition	33.2%	Council Lead	Increase due to Pool Carer Service now bought in
Operations	Sports Services	Embankment & Bushfield All Weather Pitches	3.2%	Council Lead	
Operations	Sports Services	Active Membership	1.0%	Council Lead	
Operations	Sports Services	Hire of Sports Coaches	2.3%	Council Lead	
Operations	Sports Services	Sports Development	0.5%	Council Lead	
Operations	Key Theatre	Hire of Bar and Auditorium	5.2%	Council Lead	
Operations	Key Theatre	Amateur Charges	4.4%	Council Lead	
Operations	Key Theatre	Professional Charges	7.0%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
Operations	Bereavement Services	Crematorium fees	9.0%	Council Lead	Includes Environmental Surcharge
Operations	Bereavement Services	Remembrance books and cards	-0.3%	Council Lead	
Operations	Bereavement Services	Plaques, vases and memorial trees	3.7%	Council Lead	
Operations	Bereavement Services	Memorial gardens	3.5%	Council Lead	
Operations	Bereavement Services	Memorials	3.1%	Council Lead	
Operations	Bereavement Services	Cemetery fees	4.3%	Council Lead	
Operations	Museum	Museum room hire	3.0%	Council Lead	
Operations	Museum	Subsidiary Charges	3.0%	Council Lead	
Operations	Museum	Art Gallery	3.0%	Council Lead	
Operations	Museum	Education Services	3.0%	Council Lead	
Operations	Museum	City Tours and Walks	3.0%	Council Lead	
Operations	Museum	Archaeological Services	3.0%	Council Lead	
Operations	Licensing	Gambling Act Licensing	2.1%	Statutory	
Operations	Licensing	Hackney Carriage Licensing	2.9%	Council Lead	
Operations	Licensing	Animal Welfare Licensing	4.3%	Council Lead	
Operations	Business Regulations	Other Environmental Health Licensing	3.6%	Council Lead	
Operations	Business Regulations	Trading Standards	4.5%	LACORS (Local Authority Coordination of Regulated Services)	
Operations	Licensing	Street Trading Consents (Non Pedestrian Area)	3.7%	Council Lead	
Operations	City Centre Services	Street Trading Consents (Pedestrian Area)	4.5%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
Operations	City Centre Services	Banners across Bridge St	2.7%	Council Lead	
Operations	Community Protection	Dog Services	2.7%	Council Lead/Statutory	
Operations	Community Protection	Environmental Protection Act	0.0%	Statutory	
Operations	Community Protection	Water Analysis	0.5%	Statutory	
Operations	Community Protection	Environmental Enforcement	0.0%	Statutory	
Operations	Parking Services	Off Street Parking	5.3%	Council Lead/Statutory	
Operations	Parking Services	Off Street Parking Season tickets	1.5%	Council Lead	
Operations	Parking Services	On Street Parking	5.0%	Council Lead/Statutory	
Operations	Parking Services	Residential Parking	6.3%	Council Lead	
Operations	Parking Services	Queensgate Bus Station	2.6%	Council Lead	
Operations	Street Works	Licenses and permits	19.2%	Council Lead	Licences for mobile elevated working platforms (cherry pickers) bought into line with all other licences
Operations	Trans and Development	Highways Development	0.1%	Council Lead	
Operations	Gladstone Park	Hall & Youth wing charges	4.7%	Council Lead	
Operations	Gladstone Park	Meeting Room charges	4.9%	Council Lead	
Operations	Gladstone Park	Weddings & other charges	-9.6%	Council Lead	
Operations	Gladstone	Sports charges	4.4%	Council Lead	

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
	Park				
City Services	Recreation	Football	5.1%	Council Lead	
City Services	Recreation	Mini Football	5.4%	Council Lead	
City Services	Recreation	Allotments	5.1%	Council Lead	
City Services	Recreation	Putting	6.0%	Council Lead	
City Services	Recreation	Equipment Hire	6.1%	Council Lead	
City Services	Recreation	Bowls	4.9%	Council Lead	
City Services	Recreation	Tennis	4.6%	Council Lead	
City Services	Recreation	Outdoor playing pitch	5.0%	Council Lead	
City Services	Waste Management	Bulky collection/Wheelie bin replacement	5.0%	Council Lead	
City Services	Waste Management	Asbestos Collection	5.1%	Council Lead	
City Services	Waste Management	Compost bins	5.1%	Council Lead	
City Services	Waste management	Flytipping	5.0%	Council Lead	
City Services	Vehicles	Abandoned Vehicles/MOT	3.6%	Statutory	DVLA set these charges in Feb/Mar each year
Chief Executive	Mayoralty/Civic	Civic Room Lettings	4.8%	Council Lead	
Chief Executive	Land charges	Search fees	50.0%	Council Lead/Statutory	Charges may change after resolution of interpretation of Environmental Information Regulations with respect to the inspection of property search data.
Children's Services	Children & Families	Hire of Playcentre	To be Confirmed	Council Lead	
Children's Services	Children & Families	Hire charges	2.6%	Council Lead	
Children's Services	Learning & Skills	Placement costs recovery	To be Confirmed	Statutory	Nationally agreed rates haven't been decided

Directorate	Service Area	Charge	Average % increase in fees & charges	Council Lead/Statutory	Comments
Children's Services	Learning & Skills	Parental contribution to Bus Passes issued	2.9%	Council Lead	still waiting to hear from Central Govt if statutory fees will increase.
Children's Services	Learning & Skills	LEAP Programme	2.5%	Council Lead	
Strategic Resources	Registration Services	Approved Premises/Registration Office	11.1%	Council Lead	Not increased for last 2 years and will remain competitive with other LA's
Strategic Resources	Registration Services	Private Citizenship Ceremonies	10.7%	Council Lead	Not increased for last 2 years and will remain competitive with other LA's
Strategic Resources	Registration Services	Nationality Checking	38.2%	Council Lead	Not increased for last 2 years and will remain competitive with other LA's
Strategic Resources	Registration Services	Baby Naming/Renewal of Vows	3.3%	Council Lead	Not increased for last 2 years and will remain competitive with other LA's
Strategic Resources	Registration Services	Registration Services – Statutory fees	0.0%	Statutory	Awaiting confirmation of any increases from Home Office
Strategic Resources	Strategic Property	Property Rents	Varies - see comment	Council Lead	Increases in rent are dictated by the terms of the leases
Adult Social Care	ASC	Homecare - hourly rate	To be Confirmed	Council Lead	
Adult Social Care	ASC	Extra Care Schemes	To be Confirmed	Council Lead	
Adult Social Care	ASC	Day services	To be Confirmed	Council Lead	
Adult Social Care	ASC	Direct payment rates	To be Confirmed	Council Lead	
Adult Social Care	ASC	Respite - over capital threshold	To be Confirmed	Council Lead	
Adult Social Care	ASC	In House Residential Homes	To be Confirmed	Council Lead	
Adult Social Care	ASC	Meals on wheels	To be Confirmed	Council Lead	



## Appendix 2 – Budget Monitoring Report Period 7

CABINET	APPENDIX 2
14 December 2009	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton	
Contact Officer(s):	John Harrison, Executive Director of Strategic Resources Steven Pilsworth, Head of Corporate Services	Tel. 452398 Tel. 384564

### BUDGET MONITORING REPORT PERIOD 7 2009/10 – PROBABLE OUTTURN

R E C O M M E N D A T I O N S	
FROM : Executive Director of Strategic Resources	Deadline date : 4 December 2009
<p>1. That the current forecast outturn position (based on expenditure at the end of October 2009) on the Council's revenue and capital budget is adopted as the first published probable outturn of 2009/10 and incorporated into the process of setting the Medium Term Financial Strategy.</p> <p>2. Note that the Corporate Management Team (CMT), individually and collectively continue to take any necessary corrective action during the financial year to ensure proactive management of the budget position aiming to reduce the pressures.</p> <p>3. That the current performance on treasury management activities, payment of creditors in services and collection performance for debtors, local taxation and benefit overpayments be noted.</p>	

#### 1. ORIGIN OF REPORT

- 1.1. This report is submitted to the Cabinet as part of the regular budget monitoring arrangements.

#### 2. PURPOSE OF REPORT

- 2.1. The purpose of this report is to inform Cabinet of the financial performance for revenue and capital at 31 October 2009.
- 2.2. This report also contains performance information on treasury management activities, the payment of creditors in services and collection performance for debtors, local taxation and benefit overpayments.

### 3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	
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### 4. **BUDGET MONITORING 2009/10 AS AT END OF OCTOBER 2009**

#### 4.1. Corporate Overview

- 4.1.1. Full Council approved the revenue and capital budget requirement for 2009/10 in February 2009. The budget was set in the context of the continuing effects of the recession and in particular the reduced income streams expected, the impact of the Icelandic bank investment and potential for increased pressure on demand led budgets.
- 4.1.2. Throughout the financial year pressures have emerged and have been considered proactively with corrective action to ensure that the Council manages its finances accordingly.
- 4.1.3. The Council remains committed to its strategy in delivering service efficiencies and improvements using a proactive approach to managing Council finances.
- 4.1.4. In preparing the first published probable outturn for 2009/10 which has been reflected upon with budget setting for 2010/11 onwards, Corporate Management Team and Departmental Management Teams continue to review expenditure and income, taking appropriate corrective measures to ensure that the budget requirement is not exceeded as required in the Council's scheme of delegation. Mitigations include:

#### Corporate Management Team

- i. An ongoing assessment on the credit crunch both directly and indirectly comparing against the original assumptions made when setting the Council budget within the Medium Term Financial Strategy (MTFS);
- ii. Corporate review of vacancies and determine an appropriate course of action to recruit to business critical posts;
- iii. Challenge all budget managers to deliver under-spends or generate additional income;
- iv. Manage the pressures corporately;
- v. Consider the use of reserves appropriately for 'one off' expenditure;
- vi. Bringing forward work on efficiency savings to mitigate future pressures;

#### Departments

- i. Develop and implement a robust action plan within Children's Services to mitigate the pressures arising from demand led pressures and the overall savings programme;
- ii. Review all commitments on the Council's financial system to identify whether the commitment is bona fide, possible re phasing of timescales and whether commitments are a priority in terms of business critical expenditure. This includes cancelling commitments as necessary;
- iii. Implementing a freeze on all non-business critical expenditure, for example training, temporary staff and supplies and services budgets;
- iv. Review current expenditure within the general fund to identify whether any expenditure can be capitalised, allocated to reserves or allocated against grant income in accordance with the CIPFA code of practice;
- v. Continue to review the Capital Programme including slippage within the programme for both financial implications and the Council's ability to deliver its priorities;

- vi. Senior officers continue to review the savings programme to ensure that the savings targets within the programme can be met;
- vii. Continue to review the treasury policy and activity performance in light of the current economic situation.

4.2.2 Currently, this financial year has presented challenges such as:

- i. Managing the continuing impact and effects of the economic climate generally on income streams, financing and cash flow management; and demand led budgets;
- ii. The ability for the Council to implement a robust savings and efficiency programme against the backdrop of demand led pressures and reduced income streams;
- iii. Effect of 'Baby P' on Children Social Care budgets;
- iv. The Council's ability to deliver the capital programme within available people resources.

## 5. REVENUE MONITORING

### 5.1 Overview

5.1.1 The revenue monitoring report to the end of October 2009 shows an overall forecast overspend of £828k against the approved general fund budget of £144,259k. The over spend is summarised in the table below at departmental level. A further breakdown within departments is included in Appendix 1.

5.1.2 The Dedicated Schools Grant shows an overspend of £228k against a budget of £114,141k. Schools Forum is responsible for decisions related to the Dedicated Schools Grant. This has been included for information purposes only.

Previous Forecast Outturn £(k)	Department	Annual Budget £(k)	Probable Forecast Outturn £(k)	Probable Forecast Outturn £(k)
325	<b>Deputy Chief Executive</b>	10,271	10,610	339
-50	<b>Children's Services</b>	42,541	42,541	0
316	<b>City Services</b>	16,330	16,646	316
383	<b>Operations</b>	24,527	25,177	650
-1,019	<b>Strategic Resources</b>	11,077	10,600	-477
0	<b>Adult Social Care</b>	39,513	39,513	0
<b>-45</b>	<b>TOTAL</b>	<b>144,259</b>	<b>145,087</b>	<b>828</b>

<b>343</b>	<b>Dedicated Schools Grant</b>	<b>114,141</b>	<b>114,369</b>	<b>228</b>
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5.1.3 The key changes in the financial position since the previous outturn published in October can be seen in the next table.

Key Movements	£000	£000
<b>Reported to Cabinet - October 2009</b>		<b>45</b>
Increased demand on Concessionary Fares	201	
Reduced Planning fee income	213	
Worsening impact on parking income	140	
Net impact of unavoidable pressures offset by mitigating actions	319	
Pending decision to re-open Hereward College (Estimate)	500	
Set aside a provision for grants	1,000	
Use of Reserves to meet one off costs	-1,500	
Net Movement		873
<b>First Provisional Outturn (Based on October BCR)</b>		<b>828</b>

## 5.2 Impact and Actions

5.2.1 Departments have had a range of actions in place to address demand led pressures, reduced income streams and one off pressures throughout the financial year. Action plans include:

- i. Operations department continue to consider options to reduce the overall departmental pressures within their action plan alongside regular review at the Departmental Management Team meetings, taking corrective action as necessary;
- ii. Delay of implementation of projects and initiatives which would not be detrimental to the ability for the Council to deliver its priorities and needs of the public using its services. It is recognised that not all of these actions are sustainable in future years;
- iii. Management of risks corporately to meet emerging pressures. Since the previous financial position was forecast in October, there is a pending decision to re open Hereward College to meet school place demand in the east / city region of Peterborough. The costs to date associated with preparing the site for disposal would need to be met within revenue budgets rather than capital to comply with financial regulations. These one off costs would therefore be picked up by the Council's reserve balances;
- iv. In the preparation of the 2008/09 Statement of Accounts a contingent liability was acknowledged regarding grants as follows:
  - a. "As part of the delivery of services, expenditure is incurred by the Council which in turn may be funded directly from grants. Some grants are allocated to the Council for specific purposes, and as such may require an audit certification to be completed to ensure the grant had been correctly applied. Reimbursement of grants may be necessary if it is found that the Council has not met the term and conditions of use of the grant. Amount and timings are dependent upon the results of any claim certification"

A prudent view would be to set up a provision for grants that are likely to require an audit certification this financial year;
- v. The reserve balances identified in the above two points are the result of an internal review of the insurance fund;
- vi. Since October, further demands have been placed on demand led budgets such as concessionary fares, there has also been a worsening of income streams, therefore departmental action plans have been identifying further actions to mitigate the pressure. Corporately, any ongoing pressures that are likely in future financial years have been considered in proposing the Medium Term Financial Plan for future years;
- vii. Consideration will be given over the next few months within Corporate Management Team to reduce the over spend with a possible contribution being made from the residual balance within the capacity fund.

5.2.2 Risks will continue to be monitored within Departmental Management Teams and corporately.

## 6. RESERVES MONITORING

### 6.1. Overview

- 6.1.1 In setting the 2009/10 budget, the level of Council balances was considered sufficient in meeting the MTFS recognising the requirement to review the balances to ensure delivery of the priorities within the Sustainable Community Strategy to 2011. The overall level of balances can be seen in the next table and assumes that the general fund working balance will be reduced during 2009/10 by the re-profiling of the VAT Shelter income into future years, thus replenishing the working balance in 2011/2012.

<b>Summary of Balances</b>	<b>£(k)</b>
<b>General Fund Working Balance</b>	3,827
<b>Earmarked Reserves:</b>	
- Insurance	2,441
- Capacity	251
- Departmental	456
- Schools	2,080
<b>Balance as at 31 March 2010</b>	<b>9,055</b>

## 7 CAPITAL PROGRAMME

### 7.1 Overview

- 7.1.1 The Capital Programme for 2009/10, as agreed in the Medium Term Financial Plan (MTFS), was £78.9m. The final slippage of schemes from 2008/09 was £26.3m. This is mainly the result of delays with projects and new capital projects being added since the MTFS which resulted in a revised capital programme as at 1<sup>st</sup> April 2009 of £105.8m.
- 7.1.2 Between April and October 2009 £23.8m of capital budgets have been slipped into 2010/11 giving a revised budget at the end of October 2009 of £81.4m. The main reason for this slippage is that the actual planned expenditure has been re-profiled into 2010/11.
- 7.1.3 The actual capital expenditure as at the 31 October 2009 is £21.7m against a profiled budget of £39.1m and departments are predicting an under spend of £3.1m against the revised capital programme of £81.4m.
- 7.1.4 It should be noted that various management actions are in place to ensure that the capital programme is adjusted to reflect the achievable delivery of capital projects, and this may result in further slippage in the future.

## Overall position of the Capital Programme 2009/10 as at October 2009

Capital Programme by Directorate:	MTFS 2008 to 2010	Revised 1st April 09 Budget	Revised budget at October 09	Profiled Budget	Actual Expenditure	Total Budget Spent	Anticipated Outturn**
	£000	£000	£000	£000	£000	%	£000
Adult Social Care	517	618	564	153	20	3.55%	564
Deputy Chief Execs	10,598	13,792	2,849	679	320	11.25%	1,527
Children's Services	27,225	37,896	34,129	12,864	6,676	19.56%	34,121
City Services	1,958	3,503	3,324	977	882	26.52%	3,302
Operations	25,043	31,728	28,370	17,630	11,055	38.97%	25,553
Strategic Resources	14,489	18,677	13,105	6,805	2,704	20.63%	13,161
Contingency	(968)	(968)	(968)	-	-	0.00%	-
<b>Total Expenditure</b>	<b>78,862</b>	<b>105,244</b>	<b>81,373</b>	<b>39,108</b>	<b>21,657</b>	<b>26.61%</b>	<b>78,227</b>
<b>Financed by:</b>							
Grants & Contributions	27,438	47,858	43,072		6,190	14.37%	41,402
Capital Receipts	5,020	9,347	5,751		-	0.00%	5,751
Capital Receipts Set Aside	(4,734)	(4,734)	(4,734)		-	0.00%	(4,734)
Right To Buy Receipts	1,820	1,820	700		-	0.00%	700
Borrowing	49,318	50,953	36,584		15,467	42.57%	35,108
<b>Total Resources - required</b>	<b>78,862</b>	<b>105,244</b>	<b>81,373</b>		<b>21,657</b>	<b>26.61%</b>	<b>78,227</b>

- 7.1.5 Adult Social Care (ASC) – Three of the capital projects relate to grants received by the Council on behalf of ASC and are then transferred onto the Primary Care Trust (PCT) at the year end via an invoice in line with the ASC Pooling Arrangement. The capital minor works programme and the aids and adaptations projects have budgets supported by corporate resources.
- 7.1.6 Deputy Chief Executives (DCE) – The revised capital budget for DCE of £2.8m has been adjusted for the slippage of the Affordable Housing budget of £9.2m into future years. During July a review of the Growth Area Funding (GAF) was undertaken and this removed four capital projects from the programme and slipped the payment to the University Nursing School of £1.5m into 2010/11. During November 2009 it was agreed to reduce this payment to £500k and pay it in 2009/10 which is not reflected in the overall position of the capital programme as at October 2009. The review of the GAF has also reduced the total capital projects in the programme from £23.6m to £18.2m because of the reduced grant allocation announced recently.
- 7.1.7 Children's Services (CHS) – The revised budget of £37.9m at the start of the financial year included £10.7m of budgets carried forward from 2008/09. There have been further in year adjustments to the CHS capital programme of £4.4m mainly due to the slippage of the following two capitals project: Hampton College Phase 2 as the planned expenditure has been re-profiled into next year and the PFI Contingency fund is not required this year. CHS are reporting an estimated out-turn of £34.1m.
- 7.1.8 City Services (CS) - CS have a revised budget of £3.3m and are anticipating that they will fully spend this budget during the financial year 2009/10.
- 7.1.9 Operations (OPS) - A detailed outturn report was submitted by Operations in October 2009. There is an anticipated under spend of £2.8m against the revised budget of £28.4m.
- 7.1.10 Strategic Resources (SR) – There will be a small overspend against the revised capital budget in Strategic Resources.

## 7.2 Impact and Actions

- 7.2.1 In 2009/10 plans are now in place to ensure that the budget monitoring of the capital programme becomes more robust. With the introduction of the Gateway Process and the Project Governance

Board all capital projects are now reviewed and regular highlight reports are requested so that delays in projects or queries on expenditure details are more effectively challenged.

7.2.2 The process in place to challenge the services decisions to slip budgets between years needs to be more robust in the future as the budgets slipped into 2010/11 have increased the Council's 2010/11 budget from £74.2m to £105.6m which increases the revenue financing costs of the capital programme for the future years.

7.2.3 Funding of the capital programme is forecast that capital receipts will be £6.4m, which is in line with the MTFs budgeted figure. There are risks that not all the assets expected to be disposed of during 2009/10 will happen because of various factors that need to be taken into consideration before the disposal of assets.

## **8 TREASURY MANAGEMENT**

8.1.1 The Council's treasury activities are being substantially impacted by the prevailing local, national and global economic situation.

8.1.2 There will be a considerable reduction in investment returns forecast in 2009/10 compared with previous years because:

- i. Interest rates have reduced since autumn 2008. However, the Council's investment returns were still significantly outperforming the benchmark because of the fixed rate deposits that were made in anticipation of future cuts, these are now matured which counterbalance the low interest rates from the Debt Management Office.
- ii. Average invested balances will be smaller than previous financial years as the Council is currently following a policy of utilising cash balances for financing the capital programme in order to achieve value for money.













8.1.3 The debt portfolio is far less susceptible to fluctuations in interest rates as all of the existing borrowings are secured on fixed interest rate terms.

8.1.4 The treasury management policy will be refreshed as part of preparing the Medium Term Financial Strategy.

## **9 PERFORMANCE MONITORING**

### **9.1 Overview**

9.1.1 The following table summarises the current status of various performance targets. Individual targets are shown with a RAG status and Direction of Travel based upon the performance against the targets set for 2009/10 and compared with the previous month. Further detail can be seen in Appendix 2.

Previous Month			Current Month	
RAG Status	Direction of Travel	Performance Data	RAG Status	Direction of Travel
A		Treasury Management	A	
G		Prompt Payment of Invoices	G	
R		Outstanding Sundry Debt	R	
G		Housing Benefit Overpayments	G	
G		Council Tax Collection	A	
G		Business Rates Collection	R	

## 9.2 Impact and Actions

9.2.1 Each of the performance targets have specific actions to address the current performance and can be seen in Appendix 2 of this report.

## 10 CONSULTATION

10.1 Detailed reports have been discussed in Departmental Management Teams.

## 11 ANTICIPATED OUTCOMES

11.1 To note the first published probable outturn position for the Council.

11.2 To note the performance figures for the Council.

11.3 To note the actions being taken to address the issues highlighted in this report.

## 12 REASONS FOR RECOMMENDATIONS

12.1 This is a monitoring report to inform Members of the Council's financial position compared to its approved budget for the year. It is recommended that Directors continue to work with Portfolio Holders, service managers and budget holders to bring forecasts within Departmental cash limits with appropriate corrective action.

## 13 ALTERNATIVE OPTIONS CONSIDERED

13.1 None required at this stage.

## 14 IMPLICATIONS

14.1 This report does not have any implications effecting legal, human rights act or human resource issues.

## 15 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985).

Detailed monthly budgetary control reports prepared in Departments.



Previous Outturn Variance £(k)		Annual Budget £(k)	Probable Outturn Forecast £(k)	Probable Outturn Variance £(k)
	<b>DEPUTY CHIEF EXECUTIVE'S DEPARTMENT</b>			
-25	Chief Execs Department	421	396	-25
-287	Legal & Democratic Services	3,637	3,571	-66
102	Deputy Chief Executive Unit	2,300	2,413	113
-75	Delivery	2,311	2,220	-91
320	Communications	821	1,190	369
0	Strategic Improvement	377	351	-26
290	Human Resources	404	555	151
0	Action Plan / Use of Balances		-86	-86
<b>325</b>	<b>CHIEF EXECUTIVE DEPARTMENT TOTAL</b>	<b>10,271</b>	<b>10,610</b>	<b>339</b>
	<b>DIRECTOR OF CHILDREN'S SERVICES</b>			
-21	Resources, Commissioning and Performance	10,464	10,955	491
193	Learning & Skills	6,503	6,707	204
-249	Family and Communities	7,205	6,924	-281
1001	Children's Social Care	18,369	19,716	1,347
-974	Action Plan / Use of Balances		-1,761	-1,761
<b>-50</b>	<b>CHILDREN'S SERVICE TOTAL (GENERAL FUND)</b>	<b>42,541</b>	<b>42,541</b>	<b>0</b>
	<b>DIRECTOR OF CITY SERVICES</b>			
-54	Building & Technical	-202	-306	-104
54	Street Scene & Facilities	506	360	-146
0	Property, Design and Maintenance	-452	-452	0
0	Other Trading Activities and Business Support	3,302	3,302	0
273	Maintenance	13,173	13,446	273
360	Westcombe	3	363	360
-317	Action Plan		-67	-67
<b>316</b>	<b>CITY SERVICES TOTAL</b>	<b>16,330</b>	<b>16,646</b>	<b>316</b>
	<b>DIRECTOR OF OPERATIONS SERVICES</b>			
5	Business Support	1,570	1,663	93
114	City Operations	-430	-179	251
91	Cultural Services	4,903	5,425	522
30	Directors Office	658	697	39
163	Environment and Transport	12,382	12,320	-62
279	Neighbourhoods	5,130	6,614	1,484
274	Planning Services	1,282	1,735	453
930	Balancing - Shortfall	-968	-676	292
-1503	Action Plan / Use of Balances		-2,422	-2,422
<b>383</b>	<b>OPERATIONS SERVICES TOTAL</b>	<b>24,527</b>	<b>25,177</b>	<b>650</b>
	<b>DIRECTOR OF STRATEGIC RESOURCES</b>			
0	Director's Office	264	264	0
-39	Business Support	669	591	-78
2873	Corporate Services	9,362	12,599	3,237
508	Strategic Property	-4,529	-3,864	665
17	Transactional Services	59	76	17
-77	Insurance	11	-70	-81
4	Internal Audit	-17	4	21
45	HR Payroll	313	355	42
-104	Procurement	-893	-969	-76
-48	Business Transformation	3,147	3,272	125
0	Waste Management	70	70	0
-409	ICT	824	415	-409
92	Customer Services	1,432	1,765	333
105	Revenue and Benefits	565	537	-28
-2673	Corporate Pressures / Action Plan / Use of Balances		-4,245	-4,245
<b>294</b>	<b>STRATEGIC RESOURCES TOTAL</b>	<b>11,277</b>	<b>10,800</b>	<b>-477</b>
	<b>ADULT SOCIAL CARE TOTAL</b>	<b>39,513</b>	<b>39,513</b>	<b>0</b>
<b>-45</b>	<b>GENERAL FUND TOTAL</b>	<b>144,459</b>	<b>145,287</b>	<b>828</b>
<b>343</b>	<b>DEDICATED SCHOOL GRANT TOTAL</b>	<b>114,141</b>	<b>114,369</b>	<b>228</b>

**PERFORMANCE MONITORING DATA**

**Treasury Management**

Treasury management activities cover borrowings raised to finance the Council's capital expenditure and investment of its cash balances. The Council's external debt as at 31 October 2009, which is all at fixed rate, was £134.5 million at an average rate of 4.57%. This average rate can be compared to the Bank Base Rate, 0.50% from 5 March 2009, and interest receivable on investments. The actual total external debt of £134.5 million can be compared against the Council's Authorised Limit for borrowing of £250.0 million which must not be exceeded, and the Operational Boundary (maximum working capital borrowing indicator) of £195.0 million.

At 31 October 2009 external investments totalled £39.2 million and have yielded interest at an average rate of 2.10% in the financial year to date. The performance is above the target benchmark 7 day rate of 0.44%. This significant outperformance will gradually decline as investments that were made before the reductions in the bank base rate that began in earnest since October 2008, mature and are replaced.

**Prompt Payment (Invoices paid within 30 Days)**

The cumulative performance (94.62%) for the prompt payment of invoices for 2009/10 in comparison to the cumulative performance for 2008/09 is shown in Table 3.

Table 1 : Performance on Borrowings 2009/10

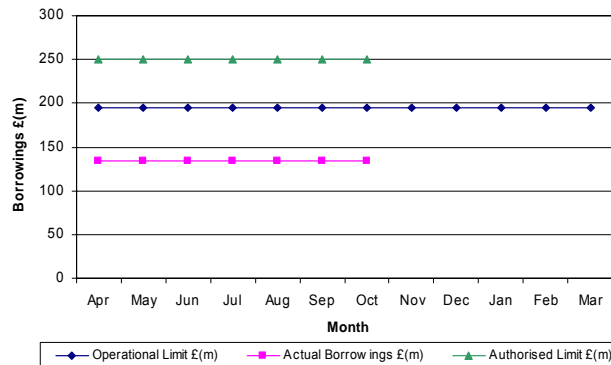


Table 2 : Performance External Investments 2009/10

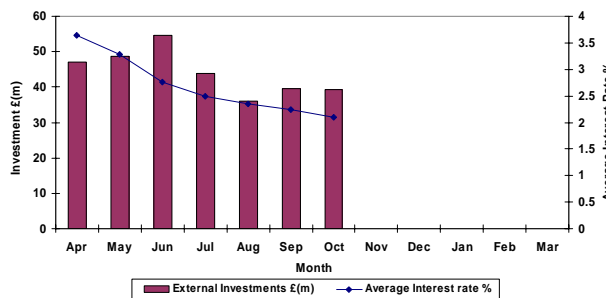
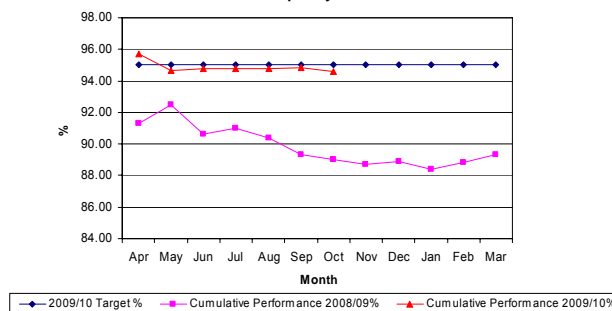


Table 3 : Prompt Payment of Invoices



## Sundry Debt Performance

The latest outstanding sundry debt figures for debt over six months old are shown in Table 4 in comparison to 2008/09 figures. The impact of the recession has resulted in delayed payment of invoices by customers, non payment or rescheduling of the amount due into instalments. These figures include debt that will potentially require write off using the Cabinet Member Decision Notice as the individual debt is in excess of £10k. Decision notices are currently being prepared and a prudent view has accounted for the potential bad debt within the debt provision.

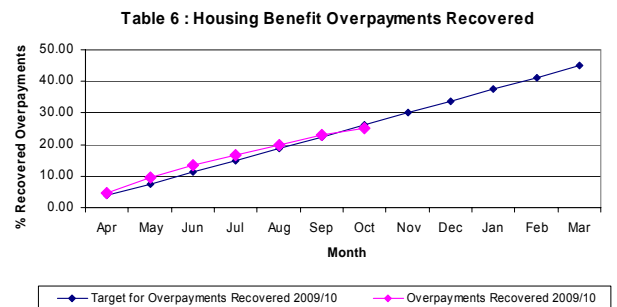
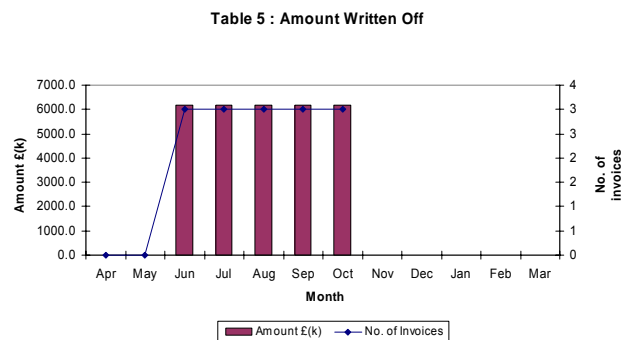
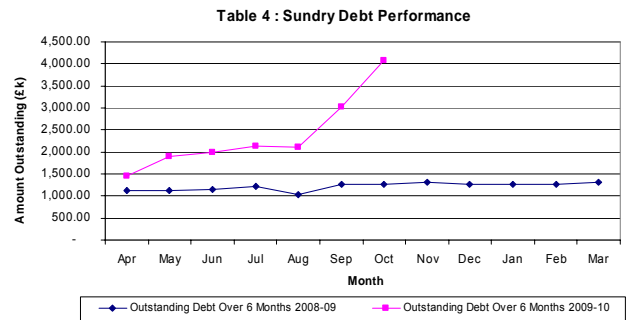
- The amount of debt written off for 2009/10 to date is £6,172.

The Council's strategy for writing off debt is followed accordingly.

## Housing Benefit Overpayments

Table 6 shows the total amount of housing benefit overpayments recovered against the cumulative target rate set for 2009/10.

Although proactive work continues in this area our current performance is 0.98% below target the target of 26.25%. Of the £114k per month overpayments being raised only £100k is being collected which means that the overall debt is increasing. The amount being raised is around £20k per month more than the previous year and the large amount that remains unpaid at the start of this financial year (£1.9m) has meant performance in this area is very challenging indeed. It should also be noted that Local Housing Association (LHA) will have a detrimental effect on collection rates as previously the landlord would have been liable to repay any overpayments whereas LHA changed this to the claimant.



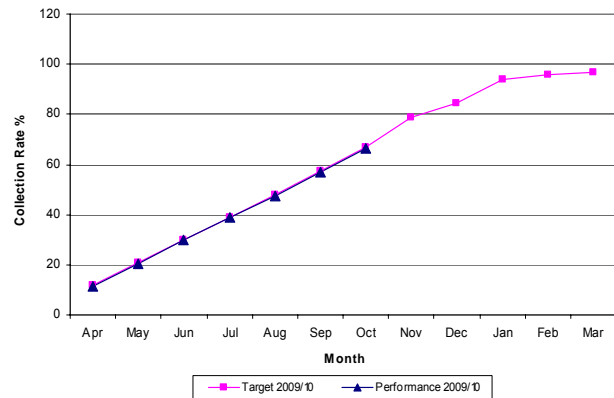
## Council Tax and Business Rates Collection

The following tables 7 and 8 show the performance for collection of Council Tax and Business Rates for the period to date.

### Council Tax

The collection rate for Council Tax at the end October 2009 is 66.49% against a target of 67.01% (down 0.52%). For the same period last year the collection rate was 66.76% which means that the current year collection is 0.27% lower than last year. The target is set when comparing the collection rates for the previous financial year. Council tax is payable over a ten month period, April to January of the following year and when considering the previous years collection the amount of instalments that are due between February 2010 and April 2010 has increased by approximately £225k, this means that we are likely to collect more for these two months than we did in the last financial year

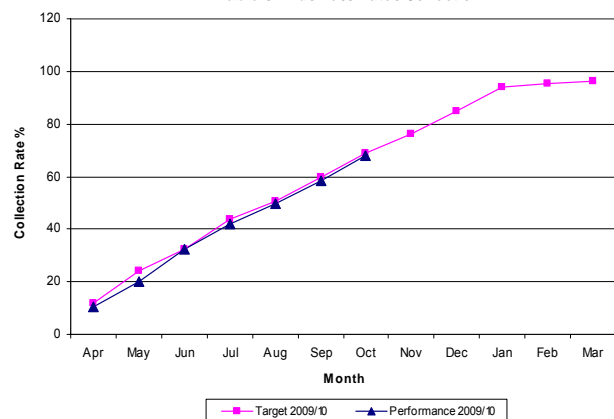
Table 7 : Council Tax Collection



### Business Rates

The collection rate for Business Rates at the end of October 2009 is 67.77%; this is -1.11% down on the published target of 68.88%. The government introduced a scheme which allowed businesses to defer 3% of the net payable amount for the current financial year and repay the amounts for the next two years. This amount is cash from "good payers" and amounts to around 0.6% of the annual debit which means that this amount has become uncollectable in year and therefore this will be reflected in the achievement against target.

Table 8 : Business Rates Collection



**Appendix 3 - Capital Strategy, Programme and Disposals  
Summary**

# Capital Strategy

2010 – 2015

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## 1 Introduction

- 1.1 This Capital Strategy brings together the key priorities and targets for the Council, aspects of partnership working within the local community, and investments to deliver the aims and objectives of the Council as described in the Sustainable Community Strategy and business plans. It aims to bring together the over-riding issues identified in those documents which require capital investment to deliver the services and growth agenda for the city.
- 1.2 The Capital Strategy is prepared within a framework of the Sustainable Community Strategy (Growing Peterborough the Right Way – A bigger and better Peterborough). Examples of other supporting plans include: Information and Communications Technology Strategy, Corporate Accommodation Strategy, and Strategic Business and Departmental Plans.
- 1.3 The Sustainable Community Strategy is the overarching document setting out the vision for the future of the city and its surrounding rural areas whilst delivering the priorities and outcomes that fulfil community needs and aspirations. It aims to substantially improve the quality of life of the people of Peterborough and to raise the profile and reputation of our City as a great place in which to live, visit and work.
- 1.4 The Capital Strategy aligns with the Local Area Agreement and Sustainable Community Strategy priorities of,
  - creating strong & supportive communities,
  - creating the UK's environment capital,
  - delivering substantial & truly sustainable growth, and
  - creating opportunities, tackling inequalities,

These priorities are underpinned by the need to provide accessible services effectively. These priorities are monitored and reported on a monthly basis to the Corporate Strategic Improvement Board (CSIB). The purpose of CSIB is to ensure that the direction set by the Corporate Management Team is effectively translated into activities that will deliver, and that critical delivery areas perform effectively throughout the year.
- 1.5 The Capital Strategy demonstrates how the Council plans its capital investment to ensure that limited funds are utilised to maximum effect, in substantially contributing to the overall objectives of the Sustainable Community Strategy, in addressing the greatest needs. The potential capital projects are subject to a formal appraisal process to ensure that these aims are fulfilled.
- 1.6 The Capital and Sustainable Community Strategies are closely aligned to ensure that goals and actions are understood and communicated. Together, these documents are reviewed and updated annually to coincide with the budget setting process. This helps to ensure that business plans and the Capital Strategy reflect the priorities of the Council.
- 1.7 During the coming year the Council can significantly influence the preparation of the Regional Spatial Strategy for 2011-2031, which will determine the level of growth for the next 20 years and beyond.

## **2 Key aspects of Capital Expenditure**

- 2.1 The down turn in the economic climate, resulting from the 'Credit Crunch' of last year, has been an underlying theme in the preparation of this five year Capital Programme. Reporting a five year Capital Programme will give an extended outlook and allow better planning of the Council's capital strategy over the short to medium term.
- 2.2 With values of land and property on a downward trend, with little hope of improving in the medium term, the assumptions used for the funding of the programme have been amended to ensure that the Council can continue to deliver and meet its stated objectives.
- 2.3 As noted later in this document, 3.1, the capital programme and governance arrangements have undergone a review to ensure that resources are focussed on key projects and programmes.
- 2.4 The Council's Capital Programme for 2010/11 – 2014/15 totals £317.3m and is summarised in the Core Data (Annex 1). Individual schemes are itemised in the 2010-15 Medium Term Financial Strategy Appendix 13. The following is a summary of the key elements of the strategy by service area.

### **2.5 Delivery of the Sustainable Community Strategy**

- 2.5.1 Through its Core Strategy and associated documents, the City Council is translating the Sustainable Community Strategy into a series of land allocations and planning policies to guide public and private investment decisions. The Core Strategy, Integrated Development Programme and Planning Obligations Scheme together identify and programme funding for the underpinning infrastructure for growth.
- 2.5.2 It is proposed that, over the next 15-20 years, the city centre will become more vibrant, dynamic and diverse, offering a high quality built environment, employment, learning and leisure opportunities by encouraging new investment into the city. Sensitive areas such as historic buildings and sites of archaeological interest will be protected; parklands, open spaces and areas of natural beauty will be enhanced as part of sustainable development.
- 2.5.3 The city's transport infrastructure will need to be enhanced as part of the proposals and, consistent with the City Centre Framework (jointly developed by the Council, English Partnerships and the East of England Development Agency), the Local Transport Plan<sup>2</sup> identifies three specific major transport infrastructure schemes to accommodate future accessibility to the city centre for an enlarged Peterborough. The Framework includes the comprehensive redevelopment of the railway station, Southbank and North Westgate areas. The Council has secured ownership of both accesses to the Southbank development site and assisted in the relocation of the retail outlets formerly based there.
- 2.5.4 The Council has also demolished the Corn Exchange building in the city centre & has begun to facilitate a step change in the creation of high quality city centre public realm around Cathedral Square and routes leading to the station and river.

### **2.6 Children's Services**

- 2.6.1 The Peterborough's Children and Young People Plan 2008-2011 sets out how the Council and its partners will work together to achieve better outcomes for Children and Young People over the next three years. This includes 10 outcome focused priorities. The assessment of need will inform future built environment priorities



and further develop the Department's Corporate Asset Management Plan and School related Asset Management plans.

- 2.6.2 The main purpose of the Children's Services Department is to ensure a three star service, such that everything the Department undertakes is based on achieving the five outcomes encompassed in the 'Every Child Matters' agenda for all children and young people in the Peterborough area. The Department is also responsible for adult education. In response to the Children Act 2004, work is underway to develop more effective integrated services and structures, fulfilling the requirements for Children's Trust arrangements.
- 2.6.3 Children's Services approach is underpinned by the 'Children and Young Peoples Plan'. The Department is currently reviewing its Corporate Asset Management Planning process but has a robust system of school related Asset Management Plans. Children's Services has a drive to begin delivery of services from locality centres. This will ultimately change and inform the Department's Asset Strategy.
- 2.6.4 The Department will re-introduce the School Organisation Plan in 2010, once a statutory document. This strategic document will include information on demography and will inform the needs of schools into the future.
- 2.6.5 The Local Authority has implemented a major modernisation of Peterborough's secondary schools through the city's Secondary School Review covering all secondary schools in the city in two main phases. In September 2007 the Thomas Deacon Academy and the Voyager School opened as successor schools to five closing secondary schools with major refurbishments to Jack Hunt School and Ken Stimpson Community School.
- 2.6.6 The Kings School and St John Fisher R.C. School have completed major refurbishments, leading to improved facilities at both schools and additional places at King's. Arthur Mellows Village College still has works taking place. All of these have been, funded through the successful bidding for Government grants.
- 2.6.7 Phase 2 of the review is underway covering Ormiston Bushfield Academy, Stanground College and Orton Longueville School. Outline agreement has been received that the project will be funded through the Building Schools for the Future programme which will bring around £80m of capital investment into these schools from the government.
- 2.6.8 The Government's plans for investment in the Primary School Estate were announced in November 2008. This is a 15 year programme which anticipates that 50% of the Council's primary school estate will benefit from projects ranging from total rebuild to minor refurbishment. £3,000,000 was received for 2009-10, with £5,378,000 for 2010-11. Rising numbers of primary age children are leading to shortfalls in places and the focus of the Primary Capital Strategy is changing to ensuring sufficient places.
- 2.6.9 The Local Authority's success in securing a grant of £5,270,000 towards increasing primary school places has just been announced. Combined with funding from the Primary Capital Programme, this will ensure provision of sufficient places in permanent buildings that meet our other targets of suitability for 21<sup>st</sup> century learning, innovative design and sustainability.
- 2.6.10 Children's services continue to be committed to incorporating sustainable solutions into all of its building projects, working towards the Government's target of zero carbon schools by 2016. Joint working is being established with the Council's Climate Change team, with an initial target of installing Smart Meters in all schools.

2.6.11 An increased pressure on primary school places and the need to provide 6th form facilities at the secondary school has required the Council to invest in a school building programme in the Hampton area.

2.6.12 Significant modernisations continue to Clare Lodge (our secure residential accommodation) and a further application has been made to the DCSF to provide additional separation areas and develop a 14-19 curriculum offering.

## 2.7 Transport

2.7.1 The transport capital programme essentially follows the four themes for transport, linked to the seven shared priorities agreed nationally for local government, tackling:

- congestion
- safer roads
- delivering accessibility
- better air quality

2.7.2 This programme was broadly set out in Peterborough's Second Local Transport Plan (LTP2) spanning 2006 to 2011, as submitted to the Department of Transport (DfT) at the end of March 2006.

2.7.3 The LTP2 sets out how the Council aims to address the four themes listed above sustainably by tackling the growing demand for travel through an increase in walking, cycling, bus and rail travel, whilst allowing for economic growth. It also sets out how the Council is working with the Peterborough Primary Care Trust (PCT) (through the Integrated Passenger Transport project) to draw together the sub-regional transport needs related to day centres, schools, health clinics and hospitals. Additionally, the plan contains strategies that will address and manage congestion to ensure the continued economic growth and prosperity of Peterborough.

2.7.4 The LTP2 was rated as "good" by the DfT and the overall LTP capital allocation for 2008/09 to 2010/2011 represents a significant increase from LTP1 allocations. Work is about to commence on LTP3, which will include both a long term transport strategy and a programme of works. This will take forward transport policy in the context of the Government's Delivering a Sustainable Transport System. The infrastructure required to deliver growth in the areas is set out in the Council's Integrated Development Programme.

2.7.5 The Council was designated as one of only three national 'Sustainable Travel Demonstration Towns' (supported by a £3.24m 5-year revenue allocation from central government which was expended in March 2009) and the LTP2 helped showcase and support this work. The initiative has now been mainstreamed in the Council's revenue budgets. This work is supported by capital schemes outlined in the LTP2; therefore it is important that the overall LTP allocation is £12.2m over the next five years. The Service was awarded Beacon Status for Accessibility in 2008 and was also awarded Transport Authority of the Year, as well as runner-up in the category for Infrastructure on the back of these projects and investment.

2.7.6 The Council's five year capital programme for Operations (including transport) currently includes £80m of planned expenditure to address the highest priorities. The Council has successfully bid for Growth Area Funding 1, 2, and 3 and a number of key transport infrastructure improvements have been delivered through this route including two Parkway widening schemes and public realm improvements in Cathedral Square. Work will commence in 2010 on A1139/A15 Junction 8 improvement using GAF3 money.

- 2.7.7 The Council has also progressed the development of a Highway Asset Management Plan (HAMP), in accordance with Department for Transport requirements. This “HAMP” will help define the extent of additional sums required firstly to tackle the backlog of maintenance work and thereafter, maintain the existing highway infrastructure.
- 2.7.8 The Council is working with Lincolnshire County Council to deliver the £81m A1073 Spalding to Eye major improvement scheme. The County Council is leading on this project which will open in Summer 2010. The scheme is to be funded from the East Midlands and East of England regional funding allocations and a capital contribution from Lincolnshire County Council's corporate funds. In 2010, the Council will commence work on traffic calming schemes on parallel routes to deter traffic from migrating upon opening of the new A1073 route. These schemes will be part funded from the Council's LTP allocation.

## **2.8 Neighbourhoods**

- 2.8.1 The Council transferred its stock of 9,750 houses to Cross Keys Homes (CKH) in October 2004 under a large scale voluntary transfer (LSVT) following a tenant vote. At that time, a backlog of maintenance (estimated at £108m) was identified for the renewal of elements of the dwellings over the next 10 years, resources that the Council would not be able to attract. CKH are nearing the end of a programme of work to bring houses up to the Decent Homes Standard, ahead of the 2010 government target.
- 2.8.2 During the first 10 years of the contract, under the Preserved Right to Buy (Council tenants transferred to CKH retain the right-to-buy), the Council will receive part of the sale proceeds on an agreed basis. Whilst these receipts form part of the Council's overall corporate resources, the Council is committed to pump-prime opportunities for future affordable housing schemes, in partnership with registered social landlords.
- 2.8.3 Other new affordable housing provision will be addressed through Section 106 planning agreements. The Council aims to ensure that 30% of all new housing (on eligible sites) is delivered as affordable homes. The affordable housing target varies each year according to funding allocations. For 2010/11, there is a provisional target of 318 units, but this will be kept under review.
- 2.8.4 The Council has an overall target in its emerging Core Strategy to deliver at least 25,500 additional dwellings between 2009 and 2026, although it is anticipated that this could rise to 40,000 through accelerated growth.
- 2.8.5 The Council is working with English Partnerships to secure financial support for the regeneration of Brownfield sites for housing and other development.
- 2.8.6 Council resources are also targeted at home renovation grants and Disabled Facilities Grant (DFG), helping to encourage improvement of housing and independent living at home.

## **2.9 Cultural Services**

- 2.9.1 Cultural Services within the city face significant challenges which relate to growth and the re-development of existing facilities to meet changing customer expectations.
- 2.9.2 The growth of the city is driving the following potential projects:
- Development of future Cemetery space
  - Development of Hampton joint service centre (library, sport, health provision)

- The provision of a regional sports facility as part of the redevelopment of the Northern embankment
- 2.9.3 Customers are demanding ever increasing quality of service and much of the city's built cultural infrastructure falls short of customer aspiration. Agreed development includes:
- The development of the Museum
  - Redevelopment of the Orton Centre, including the possible remodelling of sports and library facilities.
  - Development of sports facilities to refresh and upgrade existing provision.
- 2.9.4 Consideration is being given to the longer term need for theatre provision in the City. As a minimum, this will require the further redevelopment of the Key Theatre. In addition to this, early planning is being considered on the resource implications of the development of an auditorium or arena space capable of delivering to audiences in excess of 1,200 people.
- 2.9.5 In addition, the Council has recently determined to reduce Mercury emissions at the Crematorium. This is closely linked to the city's aspiration to become the environmental capital.
- 2.9.6 To reflect the city's aspirations of growing the right way, a number of innovative projects are also being explored including the creation of a 'digital centre for excellence'.

## **2.10 Adult Social Care**

- 2.10.1 An Older People's Accommodation and Housing Related Support Strategy has been jointly produced by the Council and the Primary Care Trust (PCT). It builds upon an extensive consultation with local people and partner organisations about a shared vision for the future of accommodation and housing related support provision for older people in the City. The strategy aims to support older people in their own homes whenever possible and in extra care housing which provides flexible care and support to meet higher needs.
- 2.10.2 Capital investment is required as part of this strategy and extra care housing has in the main been funded with external capital. Partnerships with registered social landlords, section 106 contributions and Department of Health extra care capital funding are all anticipated to be ongoing sources of the capital investment required.
- 2.10.3 Two residential homes for older people will require replacement in the medium term and it is anticipated that external funding can be identified for these re-builds.
- 2.10.4 Investment in aids and adaptations and in technology which monitors domiciliary service providers (electronic call monitoring) is essential in delivering cost effective services which support people to remain living at home. Investment in mental health services aims to decrease social exclusion, encourage healthy lifestyles and support mental health recovery.
- 2.10.5 Information Technology requirements continue to change year on year with developments needed to support new business processes such as self-directed support. The client IT system currently in place (RAISE) requires replacement and will no longer be supported by its provider beyond the short-term.
- 2.10.6 As part of the Integrated Growth Study, the PCT has highlighted the need for additional Adult Social Care infrastructure in support of a mixed model of

provision i.e. two additional care homes and nine additional Extra Care facilities. This Strategy has been developed under the guidance of the Older People's Working Party, administered by the Council.

## **2.11 Strategic Property**

- 2.11.1 The review of the Property Portfolio is underway and is set out in the Corporate Property Strategy which is scheduled for review in 2010/11. This has established the principle of front office delivery from key assets.
- 2.11.2 The moves started in the of Spring 2007 with services including Strategic Property, Strategic Finance, Human Resources and Internal Audit having moved to Manor Drive. This released space within Bayard Place which allowed the relocation of elements of Children's Services. This approach released a number of assets that are either in the process of disposal or are being recycled within the Council. Overall the Council aims to save approximately £4.9m over three years.
- 2.11.3 The relocation of elements of planning from Bridge House to Stuart House has now been completed with these organisation located next to Opportunity Peterborough. This released decant space within Bridge House pending a decision on the development on the South Bank. This move has brought together key elements of the planning function which support the area's Growth Agenda.
- 2.11.4 Overall the Council aims to dispose of surplus assets and use the capital receipts raised to support other initiatives. Work is ongoing to identify further sites that are suitable for disposal but it should be noted that in the current economic climate the disposal decision is no longer the only clear option. The final decision takes into account issues such as holding costs.

## **3 Managing & Monitoring the Capital Programme & Projects**

- 3.1 A review of project government arrangements for the capital programme was undertaken, last financial year, with the resulting improvements now being experienced.
  - alignment of the programme and project management to corporate outcomes
  - development of expertise in commercial negotiation and supplier management
  - development of robust specifications to deliver fit for purpose solutions
  - development of risk profiling and management
  - development of the sharing of best practice
  - maximising of income sources, including the expansion of further trading opportunities
  - implementation of a robust gateway review process, aligned to robust management of existing project methodology and register
  - establishment of the status of current capital and non-capital programmes / projects and implement process of challenge as appropriate
  - establishment of a senior position to be accountable for governance of the Capital Programme

## **3.2 Project Governance**

- 3.2.1 The Council operates a project management approach which is governed by two main corporate project boards. These are the Savings Board which monitors the performance and delivery of the Business Transformation Programme and the Project Governance Board which oversees business cases and monitors the performance of major Council projects, outside of the Business Transformation Programme.
- 3.2.2 Option appraisals and feasibility studies are required to support and justify a business case for projects. The programme management team are responsible for co-ordinating and monitoring this process. The longer term property and revenue implications (i.e. whole-life considerations) are part of this process that is consistent with the principles set down in the Prudential Code for Capital Finance in Local Authorities.

## **3.3 Structural Changes to Deliver New Ways of Working**

- 3.3.1 The Strategic Improvement Team, within the Strategic Resources Department, works on the improvement in delivery of public services, working closely with directors, heads of service and teams to help identify and deliver improvements in their business areas. Specific examples include the implementation of business planning to ensure alignment with strategic priorities, integrating performance and risk management communicated through a scorecard model, and a management competency framework based programme of development for employees.
- 3.3.2 The Strategic Improvement Team, is responsible for facilitating the implementation of the Council's strategies and objectives through robust project and programme management. A centre of excellence for project management is the information centre for projects and programmes, and provides training, mentoring and guidance on project management throughout the Council. This centre is also responsible for embedding a "project management culture" throughout the Council.

## **3.4 Capital Spending Focus**

- 3.4.1 Government support is focused on three main areas of capital spending: children's services, transportation, and housing. The budget is allocated in accordance with priorities identified in the service business plans. Specific allocations may also become available for projects under the Growth Agenda.
- 3.4.2 The Strategic Growth Board is accountable for the delivery of the growth programme and oversees progress across all of its component sub-programmes of projects. The scope of the growth programme covers projects designed to deliver and support the delivery of the growth targets for additional housing, jobs and population for Peterborough as set out in the strategic plans of the Council and its partners.

## 4 Sources of Capital Funding

### 4.1 The Capital Programme is funded from:-

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Grants	40,717	14,253	5,193	5,193	5,193
S106 and Contributions	2,600	2,250	250	250	250
Capital Receipts	13,382	7,192	14,042	10,000	5,000
Right To Buy Receipts	712	757	546	567	0
Capital Financing Requirement (Borrowing)	44,105	57,772	47,433	18,293	21,403
<b>Total Capital Financing</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>

(Source: MTFS 2010-15)

- 4.1.1 External Sources arise from the Council's aims, together with partners, to maximise opportunities for funding from any source, including European and Government Grants and applications for National Lottery funding for schemes. Corporate Resources consist of Capital Receipts and Borrowing. Under the Prudential Code for Capital Finance, the Council has the ability to borrow money. To do this, the Council must be able to show that any borrowing is affordable, prudent and sustainable, see the prudential code and treasury management strategy Appendix 15.
- 4.1.2 The Council is required to pay English Partnerships a percentage of gross capital receipts from sales of Community Related Assets (CRA) transferred to it from the Peterborough Development Corporation. From October 2009, this is 58% (diminishing annually by 2%). Although this represents a significant loss of opportunity for the Council, English Partnerships is encouraged to reinvest the receipt back into Peterborough.
- 4.1.3 The Council seeks to influence capital investment in education, housing, transport and other services through Section 106 agreements. Examples include Hampton Township, development of the City Centre and road infrastructure improvements.
- 4.1.4 The Council's S106 Strategy has been developed during 2009/10 to provide greater certainty for developers as well as providing parity with other authorities' arrangements. The key features of the new scheme, amongst others, include:
- a costed social and physical infrastructure programme to which new development need to make a contribution
  - the principle that all significant developments make a contribution to infrastructure because of the resulting impact on social and physical infrastructure such as schools and public transport
  - standard contribution figures for a range of different developments
  - scenarios showing the impact of a new development
- 4.1.5 Project procurement has been reviewed in line with recommendations of Modernising Construction. Partnering contracts have been established, including Clayton Phoenix Special Education Needs School, alteration and refurbishment of the Key Theatre, and the re-provision of Newborough School. The contracts provide for a share of any identified savings to be re-invested back into the projects. The constructor 'gains' the remaining share; therefore, an incentive exists to encourage all aspects of the project to be continually reviewed for value.
- 4.1.6 The continued efforts to achieve saving targets encourage consideration of more effective methods of procurement. Efficiencies achieved through partnering can

take 2-3 years to be realised, since the costs associated with change in working practices tend to make them more expensive at the outset. However, there are benefits to be achieved in the longer-term.

- 4.1.7 The new international financial accounting standards (IFRS) are anticipated to have a major affect on the accounting arrangements of the Council's capital programme. This includes the financing of the capital programme and the calculation of the minimum revenue provision (MRP). For further information about IFRS see the MRP policy at Appendix 15.

## 4.2 Alternative Financing Arrangements

- 4.2.1 The Council has actively investigated public / private partnerships and other innovative financing arrangements in relation to a range of capital projects. Examples include:-

- Close collaborative working with our private sector contractor and consultant within the Environment, Transport and Engineering service to investigate ways of making significant savings and providing increased value for money.
- A strategic partnership for the re-provision of the former Corporate Services Department funded and operated by the private sector; the proposals did not deliver value for the Council and were ultimately not pursued
- Joint venture partnership for the North Westgate development.
- Partnership with Lincolnshire County Council for the A1073 Eye to Spalding road improvement scheme
- Partnership arrangements with various Registered Social Landlords for the provision of affordable housing
- A 5-year highway term maintenance contract with scope to become a 10-year partnering contract
- For future delivery of the programme, investigations into Special Purpose Vehicles (SPV), which is a private, company that as been set up with a specific and sole objective of carrying out a given project.

## 4.3 Capital Receipts

- 4.3.1 The Council has a programme of property disposals to support the funding of the Capital Programme. This is being carried out as part of the Asset Challenge, in conjunction with the Corporate Property Strategy.

- 4.3.2 The approach adopted has been amended to take into account the impact of the 'Credit Crunch', with volatility in values of land and property and the timing of sales.

- 4.3.3 Receipts taken into account are as follows, with further details shown in Appendix 14:

<b>From Property disposals</b>	<b>2010/11 £000</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
Capital Receipts - General	5,232	7,192	11,042	10,000	5,000
Capital Receipts - Schools	8,150		3,000		-
Capital Receipts - Cross Keys	712	757	546	567	-
<b>Total used in Capital Programme</b>	<b>14,094</b>	<b>7,949</b>	<b>14,588</b>	<b>10,567</b>	<b>5,000</b>



## 5 Procurement Strategy

- 5.1 Procurement has an important part to play in the delivery of the Council's Sustainable Community Strategy and its core aims and objectives. Principally, this can be achieved through procurement activity that enhances quality, provides savings and better value for money and promotes equality of opportunity for service users and businesses. The Council will be under increasing external pressure to reduce costs and increase efficiency. The Council's core aims and objectives, and the savings required, cannot be delivered without both effective and efficient procurement procedures and skilled, professional staff to deliver those processes across the Council and the wide range of goods and services that it requires.
- 5.2 A Business Transformation Team was established in the autumn of 2006 to support the council in finding more efficient ways of working and procuring goods and services, primarily in order to release resources for further investment in front line services. The team's work focuses on both revenue and capital spend. The Commercial and Procurement Unit formed in April 2007, has developed a Procurement Strategy (2007-2011) to underpin the aims and objectives of the Business Transformation Programme.
- 5.3 Investment in some areas (e.g. City Market, remaining housing estate, shops, adult education, and crematorium) is restricted by the Value Added Tax (VAT) partial exemption 5% de-minimus limit. Careful procurement, programming and monitoring of any proposed works is required to avoid breaching this limit, which could cost the Council in the region of £850,000 per annum. This demonstrates that a range of issues can impact on capital financing decision making.
- 5.4 The development of Service Asset Management Plans will include greater emphasis on whole life considerations when assessing the need for construction projects, better use of existing property (refurbishment in lieu of building new facilities/maximise use of space) and energy efficiency (running costs including maintenance). The Commercial and Procurement Unit is currently undertaking a review of Capital Projects within the City Services directorate, with a view to making savings through consolidation of projects that are of a similar nature. All projects are required to be procured in accordance with the Council's Contract Regulations.
- 5.5 The Council has successfully achieved better value for money through the use of term contracts, which are predominantly used by health sector and schools, however the Commercial and Procurement Unit are reviewing these during 2010 to look for further opportunities of savings through aggregation of additional capital and revenue spend into larger frameworks.
- 5.6 Framework agreements will be considered as an alternative to the use of term contracts. Framework contracts are being used in a number of public sector organisations, e.g. NHS Estates, Norfolk Property Services and Salford City Council to deliver a strategic approach through:-
  - Replacing tendering with longer term alliances which deliver services on a continuing cost effective basis,
  - Linked partner initiatives and partners to add to existing resources (e.g. joint venture contracts).
  - The Council is currently using framework agreements for legal services, professional services, maintenance, and highways and engineering. A range of procurement options are considered as part of the Council's overall strategy in this area.

- 5.7 The procurement approach is underpinned by the whole-life costing methodology; that decisions are based on the full life costs through the life-cycle of the procurement process.
- 5.8 As per point 3.1 earlier, the review of the Capital Programme management is planned to work on standardising contractual terms and the tender process, introducing e-auctions, as well as looking into supplier management, sourcing and the use of preferred suppliers. Progress has been made with the introduction of 'Supplierforce', a software package that enables the Council to maintain a Contract Register, ensure that a robust Contract Management system is introduced and to further embed the use of e-tendering and e-auctions.

## **6 Links to Partners**

- 6.1 The Council is committed to partnership working in all sections and recognises the benefits of shared understanding of needs and opportunities for joint solutions.
- 6.2 The Greater Peterborough Partnership (GPP) launched the Sustainable Community Strategy for Peterborough (2008-2021) in June 2008, along with the 2008-2011 Local Area Agreement (LAA). The LAA is the three year action plan for the delivery of outcomes and targets that will support the long term aspirations of the Sustainable Community Strategy. The Community Strategy sets out an ambitious plan for growth in the Peterborough area. Significant partnerships have already been identified in the Capital Strategy. Other examples include Sport England, SureStart, Urban II, IIC and Parish Councils.
- 6.3 The Council will continue to attract significant capital investment into the area through partnerships. The Council and its partners have pooled or aligned resources to support the objectives of the Local Area Agreement. The integrated business and financial planning process of the Council seeks to ensure that delivery plans across the partnership are appropriately resourced, and that the flexibility of funding streams is put to the best possible effect.
- 6.4 The aims of the economic regeneration plans will make a significant contribution to improving the attraction of the city to inward investors, and facilitating local businesses to grow. Partners will expect to make significant savings from shared delivery of public services e.g. shared health services.

## **7 Conclusion**

- 7.1 The Capital Strategy comments on the challenges facing Peterborough City Council in meeting the strategic objectives and growth agenda, as laid out in the Community Strategy.
- 7.2 The Council is implementing changes to its core business and culture to ensure that limited funding is prioritised and effectively targeted to deliver the objectives, through reviewing the current capital programme for efficiencies in procurement and rationalisation of programmes.

## Statistical and Financial Information

<b>Fixed Asset Values</b>	<b>Gross book value</b>	<b>Depreciation</b>	<b>Net book value at 31<sup>st</sup> March 2009</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Land and buildings	224.9	(5.4)	219.5
Vehicles, plant and	17.8	(4.4)	13.4
Infrastructure assets	102.6	(5.8)	96.8
Community assets	2.8	-	2.8
Investment Properties	56	(0.2)	55.8
Surplus Assets	10.5	(0.1)	10.4
Assets Under Construction	9.5	-	9.5
<b>Total</b>	<b>424.1</b>	<b>(15.9)</b>	<b>408.2</b>

*(These values follow recommended practice for presenting accounts and are not indicative values for insurance purposes nor do they reflect potential disposal values.)*

## Fixed Asset Summary

<b>2008</b>	<b>Assets Held</b>	<b>2009</b>
	<b>Operational Assets - Land &amp; Buildings</b>	
2	Town Hall and Bridge House Offices	2
1	Bayard Place	1
1	Peterscourt	1
1	Central Depot	1
7	Sub Depots	7
38	Area / Sub Offices	38
1	Key Theatre	1
16	Car Parks	16
1	Crematorium	1
16	Public Conveniences	16
3	Swimming Pools	3
1	Priestgate Museum and Art Gallery	1
3	Materials Recycling Facility, Composting & Refuse Disposal facilities	4
1	CCTV Control Centre	1
9	Central Library and 8 Branch Libraries	9
51	Schools (excludes Foundation, VC & VA schools)	49
4	Further Education Establishments	4
20	Smallholdings	20
17	Social Services Premises	17
42	Community Centres	41
1	St Barnabas Church	1
24	Play Centres	24
1	Peterborough Arts Centre	1
	<b>Operational Assets - Community Assets</b>	
861	Acres of landscaping	1,004
1,248	Acres of parks (See note below)	1,340
130	Acres of allotments	130
5	Community Grounds	5
5	Cemeteries	5
888	<b>Infrastructure Assets - Kilometres of roads</b>	888
	<b>Non-Operational Assets - Investment Properties - Commercial and Industrial</b>	
1	General Market	1
1	Food Hall Market	1
206	Shops, commercial and industrial units	206
1	New England Complex	1
379	Acres of land for future development	396

The value of the Council's fixed assets as at 31<sup>st</sup> March 2009 totalled £408.2m. A comprehensive asset register is available and details are given of the Unique Establishment Reference Number, Service Holding Committee, Valuation and any dual use functions. An electronic copy is available on request.

The Department for Communities and Local Government (DCLG) has, for the present time, relaxed its requirements to submit Corporate Property Asset data. However, the Audit Commission's Comprehensive Performance Assessment places greater emphasis on use of property resources. Condition and asbestos surveys, access audits and drawn plans are in progress and will contribute to an overall property asset challenge during the next 12 months. The Department for Children, Schools and Families (DCSF) requires school property asset data to be submitted to them periodically. This includes condition, suitability, sufficiency and energy data and is sent in electronic format. Comprehensive property records are in place to support this process.

### Summary Capital Programme

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
<b>Capital Expenditure by Service:</b>					
Adult Social Care	921	3,466	3,165	165	165
Deputy Chief Executives	10,696	8,593	1,221	1,242	1,225
Children's Services	37,011	40,217	29,291	8,134	6,134
City Services	2,904	1,068	960	960	960
Operations	34,982	14,820	11,259	9,700	9,360
Strategic Resources	15,929	14,060	21,568	14,102	14,002
Contingency	(927)	-	-	-	-
<b>Total Capital Expenditure</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>
<b>Financed by:</b>					
Grants	40,717	14,253	5,193	5,193	5,193
S106 and Contributions	2,600	2,250	250	250	250
Capital Receipts	13,382	7,192	14,042	10,000	5,000
Right To Buy Receipts	712	757	546	567	0
Capital Financing Requirement (Borrowing)	44,105	57,772	47,433	18,293	21,403
<b>Total Capital Financing</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>

### Prudential Code for Capital Finance

This Code gives local authorities greater freedom to borrow to meet capital expenditure, providing that the borrowing is affordable, sustainable and in accordance with professional good practice. The Prudential Code requires the Council to set a range of Prudential Indicators for 2010-11 and provisional values for the four following years. These are detailed in the Medium Term Financial Strategy, Appendix 15.

**Capital Programme Budget & Funding Summary 2010/11 to 2014/15**

Scheme	Funded By:														
						2010/11		2011/12		2012/13		2013/14		2014/15	
	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000
<b>ADULT SOCIAL CARE</b>															
Improving Information Management	54	54	0	0	0	0	54	0	54	0	0	0	0	0	0
Aids & Adaptations	250	250	165	165	165	165	85	165	85	165	0	165	0	165	0
Minor Works Programme	60	60	0	0	0	60	0	60	0	0	0	0	0	0	0
Social Exclusion Unit (Mental Health)	102	102	0	0	0	0	102	0	102	0	0	0	0	0	0
RAISE - ASC Database	435	0	0	0	0	435	0	0	0	0	0	0	0	0	0
Call Monitoring	20	0	0	0	0	20	0	0	0	0	0	0	0	0	0
Replacement of Two Residential Homes	0	3,000	3,000	0	0	0	0	3,000	0	3,000	0	0	0	0	0
<b>Total Adult Social Care</b>	<b>921</b>	<b>3,466</b>	<b>3,165</b>	<b>165</b>	<b>165</b>	<b>680</b>	<b>241</b>	<b>3,225</b>	<b>241</b>	<b>3,165</b>	<b>0</b>	<b>165</b>	<b>0</b>	<b>165</b>	<b>0</b>
<b>DEPUTY CHIEF EXECUTIVES</b>															
Peterborough Delivery Partnership Projects	2,850	500	500	500	500	822	2,028	500	0	500	0	500	0	500	0
Affordable Housing	7,171	7,918	546	567	550	7,171	0	7,918	0	546	0	567	0	550	0
University Nursing School	500	0	0	0	0	0	500	0	0	0	0	0	0	0	0
Neighbourhood Councils	175	175	175	175	175	175	0	175	0	175	0	175	0	175	0
<b>Total Deputy Chief Executives</b>	<b>10,696</b>	<b>8,593</b>	<b>1,221</b>	<b>1,242</b>	<b>1,225</b>	<b>8,168</b>	<b>2,528</b>	<b>8,593</b>	<b>0</b>	<b>1,221</b>	<b>0</b>	<b>1,242</b>	<b>0</b>	<b>1,225</b>	<b>0</b>
<b>CHILDREN'S SERVICES</b>															
<b>Schools</b>															
Schools Direct Spend	3,634	3,634	11,667	7,634	5,634	0	3,634	0	3,634	8,033	3,634	4,000	3,634	2,000	3,634
Capital Maintenance On Schools	400	400	400	400	400	400	0	400	0	400	0	400	0	400	0
Secondary Schools Phase 2	6,119	16,163	12,124	0	0	6,119	0	16,163	0	12,124	0	0	0	0	0
Primary Capital Programme	5,378	6,167	0	0	0	0	5,378	3,167	3,000	0	0	0	0	0	0
Targeted Capital Fund - 14-19	6,000	3,000	0	0	0	0	6,000	0	3,000	0	0	0	0	0	0
Arthur Mellows Village College	1,291	0	0	0	0	0	1,291	0	0	0	0	0	0	0	0
Modernisation	1,979	1,979	0	0	0	187	1,792	187	1,792	0	0	0	0	0	0
New School Places / Basic Need	7,708	1,353	0	0	0	7,708	0	1,353	0	0	0	0	0	0	0
PFI Condition Works	479	0	0	0	0	479	0	0	0	0	0	0	0	0	0
Schools Access Initiative	394	394	0	0	0	394	0	394	0	0	0	0	0	0	0
Hampton Primary	0	2,000	0	0	0	0	0	2,000	0	0	0	0	0	0	0
Stanground Swimming Pool	0	4,000	0	0	0	0	0	4,000	0	0	0	0	0	0	0
Hereward Provision	750	0	5,000	0	0	750	0	0	0	5,000	0	0	0	0	0
Capitalisation of School Spend	100	100	100	100	100	100	0	100	0	100	0	100	0	100	0
Single Management System	425	0	0	0	0	425	0	0	0	0	0	0	0	0	0
Harnessing Technology	747	747	0	0	0	0	747	0	747	0	0	0	0	0	0
<b>Subtotal Schools</b>	<b>35,404</b>	<b>39,937</b>	<b>29,291</b>	<b>8,134</b>	<b>6,134</b>	<b>16,562</b>	<b>18,842</b>	<b>27,764</b>	<b>12,173</b>	<b>25,657</b>	<b>3,634</b>	<b>4,500</b>	<b>3,634</b>	<b>2,500</b>	<b>3,634</b>
<b>Non Schools</b>															
Children's Centres	1,292	0	0	0	0	0	1,292	0	0	0	0	0	0	0	0
Clare Lodge	35	0	0	0	0	0	35	0	0	0	0	0	0	0	0
Youth Capital Fund	107	107	0	0	0	0	107	0	107	0	0	0	0	0	0
Extended Schools	173	173	0	0	0	0	173	0	173	0	0	0	0	0	0
<b>Subtotal Non Schools</b>	<b>1,607</b>	<b>280</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,607</b>	<b>0</b>	<b>280</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Children's Services</b>	<b>37,011</b>	<b>40,217</b>	<b>29,291</b>	<b>8,134</b>	<b>6,134</b>	<b>16,562</b>	<b>20,449</b>	<b>27,764</b>	<b>12,453</b>	<b>25,657</b>	<b>3,634</b>	<b>4,500</b>	<b>3,634</b>	<b>2,500</b>	<b>3,634</b>
<b>CITY SERVICES</b>															
Asbestos Removal	100	100	100	100	100	100	0	100	0	100	0	100	0	100	0
Structural Maintenance Of Council Buildings	675	675	675	675	675	675	0	675	0	675	0	675	0	675	0
Wheelie Bins	108	108	0	0	0	108	0	108	0	0	0	0	0	0	0
Householders Recycling Centre & MRF Upgrade	116	0	0	0	0	0	116	0	0	0	0	0	0	0	0
Southern Householders Recycling Centre	1,700	0	0	0	0	0	1,700	0	0	0	0	0	0	0	0
Play Areas Improvement Programme	205	185	185	185	185	185	20	185	0	185	0	185	0	185	0
Bridge Street Cleaning Machine	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
<b>Total City Services</b>	<b>3,004</b>	<b>1,068</b>	<b>960</b>	<b>960</b>	<b>960</b>	<b>1,168</b>	<b>1,836</b>	<b>1,068</b>	<b>0</b>	<b>960</b>	<b>0</b>	<b>960</b>	<b>0</b>	<b>960</b>	<b>0</b>

Scheme						Funded By:									
	2010/11	2011/12	2012/13	2013/14	2014/15	2010/11		2011/12		2012/13		2013/14		2014/15	
	£000	£000	£000	£000	£000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000	Corporate Resources £000	Third Party Income £000
<b>OPERATIONS</b>															
Local & Integrated Transport Programme	2,557	2,423	2,423	2,423	2,423	1,750	808	1,615	808	1,615	808	1,615	808	1,615	808
Junction 8 Access Improvement Scheme	2,250	0	0	0	0	700	1,550	0	0	0	0	0	0	0	0
Off Street Car Parks - Structural Works & Resurfacing	100	100	100	100	100	100	0	100	0	100	0	100	0	100	0
Road Safety	72	72	72	72	72	0	72	0	72	0	72	0	72	0	72
Roads & Bridges (including Highways)	10,471	3,665	3,665	3,665	3,665	4,024	6,447	3,665	0	3,665	0	3,665	0	3,665	0
Parking Meter Replacement	219	0	0	0	0	219	0	0	0	0	0	0	0	0	0
Water Taxi Infrastructure and associated Park and Ride	600	0	0	0	0	600	0	0	0	0	0	0	0	0	0
Approved Device Camera Enforcement	20	0	0	0	0	20	0	0	0	0	0	0	0	0	0
Replace CCTV Control Room Monitors	44	0	0	0	0	0	44	0	0	0	0	0	0	0	0
GAF 3 Other Infrastructure *	7,351	0	0	0	0	0	7,351	0	0	0	0	0	0	0	0
Disabled Facility Grants	1,400	1,400	1,400	1,400	1,400	471	929	471	929	471	929	471	929	471	929
Repair Assistance	1,700	1,700	1,700	1,700	1,700	1,700	0	1,700	0	1,700	0	1,700	0	1,700	0
Stafford Hall	0	0	1,000	0	0	0	0	0	0	1,000	0	0	0	0	0
St Peter's Arcade	600	0	0	0	0	600	0	0	0	0	0	0	0	0	0
Mausoleum Development	630	0	0	0	0	630	0	0	0	0	0	0	0	0	0
Cemetery Provision	40	340	349	340	0	40	0	340	0	349	0	340	0	0	0
Mercury Abatement	1,205	0	0	0	0	1,205	0	0	0	0	0	0	0	0	0
Hampton Joint Service Centre	2,000	4,000	0	0	0	0	2,000	2,000	2,000	0	0	0	0	0	0
Archives New Storage Facility	0	400	0	0	0	0	0	400	0	0	0	0	0	0	0
Sports Sites Replacement / Improvements	706	0	0	0	0	250	456	0	0	0	0	0	0	0	0
Library Management System	30	0	0	0	0	30	0	0	0	0	0	0	0	0	0
Museum Redevelopment	2,070	75	0	0	0	1,090	980	75	0	0	0	0	0	0	0
Key Theatre Capital Works - Seats and Pit	98	0	0	0	0	98	0	0	0	0	0	0	0	0	0
Regional Swimming Pool	100	75	50	0	0	100	0	75	0	50	0	0	0	0	0
Werrington Sports and Recreation Centre	0	20	0	0	0	0	0	20	0	0	0	0	0	0	0
Libraries Public Access PCs	50	50	0	0	0	50	0	50	0	0	0	0	0	0	0
Review of Key Theatre	0	500	500	0	0	0	0	500	0	500	0	0	0	0	0
John Mansfield Centre	300	0	0	0	0	300	0	0	0	0	0	0	0	0	0
Wi-Fi for City Centre	269	0	0	0	0	269	0	0	0	0	0	0	0	0	0
<b>Total Operations</b>	<b>34,882</b>	<b>14,820</b>	<b>11,259</b>	<b>9,700</b>	<b>9,360</b>	<b>14,246</b>	<b>20,637</b>	<b>11,011</b>	<b>3,809</b>	<b>9,450</b>	<b>1,809</b>	<b>7,891</b>	<b>1,809</b>	<b>7,551</b>	<b>1,809</b>
<b>STRATEGIC RESOURCES</b>															
Disabled Access	341	200	200	200	200	341	0	200	0	200	0	200	0	200	0
Strategic Property Portfolio - AMP	250	250	250	250	250	250	0	250	0	250	0	250	0	250	0
Investment Portfolio - Voids & Rents Project	880	0	0	0	0	880	0	0	0	0	0	0	0	0	0
Disaster Recovery	25	25	0	0	0	25	0	25	0	0	0	0	0	0	0
Business Transformation	1,330	2,325	0	0	0	1,330	0	2,325	0	0	0	0	0	0	0
ICT Managed Service	2,414	761	347	325	194	2,414	0	761	0	347	0	325	0	194	0
Accommodation Strategy & Town Hall Works	535	150	150	150	150	535	0	150	0	150	0	150	0	150	0
Capital Costs of Disposals	1,824	1,300	0	0	0	1,824	0	1,300	0	0	0	0	0	0	0
Bayard Air Conditioning Refurb	300	1,000	200	0	0	300	0	1,000	0	200	0	0	0	0	0
Leisure Trust - Property	380	449	460	377	408	380	0	449	0	460	0	377	0	408	0
Capitalisation of Icelandic Impairment	1,050	0	0	0	0	1,050	0	0	0	0	0	0	0	0	0
Waste Management Strategy	7,900	8,700	22,061	14,900	14,900	7,900	0	8,700	0	22,061	0	14,900	0	14,900	0
Museum Ventilation	0	1,000	0	0	0	0	0	1,000	0	0	0	0	0	0	0
Werrington Car Park	500	0	0	0	0	323	177	0	0	0	0	0	0	0	0
Waste Education Programme	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
Implement a Joint Venture partnership with Ringway / Atkins	(1,200)	(1,400)	(1,400)	(1,400)	(1,400)	(1,200)	0	(1,400)	0	(1,400)	0	(1,400)	0	(1,400)	0
Further Partnership with PCAE	(100)	(100)	(100)	(100)	(100)	(100)	0	(100)	0	(100)	0	(100)	0	(100)	0
Deliver Academy	(350)	(350)	(350)	(350)	(350)	(350)	0	(350)	0	(350)	0	(350)	0	(350)	0
City Services Facilities Management	(100)	(100)	(100)	(100)	(100)	(100)	0	(100)	0	(100)	0	(100)	0	(100)	0
Agile Working	(150)	(150)	(150)	(150)	(150)	(150)	0	(150)	0	(150)	0	(150)	0	(150)	0
<b>Total Strategic Resources</b>	<b>15,929</b>	<b>14,060</b>	<b>21,568</b>	<b>14,102</b>	<b>14,002</b>	<b>15,752</b>	<b>177</b>	<b>14,060</b>	<b>0</b>	<b>21,568</b>	<b>0</b>	<b>14,102</b>	<b>0</b>	<b>14,002</b>	<b>0</b>
Contingency and Funding Adjustment	(927)					1,623	(2,550)								
<b>OVERALL PROGRAMME</b>	<b>101,516</b>	<b>82,224</b>	<b>67,464</b>	<b>34,303</b>	<b>31,846</b>	<b>58,199</b>	<b>43,318</b>	<b>65,721</b>	<b>16,503</b>	<b>62,021</b>	<b>5,443</b>	<b>28,860</b>	<b>5,443</b>	<b>26,403</b>	<b>5,443</b>

\* Actual GAF Allocations for 2010/11 is dependent on GAF related expenditure in 2009/10 and subject to review

**ALL CAPITAL SCHEMES NEED FULL BUSINESS CASES TO BE APPROVED BY THE COUNCIL'S PROJECT GOVERNANCE BOARD BEFORE PROCEEDING**

<b>Capital Receipts Summary from 2009-2015</b>							
Asset	Ward	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
		£000	£000	£000	£000	£000	£000
Land at John Clare Primary School, Helpston	Barnack	*					
Single Plot @Pudding Bag Lane, Pilsgate	Barnack	*					
Northminster House, Ground Lease	Central	*					
Newark Court (Sold)	East	*					
Land @ First Drove, Fengate	East	*					
Site at Orchard Street, Fletton	Fletton	*					
Hill Farm (Farms Estate), Newborough	Newborough	*					
Lady Lodge, Orton Goldhay	Orton						
	Longueville	*					
Land at Matley Primary, Orton Brimbles	Orton						
	Waterville	*					
Former Training Centre (PPDC) Cottesmore Close	Ravensthorpe	*					
Land at North Street, Stanground	Stanground						
	Central	*					
Land at Itter Crescent	Walton	*					
The Grange Surplus Allotments	West	*	*	*	*		
Pyramid Centre, North Bretton	Bretton North		*				
Former Allotment land at Stirling Way, Bretton	Bretton North		*				
John Mansfield (Main Site), Western Avenue	Dogsthorpe		*				
Welland Allotment Land at Nab Lane	Dogsthorpe		*				
Dickens Car Park	East		*				
Former Hereward School (reduced site excludes retained school land)	East		*				
Land at the Dell, Woodston	Fletton		*				
Monarch Avenue (Fletton Allotments)	Fletton		*				
Fletton Rec Ground, London Road, Fletton	Fletton		*				
Land at and around Woodston Primary School	Fletton		*				
Hill Farm Barn (Farm Estate), Newborough.	Newborough		*				
Herlington Offices, Herlington Centre.	Orton						
	Longueville		*				
Land at Junction of Manor Drive Gunthorpe (Paston Reserve (CRA))	Paston		*				
Land at Honey Hill, Paston	Paston		*				
Westwood Centre Car Park (Part), Ravensthorpe	Ravensthorpe		*				
Land forming part of Ravensthorpe Primary School	Ravensthorpe		*				
Land Fronting and around Highlees Primary School	Ravensthorpe		*				
Land at Tenterhill - Thistle Drove, Stanground.	Stanground						
	Central		*				
Land at and around Southfields Infant/Junior Schools	Stanground						
	Central		*				
Land at Itter Crescent - Residential Element	Walton		*				
Northminster Car Park	Central			*			
Craig Street Car Park	Central			*			
City Clinic, Wellington Street	East			*			
Wellington Street Car Park	East			*			
Bishops Road Car Park and Wirrina Site	East			*			
32-34 St John Street	East/Central			*			
London Road Allotments	Fletton			*			
Horsefair Car Park	Fletton			*			
Fair Meadow Car Park	Fletton			*			
Garage Site - Orton Avenue, Fletton	Fletton			*			
Woodlands and Surrounding Freehold land at Castor	Glington and Wittering			*			
Land adjacent to Bifield Allotments - Orton Goldhay	Orton						
	Longueville			*			
Land adjacent to Goswick Allotments - Orton Brimbles	Orton						
	Waterville			*			
Land at the rear of Caxton Court / Conegree Road	Stanground						
	Central			*			
John Mansfield (Remote site)	Dogsthorpe				*		
Targeted Future Receipts	Various				*		
Farm Estates	Various					*	*
Targeted Future Receipts	Various					*	*

**Appendix 4 - Prudential Code, Treasury Management  
Strategy & Minimum Revenue Provision Strategy**

**The Prudential Code**

**&**

**Treasury Management  
Strategy**

**2010 – 2015**

**Including the Minimum Revenue  
Provision Policy 2010/11**



## **1 Background**

- 1.1 The Local Government Act 2003 allows local authorities to determine locally their levels of capital investment and associated borrowing. CIPFA have recently revised both the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and Treasury Management Code following the fall-out of the Icelandic Banks crisis.
- 1.2 The key changes are an increased emphasis on asset management and capital programming and the removal of some Treasury Management indicators to the Treasury Management Code. The new codes were released on 23<sup>rd</sup> November 2009 and will be fully reflected in the February 2010 MTFs.
- 1.3 To ensure probity, affordability and accountability the Authority should comply with the code of practice, the 'Prudential Code', which requires the Council to determine a number of key indicators prior to setting its council tax each year. These indicators must be consistent with the Council's budget strategy.
- 1.4 Principally, this process requires an assessment that:
  - a) capital investment plans are affordable
  - b) all external borrowing and other long term liabilities are within prudent and sustainable levels, and
  - c) treasury management decisions are taken in accordance with professional good advice
- 1.5 The Code also requires councils to consider, and set indicators for the next five years as part of their Medium Term Financial Strategy (MTFS). These indicators should be monitored during the year and must be reviewed annually.
- 1.6 The aim of the code is to allow Members to be informed of the impact of capital investment decisions on the overall Council budget. The Council must set indicators. These are set out at Section 2 below and need to be considered as a whole: the sequence of presentation is not an indication of relative significance. In addition the Code requires the Council to set borrowing limits which establish borrowing ceilings and the 'debt mix' of any borrowings to be made. Under the Code the Council is also required to approve its annual Treasury Management Strategy and this is set out at Section 3 below for 2010/11.
- 1.7 The Council is required to agree its policy on charging Minimum Revenue Provision (MRP), i.e. the amount it is required to charge to revenue in relation to capital expenditure financed from borrowing. The policy is set out in Section 10 below for 2010/11.

## **2 Treasury Management Prudential Indicators**

CIPFA has updated the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), which underpins the system of capital finance. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services. The Prudential Code has been developed as a professional code of practice to support them in taking these decisions.

- 2.1 **Indicator One: Local authority has adopted the CIPFA Code of Treasury Management in the Public Services**
  - 2.1.1 The Code was adopted by the Council in 2002. The Code represents best practice in the regulation and management of borrowing and investments and

related activities. Treasury Management Practices (TMP's) have been established with advice from Sector Treasury Services and applied to the Council's treasury management.

## 2.2 Indicator Two: Estimates of / actual capital expenditure

2.2.1 The Council has to make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and the following two financial years. These have been based on the Capital Programme for that period.

2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
£57.9m Actual	£78.2m	£101.5m	£82.2m	£67.5m	£34.3m	£31.8m

## 2.3 Indicator Three: Estimates of / actual capital financing requirements and net borrowing

2.3.1 The Council must make reasonable estimates of the "total capital financing requirement".

2.3.2 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow money in the long term for capital purposes. It is calculated from various capital balances in the Council's balance sheet. The need to borrow can be met not only from external loans and financing but also by the temporary use of internally generated cash from revenue and other balances. The Council must ensure that its net borrowing is only for capital purposes other than exceptional and temporary borrowing for revenue cash flow purposes: the indicators are consistent with this restriction on borrowing.

2.3.3 The table below shows the actual CFR at 31st March 2009 and the projected CFR at the end of 2009/10, 2010/11, 2011/12, 2012/13, 2013/14 and 2014/15.

	CFR
31/03/2009 Actual	£144.9m
31/03/2010 Projected	£170.5m
31/03/2011	£207.8m
31/03/2012	£257.4m
31/03/2013	£294.7m
31/03/2014	£301.3m
31/03/2015	£310.8m

2.3.4 It is intended to use funds generated from the sale of assets to finance a proportion of the capital programme and to limit the growth of the CFR. If sales are not completed in time to meet capital expenditure that has been incurred, borrowing may have to be utilised instead. Similarly plans to avoid or redeem debt using disposal proceeds may have to be postponed if asset realisations are delayed. Either of these outcomes will result in the CFR for future years being higher than indicated until sale proceeds are received and debt is repaid.

## 2.4 Indicator Four: Affordability (1) Estimate of / actual ratio of financing costs to net revenue Stream

- 2.4.1 The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

2010-11	2011-12	2012-13	2013-14	2014-15
5.1%	6.1%	7.5%	8.3%	8.3%

**2.5 Indicator Five: Affordability (2) - Estimate of the incremental impact of capital investment decisions on the Council Tax**

- 2.5.1 The Council has to forecast the impact of the capital investment programme on council tax for the next five years.

- 2.5.2 The calculation of this indicator is based upon the estimated amount of the capital programme that is to be financed from borrowing. The calculation is based on the interest assumptions for borrowing that have been included in the capital financing budget. It also includes an estimate of the additional revenue costs arising from those schemes financed by this method.

- 2.5.4 The estimated capital financing and operating costs are divided by the estimated tax base for the year:

2010-11	2011-12	2012-13	2013-14	2014-15
(£36.60)	(£21.49)	£56.05	£102.46	£113.61

- 2.5.5 In order to offset the impact of reduced anticipated capital receipts (used to finance the capital programme) because of the 'Credit Crunch' last year, significant elements of the capital programme were slipped. This reduces the impact on Council Tax, as demonstrated in the table above in 2010/11.

**2.6 Indicators Six: External Debt Prudential Indicators**

- 2.6.1 The Council must set prudential limits for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities.

- 2.6.2 The Council's external debt (borrowing and other long term liabilities) at 31<sup>st</sup> March 2009 was £134.5 million and is estimated to be the same at 31<sup>st</sup> March 2010. This reduction is due to an estimated increase in the use of internal cash, rather than borrowing externally. This is due to external borrowing rates currently being higher than investment interest rates.

- 2.6.3 In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council's MTFs ensures that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next four financial years. This is a key indicator of prudence.

- 2.6.4 The authorised limit sets a ceiling on external debt, the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". The proposed indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year.

- 2.6.5 The limits also incorporate a margin of around £10 million in total to allow for exceptional short-term movements in the Council's cash flow and changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

2.6.6 The recommended Total Authorised Limit is shown below:

	<b>Borrowing £m</b>	<b>Other Long Term Liabilities* £m</b>	<b>Total Authorised Limit £m</b>
2010/11	304.7	4	308.7
2011/12	311.3	6	317.3
2012/13	320.8	8	328.8
2013/14	330.8	10	340.8
2014/15	340.8	12	352.8

\* These are subject to change due to the new PFI accounting standard being introduced in the 2009 Statement of Recommended Practice (SoRP) in line with the International Financial Reporting Standards (IFRS)

2.6.7 It is ultra vires to exceed the authorised limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However the Council can revise the limit during the course of the year.

2.6.8 Note that "Other long term liabilities" include items that would appear on the balance sheet of the Council under that heading. For example, the capital cost of finance leases would be included.

2.6.9 There is a second requirement to set an operational limit (set below the maximum authorised limit) that the Executive Director - Strategic Resources must operate within. The operational boundary is a measure of the maximum amount the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but that this should only ever be a short term expedient.

2.6.10 The recommended Total Operational Boundary is shown below:

	<b>Borrowing £m</b>	<b>Other Long Term Liabilities* £m</b>	<b>Total Operational Boundary £m</b>
2010/11	217.8	3	220.8
2011/12	267.4	3	270.8
2012/13	304.7	3	307.7
2013/14	311.3	3	314.3
2014/15	320.8	3	323.8

\* These are subject to change due to the new PFI accounting standard being introduced in the 2009 Statement of Recommended Practice (SoRP) in line with the International Financial Reporting Standards (IFRS)

## 2.7 **Indicator Seven: Variable interest rate exposure**

2.7.1 The Council must place an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements.

2.7.2 The limits proposed are as follows:

<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
£52.0m	£64.4m	£73.7m	£75.3m	£77.7m

2.7.3 The intention is to keep the variable rate borrowing below 25% of the total gross borrowing.

## 2.8 Indicator Eight: Fixed interest rate exposures

- 2.8.1 The Council must put an upper limit on the total amount of net borrowing (borrowing less investment) which is at fixed rates secured against future interest rate movements.
- 2.8.2 The proposed limits (expressed as the value of total borrowing less investment) are as follows:

	2010-11	2011-12	2012-13	2013-14	2014-15
Upper limit	£304.7m	£311.3m	£320.8m	£330.8m	£340.8m

- 2.8.3 The upper limits for fixed interest rate exposure are set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the great majority of borrowing is at fixed rates, which provides budget certainty.

## 2.9 Indicator Nine: Prudential limits for the maturity structure of borrowing

- 2.9.1 The Council must set upper and lower limits with respect to the maturity (debt profile) structure of its borrowing.
- 2.9.2 The proposed prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflect the relatively beneficial long term rates that are expected to be available over the next few years.
- 2.9.3 The proposed limits are as follows:

Period	Upper Limit	Lower Limit
<b>Under 12 months</b>	<b>30%</b>	<b>0%</b>
1 - 2 years	30%	0%
2 - 5 years	80%	0%
5-10 years	80%	0%
over 10 years	100%	10%

## 2.10 Indicator Ten: Total investments for periods longer than 364 days

- 2.10.1 Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs. The Executive Director - Strategic Resources has therefore sought the advice of Sector Treasury Services Ltd, the Council's treasury advisors, who recommended that, given the structure of the Council's balance sheet and its day to day cash needs, it would be reasonable to maintain the limit for investments with life spans in excess of 1 year to £25 million. Consequently it is proposed to keep the limit for investments that may be deposited for more than 1 year at £25 million for 2010/11 and later years.

## 3 Treasury Management Strategy

- 3.1 The Treasury Management Code has been fully revised to take into account the revision of the Prudential Code and the lessons learnt from the Icelandic Banks crisis. The key changes include:
- An enhanced scrutiny role for those charged with governance
  - More transparent reporting requirements, and

- Greater emphases on the requirement for ensuring those charged with governance have sufficient skills to adequately perform their role.
- 3.2 The Council annually reviews and approves the Treasury Management Strategy; this is a requirement of the Prudential Code which was adopted by the Council. The Prudential Code introduced new requirements for the manner in which capital spending plans are to be considered and approved; it requires the development of an integrated treasury management strategy.
- 3.3 This strategy covers:
- the current treasury position;
  - borrowing requirement;
  - prospects for interest rates;
  - the borrowing strategy;
  - debt rescheduling;
  - the investment strategy;
  - the MRP policy;
  - Treasury limits in force which will limit the treasury risk and activities of the Council.
- 3.3 Treasury Management is the detailed day-to-day management of the Council's cash flows, banking, investments and borrowings. Responsibilities include monitoring functions and policies, taking decisions in relation to capital financing and borrowing, and ensuring that the systems which control the functions are developed and observed.
- 3.4 This function operates under the powers delegated to the Executive Director - Strategic Resources and the daily treasury management activity is conducted in Strategic Finance within Strategic Resources. The policies in relation to borrowing and the investment of cash resources not immediately required are reviewed not less frequently than quarterly and advice is obtained from Sector Treasury Services Ltd, whom the Council retains on a fee basis.
- 3.5 The Council's primary treasury management objectives are:
- a) to reduce the revenue cost of the Council's debt in the medium term by obtaining financing at the cheapest rate possible in the light of current interest rate forecasts;
  - b) to seek to reschedule debt at the optimum time; and
  - c) to invest available cash balances with a spread of dependable institutions over a spread of maturity dates and periods of notice at interest rates that are higher than the cost of borrowings.

#### 4. **Current Treasury Position**

- 4.1 The Council currently has a spread of borrowing ranging from 1 - 50 years, but positioned mainly at the longer end of the maturity range, that effectively manages the risk of volatile interest rate movements. All of this debt is at fixed interest rates.

4.2 The Council's treasury portfolio position at 3<sup>rd</sup> December 2009 comprised:

Type of Borrowing / Investment	Source	Principal £000	Average Rate %	Average Interest £'000
Fixed Rate Funding	PWLB	117,006	4.57	5,341
	Market	17,500	4.53	793
<b>Total Debt</b>		<b>134,506</b>	<b>4.56%</b>	<b>6,134</b>
<b>Total Investments</b>		<b>34,777</b>	<b>1.97%</b>	<b>685</b>

N.B. Investment income has been adjusted for interest due from Icelandic bank subsidiaries

## 5. Borrowing Requirement

5.1 Based on the above treasury portfolio and capital investment plans it is anticipated that in the period 2010/11 to 2014/15 the Capital Financing Requirement (CFR) will increase by £164.9m and that net new borrowings of this amount will be required.

## 6. Prospects for Interest Rates

6.1 The Council has appointed Sector Treasury Services as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Sector Bank Rate forecast for financial year ends (March)

- 2010 0.50%
- 2011 1.50%
- 2012 3.50%
- 2013 4.50%

6.2 There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

6.3 The forecast rates as at 23 November 2009 from Sector, the Council's Treasury advisors, are detailed in the table overleaf:

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.25%	2.75%	3.25%	3.50%	3.75%	4.25%	4.25%	4.50%
5yr PWLB rate	2.85%	3.05%	3.20%	3.30%	3.40%	3.60%	3.85%	4.15%	4.55%	4.60%	4.80%	4.80%	4.85%	4.85%
10yr PWLB rate	3.90%	4.00%	4.05%	4.15%	4.30%	4.45%	4.60%	4.80%	4.90%	5.00%	5.10%	5.10%	5.15%	5.15%
25yr PWLB rate	4.40%	4.55%	4.65%	4.70%	4.80%	4.90%	5.00%	5.05%	5.10%	5.20%	5.30%	5.30%	5.35%	5.35%
50yr PWLB rate	4.45%	4.60%	4.70%	4.75%	4.90%	5.00%	5.10%	5.15%	5.20%	5.30%	5.40%	5.40%	5.45%	5.45%

- 6.4 Sector recognises that at the current time it is difficult to have confidence as to exactly how strong the UK economic recovery will prove to be. The above forecast rates are founded on major assumptions and research which could or could not turn out to be correct.

However, Sector feel that the risks that long term gilt yields and PWLB rates will rise markedly are high.

There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas: -

- degree of speed and severity of fiscal contraction after the general election
- timing and amounts of the reversal of Quantitative Easing,
- speed of recovery of banks' profitability and balance sheet imbalances
- changes in the consumer savings ratio
- rebalancing of the UK economy towards exporting and substituting imports

The overall balance of risks is weighted to the downside i.e. the pace of economic growth disappoints and Bank Rate increases are delayed and/or lower.

There is an identifiable risk of a double dip recession and deleveraging creating a downward spiral of falling demand, falling jobs and falling prices and wages leading to deflation but this is considered to be a small risk and an extreme view at the current time on the basis of current evidence

- 6.5 The Council's entire debt portfolio is currently on long term fixed interest rates whilst the majority of the investment portfolio is more susceptible to movements on variable interest rates. Investments tend to be of a shorter duration to minimise credit risk and to ensure that the Council has sufficient liquid funds for its working capital needs. Hitherto the Council derived a benefit as the yield on its investments exceeded the average rate paid on its borrowings. That advantage is unwinding as investments mature and, in future, is likely to result in a deferral of borrowing in preference to using cash resources instead and/or to borrow at variable interest rates or fixed term for shorter durations. 78% of the value of loans in the Council's existing debt portfolio are due to mature in over 20 years time, and are at a very low average interest rate, so current market conditions create an opportunity to spread this concentration into some of the shorter periods and perhaps reintroduce some variable interest rate funding.

- 6.6 It is still possible to reschedule existing borrowings and either prematurely repay those targeted using cash or replace them with new loans, although available terms for doing so are less attractive than they have been in the past. It is more difficult to achieve refinancing savings these days but given the disparity between interest rates for shorter dated and longer dated maturities and the relationship between fixed and variable interest rate borrowings and investments, rescheduling opportunities may arise during the forthcoming year.

- 6.7 The average rate of interest on the Council's borrowing was 4.57% in 2009/10 and is expected to fall slightly below this level over the period of the MTF5.

## 7. **Borrowing Strategy**

- 7.1 The suggested strategy is to:

- a) exploit funding opportunities at fixed rate interest levels that are below forecasted variable interest rate borrowings in the medium term;



- b) borrow at variable rates of interest in the absence of suitable opportunities for fixed rate funding;
  - c) in the absence of favourable borrowing opportunities, utilise available internal cash balances that are not required for working capital purposes to finance capital expenditure; and
  - d) consider the rescheduling (early redemption and replacement) of loans to maximise interest rate savings and possible redemption discounts.
- 7.2 It remains the Council's intention to repay external loans (or avoid new borrowings) when it is in the best financial interest to do so. It is sensible to maintain appropriate levels of fixed and variable rate loans to provide budget certainty and to exploit lower interest costs when these become available. The proportions of fixed and variable rate borrowings are included in the Prudential Indicators.
- 7.3 The Council's net borrowing (its borrowing less its investment) had reduced in recent years but is expected to increase in the future as further capital expenditure investment is made in the City financed by supported (assisted by Government grant) and unsupported (met directly from Council Tax) borrowing.
- 7.4 The Council is planning to maintain its borrowing in line with the Capital Financing Requirement over the period of the Medium Term Financial Strategy.

## 8. Investment Strategy

- 8.1 The Prudential Code requires that an annual investment strategy be determined.
- 8.2 Currently the Council invests reserves and cash flow surpluses throughout the year to generate investment income. When making these investments there is the requirement to ensure that the investment is both secure and liquid to assist the Council's cash flow. Based on this the market is monitored to ensure the optimum return on investments.
- 8.3 The Council currently has the following investments frozen in the UK subsidiaries of Icelandic banks:

<b>Borrower</b>	<b>Date of Deposit</b>	<b>Maturity Date</b>	<b>Principal £000</b>	<b>Interest Due £000</b>	<b>Total Amount £000</b>
Heritable Bank Ltd	02/04/2007	02/04/2009	1,000	122	1,122
Kaupthing Singer & Friedlander Ltd	03/04/2007	03/04/2009	2,000	118	2,118
<b>TOTAL</b>			<b>3,000</b>	<b>240</b>	<b>3,240</b>

The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. At the current time it is not possible to say with certainty that the Council will recover the entirety of its investments or when reimbursements will be made. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments. Members will be periodically updated on the latest developments on these efforts.

- 8.4 The recommended primary objectives of the Annual Investment Strategy are:
- to ensure that sums are invested with credit worthy / dependable organisations to limit the exposure against loss;

- that the Council maintains sufficient liquidity (access to funds) for its perceived needs;
- to achieve advantageous returns commensurate with security, liquidity requirements, debt management alternatives (avoidance of borrowings, premature repayments etc, if these would generate greater savings in the medium term), and interest rate forecasts, and
- to have a flexible, responsive approach towards counterparties (bodies with which we invest funds).

## 9 **The Council's Investment Principles:**

9.1 The following Investment Principles are recommended for adoption:

- Investments will be in £ Sterling and are currently managed by the in-house Finance Team on a daily basis.
- In addition, using existing delegated authority, the Executive Director – Strategic Resources may appoint external fund managers to access markets not available to the in-house Finance Team, diversify the investment portfolio and to optimise investment income returns. Depending upon market conditions external fund managers may be able to supplement the performance of the Council's core investment portfolio by following a proactive investment strategy buying government stock, other bonds and similar instruments and then selling them with small price movement gains within a short period of time, on a regular basis. Fund Managers will only be used subject to the Executive Director – Strategic Resources being satisfied that the risk of loss is minimised and that the fund manager/s can provide material out-performance when compared against comparative cash benchmarks.
- The investment priorities are the security of capital and maintaining sufficient liquidity (access to funds) for the Authority's perceived financial needs.
- The objective is to achieve advantageous returns on investments within the above parameters.
- Borrowings will not be undertaken for the sole purpose of making an investment. However at any time the Council may obtain loan and other financing at what are considered advantageous opportunities in anticipation of need, which may be invested temporarily. The Council may also borrow in the day to day management of its cashflow operations or as an alternative to redeeming higher yielding investments.
- The upper limit for the total amount to be invested with institutions or in instruments that are "Non - Specified" Investments is £70 million. This figure is set at a high level in order to allow for short term peaks in cash flows, arising from asset disposals or other inflows, to be invested effectively.

### 9.2 Liquidity

- Based upon current forecasts, it is anticipated that over the next three years the Council will maintain total investment balances of between £30 - £100 million depending upon cashflow, and movement within the debt portfolio.
- It is envisaged that these sums will primarily be invested on call or for periods of up to 12 months commencing from the date on which funds are paid over to the counterparty. Approval is requested that up to £25 million at any one time may be invested for periods greater than 12 months and this facility will be utilised if favourable opportunities are identified, subject to

cash liquidity being maintained. It is recommended that Full Council grants this approval for the coming financial year.

### 9.3 Security and “Specified” and “Non-Specified” Investments

- Understandably the security of funds is considered a greater importance than the rate of return that might be achieved. In the current money market conditions it has been considerably more difficult to form a reliable view which organisations offer relative dependability and will be in a position to fulfil their obligations to repay deposits and remit interest when they fall due. This is reflected in the operational application of the List of Acceptable Investment Counterparties activities in compliance with the over-arching broad investment strategy.
- Legislation and guidance requires authorities to differentiate its investments between “specified” and “non-specified” types. Briefly these are categorised:

#### “Specified” Investments -

- Offer high perceived security such as placements with Central Government agencies, Local Authorities or with organisations that have strong credit ratings.
- Offer high liquidity i.e. short-term or easy access to funds.
- Are denominated in £ Sterling.
- Have maturity dates of no more than 1 year.

#### “Non- Specified” Investments –

- With the same bodies as “specified” investments but with maturity dates in excess of 1 year, or
  - Are offered by organisations that are not credit rated or the credit rating does not meet the criteria set out below.
  - Shares, loans, mortgages etc, which have to be financed from capital or revenue resources.
- Notes on various categories of Approved “Specified” and “Non-Specified” Investments, the upper limits for investments, and relevant commentary are set out in Annex A to this report.
  - Transactions will not be made where the investment has to be financed from capital resources or revenue budgets, without specific approval by the Cabinet Member for Finance and Human Resources. Investments in loan or share capital are possible where the Authority has a temporary surplus of capital receipts, providing that the investment shall be redeemed when the proceeds are required to finance new capital expenditure.
  - Investments with the UK Government, including agencies with Central Government backing, and local authorities are considered as having the highest level of security and meet the “Specified Investment” criteria.
  - Credit quality of counterparties (issuers and issues) and collective investment schemes e.g. Money Market Funds will, in the first instance, be determined by reference to credit ratings published by Fitch Ratings Ltd or another internationally recognised agency e.g. Standard and Poor’s or Moody’s Investor Service Ltd. All credit ratings are monitored at least on a quarterly basis (currently monthly or as and when individual ratings change) and may result in a counterparty being removed, suspended or upgraded on the Council’s operational List of Acceptable Investment Counterparties. For

the purpose of determining whether an institution or investment scheme qualifies as a “Specified” Investment, it must have a minimum rating of:

<b>Agency</b>	<b>Short term Rating (All highest credit quality)</b>	<b>Long Term Rating (High credit quality)</b>
Fitch Ratings Ltd	F1	A
Moody's Investor Service Ltd	P1	A
Standard & Poor's	AAA	A

(Each credit rating agency uses its own scoring and rating terminology setting out their judgement on an organisation’s ability to meet its credit obligations (repay borrowings and deposits) in the long and short term and the likely level of support it might receive from a national government, central bank or parent company in the event of financial difficulties. Scores range from very high credit quality, strong ability to meet repayments to very weak intrinsic financial strength, “speculative” grade).

- In addition the Council will also make "non-specified" investments with regulated bodies, such as UK building societies and other authorised deposit-taking institutions, or in collective schemes that have not found it necessary or desirable to maintain credit ratings. These bodies and schemes will be assessed by the Executive Director - Strategic Resources to determine whether they should be included in the List of Acceptable Investment Counterparties, the maximum sum to be invested and the maximum period of investment. A detailed list of counterparties is maintained for operational purposes.
- In view of the turmoil in money markets and the collapse of the Icelandic banks and their UK subsidiaries, as a temporary measure it was decided to restrict lending to:
  - UK Government & UK Government agencies
  - Debt Management Agency Deposit Facility (part of HM Treasury)
  - UK Local Authorities
  - Barclays Bank plc & its subsidiaries
  - HSBC Bank plc & its subsidiaries
  - Lloyds TSB Bank plc & its subsidiaries
  - Nationwide BS
  - Royal Bank of Scotland plc & its subsidiaries

This practice is kept under regular review and will be modified, reduced and/or expanded in line with the overall Investment Strategy and permitted List of Acceptable Investment Counterparties once market conditions become clearer.

## 10. **Minimum Revenue Provision Policy**

### **What is a Minimum Revenue Provision?**

- 10.1 Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

### **New Statutory Duty**

- 10.2 Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146, (as amended)

### **New Government Guidance**

- 10.3 Along with the above duty, the Government issued new guidance in February 2008 which requires that a Statement on the Council’s policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.
- 10.4 The Council are legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that: -
1. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
  2. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

### **Option 1: Regulatory Method**

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for “Adjustment A”) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the SCE annual allocation.

### **Option 2: Capital Financing Requirement Method**

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

### **Option 3: Asset Life Method.**

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

- 10.5 Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -
- Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.
  - No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.
- 10.6 There are two methods of calculating charges under option 3:
- a. equal instalment method – equal annual instalments
  - b. annuity method – annual payments gradually increase during the life of the asset

### **Option 4: Depreciation Method**

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

- 10.7 The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

### **Date of implementation**

- 10.8 The previous statutory MRP requirements cease to have effect after the 2006/07 financial year. However, the same basis of 4% charge could continue to be used without limit until the 2009/10 financial year, relative to expenditure incurred up to 31/3/2009.
- 10.9 In general it is recommended that authorities should adopt the recommendations contained within the guidance. However, in certain cases the guidance may recommend a useful life period/MRP for expenditure which it may not be considered appropriate to adopt. It is suggested that full details of MRP options/principles adopted should be set out and approved as part of the annual MRP Policy Statement.

### **Minimum Revenue Provision Policy Statement 2010/11**

- 10.10 The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2007/08 and assessed MRP for 2007/08 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

- 10.11 All the MRP for 2007/08 related to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 of the guidance. Expenditure funded by unsupported borrowing reflected within the debt liability after the 31<sup>st</sup> March 2008 will be subject to MRP under option 3, which will be charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
- 10.12 Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 10.13 As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
- 10.14 This policy will be reviewed during the year and any proposed changes reported accordingly.
- 10.15 The new international financial reporting standards (IFRS) will be incorporated into the Council's MRP policy and it is currently anticipated that there will be a net nil impact on revenue demands.

<b>APPROVED "SPECIFIED" INVESTMENTS</b>				
<b>INVESTMENT TYPE</b>	<b>REPAYABLE WITHIN 12 MONTHS</b>	<b>COMMENTARY / CREDIT SECURITY</b>	<b>COLLECTIVE LIMIT</b>	<b>INDIVIDUAL LIMIT</b>
			<b>£M</b>	<b>£M</b>
Term deposits with UK Government & local authorities	Maturities of up to 1 year	Sovereign risk / high security although not credit rated	100	75
Term deposits & Certificates of Deposit with regulated banks & UK building societies	Maturities of up to 1 year	Minimum ratings - F1 (Fitch - short term) A (long term)	100	15
Deposit accounts with regulated banks & UK building societies	Repayable on call, without notice.	Minimum ratings - F1 (Fitch - short term) A (long term)	100	15
Money Market Funds	Repayable on call, without notice.	Minimum rating - AAA (Fitch, S&P A-1etc)	60	15
Forward term deposits with regulated banks & UK building societies	Date from negotiated deal plus period of deposit up to 1 year	Minimum short term rating - F1 (Fitch)	45	15
UK Government & Local Authority Stock Issues	Maturities of up to 1 year	Sovereign risk / high security although not credit rated	100	75
Debt Management Agency Deposit Facility	Currently only accepts deposits up to 6 months duration.	UK Government backed	100	75
Commercial Paper (short term obligations issued by banks, corporations & other issuers).	Up to 9 months.	Minimum short term rating - F1 (Fitch) (Held by custodian)	10	10
Gilt & Bond Funds (open ended mutual funds investing in Gov. & corporate bonds)	Highly liquid, may be sold at any time.	Minimum rating - AA- (Fitch, S&P A-1 etc)	10	10
Reverse Gilt Repos (Gilts bought with commitment to sell on a specified date or on call, at agreed price)	Maturities of up to 1 year	UK Government backed (Held by custodian)	10	10
Treasury Bills	Maturities of up to 1 year Issued through a bidding process at a discount to face value	UK Government backed (Held by custodian)	20	20
Bonds issued by a financial institution guaranteed by UK Government	Maturities of up to 1 year	UK Government backed (Held by custodian)	15	15
Bonds issued by multilateral development banks	Maturities of up to 1 year	Minimum rating - AAA (Fitch, S&P A-1etc)	15	15



<b>APPROVED "NON - SPECIFIED" INVESTMENTS</b>				
<b>(EXTERNAL FUND MANAGERS &amp; ADVISERS MAY BE USED WHERE APPROPRIATE)</b>				
<b>INVESTMENT TYPE</b>	<b>REPAYABLE / MATURITY PERIOD</b>	<b>COMMENTARY / CREDIT SECURITY</b>	<b>COLLECTIVE LIMIT</b>	<b>INDIVIDUAL LIMIT</b>
			<b>£M</b>	<b>£M</b>
Term deposits with UK Government & Local Authorities	Maturities of 1 - 5 years	Sovereign risk / high security although not credit rated	20	20
Term deposits & Certificates of Deposit with regulated banks & UK building societies	Maturities of 1 - 5 years Certificates of Deposit are tradable	Minimum ratings - F1 (Fitch - short term) A (long term)	10	10
Callable deposits with regulated banks & UK building societies	Maturities of 1 - 5 years Borrower only has right to repay before maturity.	Minimum ratings - F1 (Fitch - short term) A (long term)	10	10
Forward term deposits with regulated banks & UK building societies	Date from negotiated deal plus period of deposit 1 - 3 years	Minimum ratings - F1 (Fitch - short term) A (long term)	10	10
UK Government & Local Authority Stock Issues	Maturities of 1 - 10 years but tradable	Sovereign risk / high security although not credit rated	20	20
Foreign Government Stock Issues (priced in £ Sterling)	Maturities of 1 - 10 years but tradable	Minimum rating - AAA (Fitch, S&P A-1etc) (Held by custodian)	10	10
Term deposits with regulated banks & UK building societies guaranteed by credit rated parent	Maturities of up to 1 year	Minimum parent ratings - F1 (Fitch - short term) A (long term)	50	10
Term deposits with UK building societies without formal credit ratings	Maturities of up to 1 year	Financial position assessed by Executive Director of Resources	50	10
Bonds issued by a financial institution guaranteed by UK Government	Maturities of 1 - 10 years but tradable	UK Government backed Minimum rating - AAA (Fitch, S&P etc)	10	10
Bonds issued by multilateral development banks	Maturities of 1 - 10 years but tradable	Minimum rating - AAA (Fitch, S&P A-1etc)	10	10
Floating Rate Notes (fixed term but interest rate varies quarterly)	Maturities of 1 - 5 years but tradable	Financial position assessed by Executive Director of Resources Requires capital or revenue financing as share or loan capital	10	10
Bonds issued by corporate issuers other than sovereign bonds	Maturities of 1 - 10 years but tradable	Minimum rating - AAA (Fitch, S&P A-1etc) Requires capital or revenue financing as share or loan capital	10	10

# Asset Management Plan

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## **Executive Summary**

### **Asset Management Plan**

#### **1.0 Background**

- 1.1 Peterborough City Council is a major property owner with an asset base of over 2000 properties and a gross book value exceeding £380m. These assets are used to deliver the Council's wide ranging objectives.
- 1.2 However, as a Council we face a number of major challenges with regard to the property portfolio. These include:
  - A property portfolio that is ageing with excessive liabilities
  - A portfolio that is not suited to Council needs
  - An ad-hoc approach to management of the portfolio
- 1.3 In addition we need to get the most out of our portfolio. This will include:
  - The delivery of in excess of £TBAm of Capital Receipts in a falling market over the next four years to support the Capital Budget
  - Revenue savings of £TBAm over the next four years.
  - Using Property to support the Growth Agenda
- 1.4 As a Council we need to establish and embed the way we manage property to get the most from it. The attached Asset Management Plan (AMP) sets out how to do this ensuring that the portfolio is fit to face the challenges of the 21<sup>st</sup> Century.

#### **2.0 The Format of the Asset Management Plan**

- 2.1 The AMP consists of four parts:
  - Part 1 – Sets out the strategy for managing the portfolio and what PCC will do to meet the challenges faced. It sets targets and benchmarks against which we can measure our performance. It also aligns with the recent guidance provided by the RICS and ODPM.
  - Part 2 – Sets out the processes and procedures to be followed in the management of the Property Portfolio
  - Part 3 – Sets out future property needs for individual services.
  - Part 4 – Glossary of Terms
- 2.2 In addition to meeting the requirements of an Asset Management Plan this document also aims to bring together into one document processes and procedures that govern the management of the property portfolio. It is intended that those who deal with property on a day-to-day basis will use this document as a guide allowing them to get the best from the property portfolio.

#### **3.0 The Future Management of Property**

- 3.1 The AMP sets out how we will manage property in the future. In particular it:
  - Reinforces and strengthens the role of the Corporate Property Officer (CPO).
  - Establishes the CPO as the single point of responsibility for all Council property.
  - Establishes property as a strategic resource which will be managed corporately
  - Establishes the Corporate Asset Management Group which will take a strategic overview of the property portfolio.
  - Establishes processes and procedures for the management of the property portfolio.
  - Sets challenging targets for the generation of savings from the Property Portfolio

- Sets challenging targets for the realisation of Capital Receipts from the Property Portfolio.

3.2 In addition the AMP also sets out how we will get more from the portfolio. This will include the following:

- Challenging the use of property by services. Each service will be required to justify the property it uses and its degree of usage.
- Allocating property on 'need' and best fit. It will also be in accordance with the Accommodation Strategy contained within the AMP.
- Recycling properties which are declared surplus. Any future use will be subject to the completion of a Business Case that is supported by an Option Study and Investment Appraisal.
- Co-location of services where practicable to benefit from economies of scale.
- Offering surplus property to Partner Organisations. If there is no further use then the property will be offered for disposal.
- Maximise the use of properties that are held 'In Trust' for the use of the Community.
- Requirements being delivered from Council premises. Property will only be leased in exceptional circumstances.
- Disposal of those operational property assets that have the greatest outstanding liabilities. These liabilities will include DDA, Backlog of maintenance, Energy Efficiency, Asbestos etc.
- Working with partners to maximise the joint use of property and benefit from economies of scale. Accommodation will be provided in accordance with the Accommodation Strategy.
- Transfer of the ownership of property to partners where the objectives of that partner accord with the objectives of the Council.
- Ensuring that **all** assets built by or on behalf of the Council accord with good practice, demonstrate best value and are economically and environmentally sustainable.
- Focussing expenditure onto those assets that have a long term future. Services will consult with the CPO when works are required. The CPO/Service relationship is set out in the User Occupancy Agreement contained within the AMP

## Introduction

### The Asset Management Plan in Context

In the past, the Corporate Plan has outlined those areas where the Council intended to focus its efforts over the following year, priority areas that had been developed through engagement with our community to ensure they represented the needs of our community. This year that engagement took place as part of the work the Council and partners did in developing the Sustainable Community Strategy, a strategy with the vision and outcomes to effectively match the ambition of our community.

The Asset Management Plan this year will reflect these priorities and outcomes already agreed, ensuring the Council continues to deliver what our community wants and reinforcing our commitment to playing a lead role in delivering the Sustainable Community Strategy.

The four priorities as defined by the Sustainable Community Strategy are as follows:

- Creating the UK's environment capital
- Creating strong and supportive communities
- Delivering substantial and truly sustainable growth

Each of these priority areas has a focus on a number of outcomes that will collectively deliver the improvements that Peterborough's community rightly expects.

Creating opportunities – tackling inequalities

- **Improving health** – so that everyone can enjoy a life expectancy of the national average or above and benefit from speedier access to high quality local health and social care services.
- **Supporting vulnerable people** – so that everyone can access support and care locally to enable them to maintain independence, should they be affected by disadvantage or disability at any point in their lives.
- **Regenerating neighbourhoods** – so that the most deprived communities can achieve their full potential and therefore contribute to and benefit from sustainable economic growth in the Peterborough area.
- **Improving skills and education** – so that the people of Peterborough have better skills and benefit from high quality education from cradle to grave, including through the new university.

Creating strong and supportive communities

- **Empowering local communities** – so that all communities and individuals are engaged and empowered, and take their opportunities to shape the future of Peterborough.
- **Making Peterborough safer** – so that people of all ages and abilities can live, work and play in a prosperous and successful Peterborough without undue fear of crime.
- **Building community cohesion** – so that new communities are integrated into Peterborough and welcomed for the contribution they bring to our city and rural areas.
- **Building pride in Peterborough** – so that we recognise, celebrate and take pride in Peterborough's achievements, its diverse but shared culture and the exciting opportunities for leisure and relaxation.

Creating the UK's environment capital

- **Making Peterborough cleaner and greener** – so that we become the UK's greenest city with attractive neighbourhoods, surrounded by beautiful countryside and thriving biodiversity.
- **Conserving natural resources** – so that we reduce Peterborough's overall consumption of the Earth's natural resources.

- **Growing our environmental business sector** – so Peterborough is the natural location for green businesses.
- **Increasing use of sustainable transport** – so that Peterborough has the highest proportion of citizens using sustainable transport modes in the UK.

Delivering substantial and truly sustainable growth

- **Creating a safe, vibrant city centre and sustainable neighbourhood centres** – so that people have more diverse and improved places to visit and enjoy.
- **Increasing economic prosperity** – so that the people of Peterborough can work locally, benefiting from a strong local economy that is an attractive destination for business investment, particularly in higher skilled sectors.
- **Building the sustainable infrastructure of the future** – so that we create the conditions for business, service and community prosperity and growth.
- **Creating better places to live** – so that we provide better places to live for both new and existing communities, ensuring the highest environmental standards of new building

Delivering these outcomes cannot be achieved by the Council alone, which is why partnership working is so important to realising the Sustainable Community Strategy's ambition. We will continue to build on our successes with the Police, the Primary Care Trust, and many other key partners to make this ambition a reality for the City and its community.

Asset Management can be described as 'making the best use of assets in terms of service benefits and financial return' (DLTR Best Practice Guide 2000). It has a long term dimension and is concerned with Council-Wide management issues. In particular, it is associated with the following principles:

- An integrated approach between service areas and the corporate centre
- separate responsibility for strategic asset management
- explicit authority-wide objectives for holding property and other assets
- changes to the portfolio consistent with corporate objectives
- a performance management system
- sufficient data to analyse the performance of the portfolio and to make strategic decisions
- Allowing the Council to deliver in accordance with short, medium and long term priorities.

This Asset Management Plan (AMP)

- Sets out the overall direction and framework for managing the Council's assets
- Pulls together cross-service issues into an authority-wide, corporate plan
- Is linked to the Council's corporate policies and priorities
- Incorporates the Key Issues of service property requirements
- Compliments the Council's Capital Strategy.
- Develops and updates Peterborough City Council's (PCC) earlier AMPs.

### **What is an Asset**

There are various different definitions of an asset but this AMP is concerned with the Property Assets of the Council. This include all the land and property (both owned and leased-in) that is operated to support the corporate objectives of the Council

### **The use of Assets**

The AMP will assist the Council in pursuing the by objectives set out in the Sustainable Community Strategy for optimising the contribution that the Council's property assets make to delivering quality services to the community. More specifically, it will:



- help to prioritise Council's decisions on spending on the estate
- integrate property and other asset decision making into the Council's service and ultimately, the corporate planning process
- identify opportunities for innovation
- provide a context for evaluating capital projects
- provide a basis for developing partnerships
- identify assets suitable for investment or disposal
- identify opportunities to increase income generation or reduce expenditure
- encourage innovative methods of securing service property requirements
- ensure value for money from the operation of the council property portfolio
- ensure that the property portfolio is managed effectively and efficiently
- contribute to reducing the Council's contribution to climate change and adapting to its effects

The relationship of the AMP to other key corporate documents is set out in Part 1. These linkages support and complement the Council's overarching corporate values which underpin all that we do in Peterborough:

**A BIGGER AND BETTER PETERBOROUGH THAT GROWS THE RIGHT WAY – AND THROUGH TRULY SUSTAINABLE DEVELOPMENT AND GROWTH**

**Format of the AMP**

This AMP aims to move forward from that developed in previous years. This is not intended to be revolution but evolution and to build on the experience gained in operating the plan in previous years. In particular it aims to be a more 'user friendly' document that becomes a key management tool for those who are responsible for the management of the Property Assets on a day to day basis on behalf of the Council. With this in mind this AMP is divided into the following parts:

- Part 1: This sets out the how the Property Assets of the Council will be managed.
- Part 2: Sets out the key documents that need to be consulted as part of the ongoing management of the property asset.
- Part 3: Sets out the property asset requirements of each service.
- Part 4: Glossary of Terms

# **Part 1 - Management of the Property Assets of Peterborough City Council**

## **Chapter 1 - Organisational Arrangements for Asset Management**

### **1.1. CPO – Roles and Responsibilities**

1.1.1. The Head of Strategic Property is the Council's Corporate Property Officer (CPO). As a member of the senior management team, the CPO has the responsibility and authority to implement the necessary actions to facilitate effective asset management.

1.1.2. Strategic Resources incorporates a wide range of services that are concerned with Core operation of the Council. This includes Strategic Property, Finance, IT and Business Transformation. The CPO's role is supported by the Corporate Asset Management Group (CAMG) which includes representation from all areas of the Council. In order to give a more effective focus to asset management the Council created in 2005 an integrated Strategic Property function within Strategic Resources. An Asset Management Team is now working within Strategic Property to assist the CPO in the day-to-day work involved in implementing a proactive asset management approach.

1.1.3. Under the Council's constitution, Cabinet and the Council have agreed the roles and responsibilities of the CPO. These are:

- Chairs the Corporate Asset Management Group.
- Leads the process for the preparation of the review of the Corporate AMP and ensures that this process is co-ordinated with that for the Capital Strategy and Education AMP.
- Incorporates and considers the Council's policies and priorities in the asset management process.
- Prepares and links service based property key issues to the corporate and service delivery plans and takes account of Best Value reviews.
- Consults with Heads of Service, partners, stakeholders and users during the preparation of the Corporate AMP.
- Consults with Heads of Service, partners, elected members, stakeholders and users during the management of the Property Portfolio
- Maintains up to date records about the condition and suitability of the Council's property portfolio and the data management systems and indicators required to manage its performance.
- Regularly reports to the CMT and the Cabinet on the performance of the Council's property portfolio.
- Leasing and Letting property on behalf of all services of the Council.

1.1.4. However, it is recognised that the Corporate Asset Management Group (CAMG) needs to evolve to meet current and future challenges. Given this its terms of reference and constitution will be kept under constant review.

### **1.2. Reporting Framework – Cabinet & Corporate Management Team (CMT)**

1.2.1. The Council's constitution is based on a Leader and Cabinet style of decision making. The Cabinet meets on a regular basis to make decisions within the terms of the constitution and to make recommendations to Council on matters of policy when appropriate. The Council, which meets monthly, approves the annual capital and revenue budgets and agrees matters of policy.

1.2.2. The Leader of the Council chairs a Cabinet of 10 Members. Each Cabinet Member has lead responsibility for a portfolio area. Areas of responsibility are as follows:

- Leader of the Council

- Deputy Leader and Cabinet Member for Environment Capital and Culture
- Cabinet Member for Strategic Growth, Planning and Human Resources
- Cabinet Member for Regional and Business Engagement
- Cabinet Member for Neighbourhood, Housing and Community Engagement
- Cabinet Member for Educations, Skills and University
- Cabinet Member for Health and Adult Social Care
- Cabinet Member for Childrens Services
- Cabinet Member for Resources

1.2.3. The Council places a high priority to asset management and the resource implications of delivering the Council's policies. In recognition of this importance, the responsibility for asset management lies with the Cabinet Member for Resources. As the relevant portfolio holder, the Cabinet Member is the political lead on asset management and is responsible for leading change through review and development of services related to asset management as set out in the Council's constitution. However the Cabinet Member for Children's Services currently has delegated responsibility for Asset Management in Schools.

1.2.4. The Cabinet member acting under delegated powers considers reports on the Council's property issues and asset management as presented by the CPO. The Cabinet, Cabinet Member or CPO are responsible for making decisions on acquisitions, disposal and on the most appropriate use of assets to deliver the Council's policies. It also considered as part of the Budget Process. The Council's strategic maintenance budget is part of the capital programme, and is a key element in the implementation of the AMP, underpinning the integrated nature of these processes.

1.2.5. Scrutiny Committees and Panels are an integral part of the Council's framework and form part of a constructive process, which is open, accountable and contributes to policy development.

1.2.6. The Corporate Management Team (CMT) leads the officer contribution to strategic development and thinking in the Council and is made up of the Chief Executive and the Council's Senior Group of Managers. The CMT meets every other week and receives reports from the Corporate Asset Management Group following the monthly meeting. They consider issues affecting the Council's Asset Management Plan. This includes an annual report on performance against property Key Performance Indicators (KPIs).

### 1.3. **Corporate Asset Management Group – Terms of Reference**

1.3.1 The CAMG will support the CPO and will constitute the senior Strategic Group dealing with property. It will have direct links with other Groups such as the Asset Disposal Group, Capital Monitoring Group but will consider property from a holistic perspective. It will confirm decisions made at both of these groups. TORs for this Group are as follows:

- The CAMG is the link between CMT and individual services with regard to asset management issues. The CPO chairs the group and members have a key role in the development, delivery and monitoring of the asset management plan. The Corporate Asset Management Group, through the CPO, advises CMT and Cabinet on asset management. The Corporate Asset Management Group is constituted as follows:
  - Head of Strategic Property (CPO and Chair)
  - Head of Legal Services
  - Head of Strategic Finance and Performance Improvement
  - Head of ICT
  - Other representatives as nominated by Directors
- Acts as the officer forum for consideration and development of strategic asset management issues within the authority.

- Makes linkages and demonstrates the Corporate AMP, Childrens Services AMP, and the Capital Strategy and service plans compliment each other.
- Formulates and keeps under review a Corporate AMP on behalf of the CPO.
- Ensures that the Property Portfolio delivers value for money.
- Considers feedback from stakeholders following specific consultation exercises and best value reviews.
- Supports the CPO in consulting with users and stakeholders and takes into account views expressed throughout the asset management process.
- Prepares reports for the Corporate Management Team and Cabinet on the performance of the Council's property and on issues relevant to asset management.
- Oversees the development of the Council's –property data management processes and procedures.
- Monitoring the performance of the Council's property and challenges performance.
- Identifies suitable performance indictors for the Property Portfolio
- Makes recommendations based on performance indicators on activities to improve performance.
- Facilitates the development of service asset management plans through property review and forward planning.
- Considers an annual programme for the strategic maintenance of the Council's property consistent with the Council's priorities.
- Develops and maintains a procedure for option appraisal and corporate prioritising between property projects as part of the asset management process.
- Critically examines the property requirements of stakeholder groups and makes recommendations to Cabinet.
- Ongoing review of the Property Assets of the Council making recommendations as appropriate on disposal options.
- Consider how PCC assets can support the Growth Agenda.
- Consults with Heads of Service during the preparation of the Corporate AMP on behalf of the CPO
- Property issues are considered within a corporate framework and decisions can be made by members knowing that:
  - A strategic approach has been adopted when dealing with issues such as acquisitions, disposals and investment in both maintenance and improvement of properties.
  - Buildings are assessed for suitability for service provision both now and into the future.
  - The optimisation of the use of both land and buildings is regularly under consideration.
    - Buildings are managed in the most effective and economic manner.
    - Capital receipts are maximised.
    - Costs are minimised.
    - Value for Money is a Prime Consideration
    - Impact on the environment is minimised

#### 1.4. **Links to Strategies and Plans**

- 1.4.1 The CPO, as lead officer, is responsible for ensuring that the Corporate AMP reflects the aspirations of the Council and reflects other policies that are in place. The Corporate Asset Management Group is the main area of consultation on property matters and the various plans and strategies required for successful asset management.

- 1.4.2 The Community Strategy has been produced by the Greater Peterborough Strategic Partnership and is an overarching plan to promote and improve the economic, social and environmental well being of local people. As such the plans and strategies of all the partner organisations feed into this umbrella plan. The strategy identifies key priorities for action.
- 1.4.3 The Capital Programme Group meets monthly and is chaired by the Executive Director of Strategic Resources. It is made up of Heads of Service and Business Managers and considers the Capital programme from a Strategic perspective. In addition individual programme boards consider specific projects in their sphere of influence. This will include the review of the programme and budget.
- 1.4.4 The Capital Strategy has been developed as a key policy document, which brings together the strategic capital requirements emerging from the service strategies as identified in the plans detailed above. It determines the Council's approach to capital investment and sets in place the process for monitoring investment to achieve the Council's policy priorities.
- 1.4.5 Through the Corporate AMP, Housing Business Plan and Strategy, the Education AMP and the Capital Strategy, the Council has a complete management framework for all of its property assets. Each of these documents is determined by the Council's policy priorities and facilitates the delivery of quality services to the people of Peterborough.
- 1.4.6 Housing Services produce a Peterborough Housing Strategy 2004-2007 and Sub-Regional Strategy Statement that sets out the objectives from a housing objective. The Vision for the sub-region is as follows:
1. To ensure everyone can live in a decent home at an affordable price.
  2. To contribute effectively to social inclusion among communities.
  3. To maintain and create sustainable communities.
  4. To enable housing to contribute fully to ensure good health and promote health equality.
  5. To use housing investment to compliment sustainable economic development
  6. To contribute to a sustainable environment.
- 1.4.7 In addition the Council works closely with a number of Registered Social Landlords (RSLs) who provide Social Housing within the PCC area. This includes the Cross Keys Homes who were formed by the Council in January 2003. This involved the transfer of the Council's housing stock of approximately 10,000 units. Cross Keys Homes officially took over the management of the stock in October 2004.
- 1.4.8 The Peterborough's Children and Young People Plan 2007-2010 sets out how the Council and its partners will work together to achieve better outcomes for Children and Young People over the next three years. This includes 10 outcome focussed priorities high quality opportunities for learning and ensures children are safe. The assessment of need will inform future built environment priorities and further develop the Department's Corporate Asset Management Plan and School related Asset Management Plans
- 1.4.9 The main purpose of the Children's Services Department is to ensure that everything the Department undertakes is based on achieving the five outcomes encompassed in the 'Every Child Matters' agenda for all children and young people in the Peterborough area. The Department is also responsible for Adult Education. In response to the Children Act 2004 work is underway to develop more effective integrated services and structures, fulfilling the requirements for Children's Trust arrangements. In addition, there is presently a push to make learning opportunities available for all adults.
- 1.4.10 The Department's approach is underpinned by a series of statutory plans – Early Years Development and Childcare, Education Development, School Organisation, Special Education Needs Strategy and the Quality Protects Actions Plan. With the changes in legislation the Department has now commenced the development of aggregating these plans into a single 'Children and Young People's Plan' based on an assessment of need across the city. The assessment of need will inform future built environment priorities and

further develop the Department's Corporate Asset Management Plan and Education related Asset Management plan

- 1.4.11 The Local Development Framework sets out how we as a Council see the development of Peterborough moving forward. In particular it integrates the various approaches to ensure that any development is coherent and compliments the ambitious growth programme for Peterborough.
- 1.4.12 The Local Transport Plan reflects a local approach to transport needs. Capital needs and the approach to investment is shaped by an indicative breakdown between maintenance and integrated transport themes.
- 1.4.13 The Council has demonstrated its commitment to equalities and diversity by the development and implementation of equality schemes on race, disability and gender. It also has comprehensive equality and diversity policies and procedures that focus on service users, staff and working with our partners to meet the needs of the diverse communities that it serves. Over the next 12 months the Council will be developing an Access Strategy that will identify emerging needs, agree standards and determine systems to make its Services available to its equality target groups – people with disabilities, race, gender, religion/belief, sexual orientation and age. This will build on the work undertaken by the One Community Project and involve the Disability Forum to contribute in the development of access plans.
- 1.4.14 Use of capital resources to support adult social care reports to the Commission for Social Care Inspection through the Delivery and Improvement Statement on an annual basis. This information forms part of the evidence used by CSCI in its annual review of Social Services Performance and Star Ratings.
- 1.4.15 PCC have already implemented an Accessibility Strategy for schools. It has recently started developing a Local Authority Access Strategy that will cover accessibility for all to Council Services. The requirements of both of these strategies will need to be considered when looking at the future development of the Property Portfolio.
- 1.4.16 The CAMP also relates to the Service Business Plans that are developed by each Service setting out the way in which they will deliver to customers over the short, medium and long terms. However it is recognised that services will need to be flexible to meet the future demands. Given this Part 3 and Part 4 of the report are flexible and will be updated on a regular basis as changes are reported to the Corporate Asset Management Group.
- 1.4.17 In addition Peterborough aims to be an example of how we can work together with our partners to build on our Environmental City status by becoming the UK's Environment Capital. This aspiration will be a core theme in the revised Community Strategy and Local Area Agreement. The Council supports this through its own Corporate Strategy and through a range of initiatives including the adoption and publication of a Climate Change Strategy in December 2006.

## 1.5. **Asset Management, Best Value and the Efficient Management of the Property Portfolio**

- 1.5.1 The implementation of the Asset Management Plan in conjunction with the Capital Strategy ensures the efficient and effective management of property for the Council's activities. These activities are determined through the Council's corporate policy framework.
- 1.5.2 The Best Value process requires a fundamental review of key service areas and is fully integrated into the policy development framework. The purpose of Best Value reviews is to provide better quality services at a reasonable cost, enable local people to have more say and to set robust targets for improving services. Best value reviews examine the efficiency of services (amongst other criteria), specifically looking at whether the right service is produced with the correct resources. This applies to the property implications of service delivery and delivering the Council's policy priorities. The Council's Performance Plan

reinforces the policy priority of managing resources effectively to deliver quality services. The relevant service principle states that: "The Council is committed to providing the best service possible for people of Peterborough". One of the key aims of supporting this principle is managing the Council's portfolio of land and buildings effectively and ensuring the provision of safe and efficient accommodation for all of its activities.

1.5.3 The property assets of the Council will also be going through a best value review. This will include marketing testing of areas of our investment portfolio and the establishment of relevant Key Performance Indicators that will allow the Council to measure performance against both other Councils and the Private Sector.

1.5.4 In conducting best value reviews the Council uses the "4 C's" of challenge, compare, consult and compete. A key aspect of its reviews is therefore consultation with stakeholders including local people, service users and employees. By necessity the best value review process takes account of the property aspects of service delivery and in doing so uses stakeholder feedback in making recommendations. Ensuring that a service optimises use of resources including buildings forms a key part of the five year action plan that is put in place following each review to ensure services improve.

## 1.6. **The use of IT to support property**

1.6.1 Organisations cluster around the information they hold in order to do their business: traditionally this information is paper based and held in filing cabinets, to ensure easy access and to enable sharing of this information workers gathered around the filing cabinets.

1.6.2 Use of ICT – whilst not re-promising the paperless office – enables the organisation to access that information from any where, any place, any time.

1.6.3 Investment and development of the Council's ICT can enable greater use of mobile and nomadic working, home working and the opportunity to provide access to services from community based facilities (e.g. social workers based in schools). The first steps will be in the provision of a secure and robust ICT facilities to enable home working, as technologies become more stable and greater bandwidth available then truly mobile working can be facilitated. The further deployment of agile working will enable greater flexibility for 'nomadic working' - i.e. those workers who move from site to site, and can work from any number of office locations. This will increase the demands placed on information and building security

1.6.4 In general, computers, printers and most other peripherals are currently procured by the ICT department on behalf of the service department. Data networks replacement PCs and servers are funded corporately. The Council is seeking an external provider of ICT Services; it may be that they will fund some elements of the infrastructure with the Council retaining ownership of the assets.

1.6.5 At present, computers are generally moved with staff as they are relocated and this generates significant cost because of the need for disconnection, reconnection, and changes to personal profiles to enable use of network printers, etc., in addition to the transportation costs and potential for damage to equipment.

1.6.6 During 2007/08 the Council implemented a three year desktop roll out policy, with funding being held centrally. It is planned that all standard requirements of computers and peripherals are procured and funded centrally under the control of the Executive Director of Strategic Resources (Head of ICT) with any specific requirements specified and funded by the service department, but again purchased centrally. This would allow full support, as well as a knowledge of all hardware and software working on the Council's network, to be co-ordinated by the Council's ICT Section.

1.6.7 The Council has embarked on an ICT Improvement program to upgrade and maintain all central ICT systems and services. Standards and Policies for ICT are now being implemented.

1.6.8 This approach will support the rationalisation of the property portfolio as it will allow greater use of a flexible portfolio. This is essential to maximise usage and given the increased opportunities from home will also the opportunity to reduce the number of core assets that we hold.

## 1.7. **Customer Service Centres – Peterborough Direct**

1.7.1 In working towards the joined up delivery of the Council's policy priorities the strategic deployment of assets within the context of the Asset Management Planning processes is crucial. Integration of services within a single location improves service delivery, while optimising the use of Council buildings.

1.7.2 Peterborough Direct is a business service concept that aims to improve the level of public access to a variety of council services and potentially other organisations that work in partnership with the Council. This will be achieved by broadening the types of access channels and increasing the complexity of enquiry that each access channel can cope with.

1.7.3 The focal point of Peterborough Direct is the customer service centre which opened at Bayard Place in January 2007. A range of specific services are provided to customers from the centre together with general advice, information and sign posting on a multitude of other council and non-council services.. The centre also has a call centre and a number of 'self-service' kiosks where customers are assisted to access information about services the council and other relevant organisations provide.

1.7.4 Service improvements have continued to be made since the customer service centre opened both in terms of customer access and efficiency. In February 2009, the customer service centre was awarded the Customer Service Excellence (CSE) certificate. The certificate is a central government standard which has replaced the Charter Mark Award that shows, through independent assessment that a service is delivering excellent customer service.

1.7.5 During 2009 two further city centre receptions have closed and the front facing elements of these services are now being delivered through the customer service centre. A number of properties that were used by children's services across the authority have also closed with the bulk of the front facing contact now also being delivered through the service centre. Work is also ongoing to further increase the services available through the call centre and so ensure more customer queries can be responded to during a single contact. Further work is also being undertaken to better understand customer demand, minimise avoidable contact and support service delivery through the most efficient access channels. The recently revamped website is key to achieving these aims as will be close working with the localities and neighbourhood management projects.

## 1.8. **Partnership Working**

1.8.1 Peterborough also takes the opportunity whenever practicable to work in partnership to deliver joint outcomes. For example the Council works with organisations such as the Primary Care Trust and Peterborough Regional College to deliver a range of services to the community.

1.8.2 In particular PCC is a partner in the Greater Peterborough Partnership (GPP). At present there are:

- Children and Young People Strategic Partnership (CYPSP) will aim to improve outcomes for children and young people in the following areas:
  - Be Healthy: Enjoy good physical and mental health and live a healthy lifestyle.
  - Stay Safe: Be protected from harm and neglect and grow up being able to look after themselves
  - Enjoy and Achieve: get the most out of life and develop broad skills for adulthood
  - Make a positive contribution: To the community and to society and not to engage in anti-social or offending behaviour.



- Achieve Economic wellbeing: So that they have a good start in life and are able to achieve their full potential and secure employment.
- Community Safety will address the following six areas in the next three years:
  - Serious Acquisitive Crime
  - Anti Social Behaviour
  - Domestic Violence
  - Violent Crime including alcohol related crime and disorder
  - Sexual Offences
  - Road Safety
- Culture, Leisure and Tourism: In support of the community strategy the partnership's current priorities are
  - Enabling access for all to culture and recreation activities
  - Ensuring that culture and recreation plays a key role in regeneration
  - Working in partnership to ensure best possible provision of cultural opportunities
  - Engaging with local communities to increase participation
  - Promoting healthier lifestyles and enabling the development of new skills through learning opportunities
  - Protecting and exploiting the City's natural and built environment
- Learning Partnership: In support of the community strategy the partnership's current priorities are
  - Ensuring all children starting school are ready to learn
  - Building an education system that is fit for the 21st century, including by increasing the provision of high quality, accessible higher education
  - Raising the current levels of achievement and participation
  - Developing a culture of lifelong learning, both for its own sake but also for the love of learning
- Environment Capital: In support of the community strategy the partnership's current priorities are:
  - Improving transport links
  - Development of Peterborough's Green Grid and open spaces
  - Building community awareness of environmental benefits
  - Ensuring that all GPP working groups embrace the environment and transport agendas positively
- Health: In support of the community strategy the partnership's current priorities are:
  - Working with partners and the public to improve health and well-being
  - Improving the health of the most disadvantaged
  - Continuously improving the quality of healthcare provision, including reducing needless waits
  - Meeting the health needs of a growing population
- Peterborough Regional Economic Partnership: The aims of the Group are:

- To promote sustainable growth and economic development within the Greater Peterborough sub-region
- To promote a co-ordinated structure for interfacing with regional and national bodies involved in economic development and influencing their decisions
- To provide a coherent partnership framework to co-ordinate and align the activities of the main economic development organisations, private sector and other key partnerships such as Community Safety, Environment and Transport
- To co-ordinate services that will enhance growth in Greater Peterborough as reflected in our Sustainable Communities Plan status
- To co-ordinate and promote bids for grants and resources
- To co-ordinate the implementation of initiatives that support the enhancement of the Greater Peterborough sub-region, primarily in Fenland and Peterborough
- To act as the "Local Economic Partnership" for the area, in line with the roles defined by the East of England Development Agency.

It should be noted that, at the time of writing (Dec 2008), the GPP structure and priorities are under review.

1.8.3 In addition we will look to partner with other organisation to ensure that we encourage and support the Growth Agenda in Peterborough. Examples in respect of local NHS developments are identified below:

- **Hampton Joint Service Centre**  
Primary health care incorporating General Practitioner and NHS Dentistry services with leisure and library services, building on the experience of co locating health and library services at Hampton Health.
- **Recognition – formerly known as the Well Being Centre**  
Procurement being led by NHS Peterborough utilising Investing in Communities funding via PCC and East of England Development Agency. Preferred site unfortunately did not receive planning approval but PCC and NHS Peterborough are working collaboratively to identify and appropriate alternative site.
- **City Care Centre**  
Procurement completed with new site opening in May 09 via Private Finance Initiative. A range of primary care and community services are provided at this site including NHS Walk in Centre and GP Out of Hours Services. NHS Peterborough and the City Council are working collaboratively on the implementation of a comprehensive Travel Plan for patients and staff.
- **Old B & Q**  
NHS Peterborough is leasing from the City Council this site to provide for 3000m2 of storage space for all public agencies in the city. The site has played a prominent role in providing storage facilities in minimising the effects of swine flu for the city and the whole of Cambridgeshire. This site is also used as a NHS Park and Ride for staff working at the City Care Ctr. The shuttle bus service was procured on behalf of NHS Peterborough by the City Council Travel Choice Team.
- **Adult Mental Health Services – Cavell Centre**  
Procurement has been completed for a new Adult Mental Health facility via Private Finance Initiative by Cambridgeshire and Peterborough Community Foundation Trust. New build is to be at the Edith Cavell Hospital site.
- **New Peterborough Hospital**

Procurement underway via Private Finance Initiative by the Peterborough and Stamford Hospitals Foundation NHS Trust for a new hospital to be located at the Edith Cavell Hospital site which will replace the existing hospital at Edith Cavell and Peterborough District Hospital. Construction is expected to be completed in late 2010. The City Council in conjunction with Opportunity Peterborough, Hospitals Trust and NHS Peterborough are considering future site development options as part of the Hospital Quarter regeneration as set out in the City Centre Area Action Plan.

- **City Centre - Primary Care Centre**

Procurement being led by NHS Peterborough in conjunction with the City Council and Opportunity Peterborough, with four potential sites being identified. A review of the 4 sites is currently being undertaken as part of the City centre Area Action Plan and is expected to be completed in the late spring of 2009. The NHS Peterborough Board will then consider and propose a preferred site location for wider consultation with patients and service providers. Procurement and construction is anticipated to be completed in late 2011

- **Healthy Living Centre – Huntly Grove**

Site now established and providing services to patients with long term conditions such as diabetes services. Site is also providing a venue for local community groups to utilise out of hours so as to improve community cohesion.

- **Rivergate Centre – Oasis Centre**

NHS Peterborough leased site is being developed in partnership with Cambridgeshire Constabulary to establish the country's first Sexual Assault Referral Centre which is to the latest forensic standards. This will enable the Police and the Crown Prosecution Service to improve rape conviction rates and to provide an on going support service to rape victims and their families. The site will primarily be used by the Cambridgeshire force but neighbouring forces are likely to use this facility.

- **Alma Road Primary Care Centre – Equitable Access Centre**

NHS Peterborough Board opened this site in May 09 and provides walk in access to General Practitioner services 7 days a week between 7am and 10pm. Development plans are being advanced for a permanent new build.

- **Werrington, Paston, Stanground South, and Bretton - Primary Care Centres**

Procurements in partnership with PCC departments, following PCC spatial study reviews

- Grange Medical, Westwood, Dogsthorpe, Welland and Burghley Road – Neighbourhood Primary Care Centres

- Procurements in partnership with PCC departments, following PCC spatial study reviews

- **Orton Centre - Primary Care Centre**

Procurement being led by NHS Peterborough in partnership with Orton Shopping Ctr. New build proposal will include for primary healthcare and community services including NHS dentistry in a 1000m2 planning application proposal to be submitted in late December 09. NHS Peterborough has agreed with a new dental service provider to provide temporary dental facilities from April 2010. Planning consent for the temporary build has been approved by City Council Planners.

- **Palliative Care Centre**

Procurement being led by Sue Ryder to replace Thorpe Hall with negotiations nearing completion with the City Council for the acquisition of a City Council owned site. .

- **National Framework Procurement**

Department of Health has established a framework agreement for Primary Care Trusts, Local Authorities, regeneration companies and partners associated within a local strategic partnership to establish a Special Purpose Delivery Vehicle for property

procurements and asset management including private capital investment. This SPV is known as Express LIFT ( Local Investment Finance Trust ) and is effectively a public private partnership obviating the need for any European Union procurement processes to be undertaken by individual public bodies. NHS Peterborough understands there to be significant potential for the implementation of this model and the PCT Board approved the submission of an application to the East of England Strategic Health Authority and the Department of Health in September 09. NHS Peterborough will be submitting an application at the end of October 09 on behalf of the PCT and the City Council. A Peterborough Express LIFT company could be established by the spring of 2010.

- **Adult Social Care**

City Council and NHS Peterborough are working jointly on a service review of the Council owned care homes. Of concern is the significant backlog maintenance work and costs associated with these homes requiring capital investment from the City Council. The Asset Management Plans have shown the work that is required which if not undertaken will present an increasing risk to the City Council in terms of property management and potentially to NHS Peterborough in terms of continued commissioning of services to residents at these sites. NHS Peterborough and the City Council are establishing formal Lease agreements in line with the Partnership Agreement. The City Council and NHS Peterborough have successfully decommissioned Vawser Lodge following the successful transfer of services to the City Care Centre in May 09. The City Council is now looking at future options for this site as part of the regeneration of the Hospital Quarter area.

- **Car Parking and Travel Plans**

In recognition of the need to improve health and well being and to reduce carbon emissions the City Council and NHS Peterborough are working collaboratively to integrate Travel Plans and the development of park and ride sites. The City Council Travel Choice Team have put in a bid for funding to the Department of Transport for funding in support of a staff and patient shuttle bus that will link key health sites across the city including the rail and bus stations. It is hoped that services could start from April 2010.

- **Accommodation Utilisation**

NHS Peterborough is working in partnership with a software company to develop software that would enable real time information on space utilisation of key clinical rooms and support areas. This is to ensure that capacity demand is managed on a daily basis with hourly charges raised as appropriate. The applicability of this methodology could easily be extended through the Web and Outlook to other public assets and MHS Peterborough will work with the City Council to take this forward as appropriate.

## 1.9. The Growth Agenda – Opportunity Peterborough

1.9.1 We aim to promote substantial growth in the region and have ambitious targets to meet by the year 2020. To assist with this Opportunity Peterborough (OP) was established in April 2005. Its objectives are to assist, promote, encourage, develop and secure regeneration of the social, physical and economic environment of Peterborough. The aim is to position Peterborough as a premier location for business and industry, increasing the prosperity of the area to facilitate employment and training opportunities and increase housing choice.

1.9.2 Whilst operating through PCC the prime objective of OP is to implement the £1 billion masterplan which will regenerate the following 10 sites:

- Queensgate and North Westgate
- South Bank (including Carbon Challenge)
- Heart of the city and bridge Street

- Station Quarter
- Rivergate
- Old Town/Priestgate
- Northminster
- Peterborough District Hospital
- East Embankment
- Embankment

1.9.3 In addition to the projects highlighted in the masterplan, a number of public and private sector initiatives are also planned or under development. These include:

- Approval has been granted for the construction of an Innovation centre that will offer an ‘incubator’ environment for up to 90 innovative businesses.
- Work is expected to start of the £300m Greater Peterborough Health Investment Plan driven jointly by Peterborough and Stamford Hospitals NHS Foundation Trust, Greater Peterborough Primary Care Partnership and Cambridgeshire and Peterborough Health Partnership NHS Trust.
- The Hampton Township on Peterborough’s southern perimeter which will eventually have 7,300 homes and a further 2 years supply of land has been sold.
- The Local Transport plan anticipates expenditure totalling around £180m for the period up until 2010 on major road schemes. This does not include the work that will shortly start on upgrading the A1073 and the widening work on the A15 which is scheduled for completion in the Spring of 2008.

1.9.4 As a Council we are fully committed to working with our partners in Opportunity Peterborough (OP) to support, encourage and promote the growth agenda. In particular this will require us to work closely with OP to ensure that we benefit from the various synergies. In addition we are looking to identify those areas where we share objectives and we can transfer skills. Such an approach requires us to operate as true partners in the deliver of the Growth Agenda for Peterborough.

1.9.5 As a Council we recognised the contribution our property assets will make to the growth of Peterborough. To date the sites have identified below have the potential to be included within future developments.

#### **Assets held to Support the Growth Agenda**

<b>Site</b>	<b>Current Use</b>	<b>Comments</b>
Wirrina	Car Park	Use to be identified
Matalan and B&Q	Retail	Part of the South Bank development
Dickens Street Car Park	Car Park	Gateway to the City
Bridge House	Offices	High value development site
Embankment	Recreation	Use to be identified
Eastern Embankment	Grazing	Restoration works likely to give the site a negative value.
7-23 London Road	Entertainment and Retail	Potentially part of the South Bank Development
Wellington Street	Car Park	Use to be identified

## Car Park

Market	Retail	Future use to be identified. Market will need to be relocated.
Cripple Sidings - Former Public House	Vacant Plot	Residential. Planned to be part of Carbon Challenge

- 1.9.7 It should be stressed that these future uses are indicative only. In reality the market will dictate the use of these sites and the therefore the capital receipt. However we as a council should recognise the financial contribution we are making to the growth agenda which demonstrates our ambition.

## Chapter 2 – Consultation

### 2.1 Consultation

- 2.1.1 Consultation is an important part of the Council approach to the asset management process. Feedback from services, employees, users, tenants, partners and interest groups allows the Council to ensure that the property portfolio is allowing the delivery of good quality services. Corporately, the Council has a full time employee, whose role is to manage consultation with the Council's stakeholders. A range of methods is employed to get feedback. These include focus groups, challenge workshops, questionnaires, surveys and the internet. Overall the Council follows principle of 'Ask, Listen, and Act'.
- 2.1.2 Consultation is ongoing and is a part of the way in which Peterborough City Council undertakes its business. The outcome of the consultation exercises will continue to inform the Council's approach to managing its property and its capital programme.

### 2.2 Neighbourhood Management in Peterborough

- 2.2.1 Co-ordination of services and agencies across geographical areas is an essential pre-requisite to ensuring local services meet local needs and expectations and are accountable to local people.
- 2.2.2 When residents and local communities can see how services are responding to their particular range of issues and problems, or perhaps responding to their ideas, it helps forge a stronger relationship between service providers and customers.
- 2.2.3 It is not just about the Council and the way it delivers its own services in a particular area; it involves all agencies and organisations that allocate resources into an area coming together, and by working together adding value to the resources which are already there.
- 2.2.4 By developing mutual understanding and ways of joint working, extensive and sometimes innovative ways of involving local people in service planning is needed - and not just on a one-off basis. The benefit of this approach is the development of responsive services- a key to creating and maintaining sustainable communities. This is the essence of Neighbourhood Management, demonstrating why this principle is at the heart of the Government's priorities for better public services.
- 2.2.5 Peterborough City Council has placed Neighbourhood Management at the heart of its continuous improvement agenda and cuts across the majority of its Objectives. The Greater Peterborough Partnership also acknowledges the role neighbourhood management has to play in improving the quality of life for Peterborough residents.
- 2.2.6 The Council is developing a Neighbourhood Investment Strategy which is due to be implemented from November 2006. The Strategy aims to ensure that the benefits of growth in Peterborough are shared across the city and that the co-ordination and of services at neighbourhood level achieves better impact and value for money.
- 2.2.7 The Neighbourhood Investment Strategy will have four elements:
- Integrated Data Mapping at Neighbourhood Level
  - Strategy Co-ordination
  - Community Planning
  - Prioritisation of Investment and Governance
- 2.2.8 The Strategy creates the opportunity to take a more comprehensive approach to service investment on a geographic basis and will encourage a better planned approach to the rationalisation, investment in and management of community assets.'
- 2.2.9 The Neighbourhood Investment approach, now two years old, is being reviewed to ensure that it remains fit for purpose and best able to respond to the needs and expectations of our communities. This is likely to result in a different, more effective form of delivery modelled on the principles described above.

2.2.10 Peterborough was a Local Area Agreement Pilot authority and has had a three block LAA covering Children and Young People, Safer and Stronger Communities and Healthier Communities and Older People since March 2005. The five outcomes identified as priorities for the fourth block are:

- More Prosperous People
- Better Business Infrastructure
- A Better Place to Live
- Better Places to Visit and Enjoy
- Creating a Culture of Lifelong Learning

2.2.11 Peterborough's Urban Regeneration Company, Opportunity Peterborough will have a key role to play in contributing to the delivery of these outcomes by leading a process of economic restructuring and city transformation.



## Chapter 3 - Data Management

### 3.1 Identification of Assets

- 3.1.1 A statement of the Authority's built and land assets are held electronically and on the Digital Land Terrier on GIS. Where Deeds are held in secure storage and the land is registered the land certificates have been destroyed. These records are accessible by designated officers. A team within Strategic Property maintains an electronic data base for the commercial estate and hold paper copies of the leases. Since December 2001 the asset register has been cross checked against the terrier and the Badger data base to ensure completeness of the property data.
- 3.1.2 Following completion of the electronic data capture, the old land terrier (a paper format of approximately 563 plans showing assets currently in the ownership of the Authority and assets that have been sold including Council houses; manual updates of this ceased upon transfer of the housing stock to CKH in October 2004), has been scanned to be available electronically with the paper records to be stored off-site. Validation of the electronic data is still in progress.
- 3.1.3 Drawn data is held in electronic (AutoCAD Lite/ GIS - Cartology), paper and microfiche format; condition surveys, suitability, sufficiency, asbestos and access audits are held electronically (Badger AMP database); an electronic service contract data base has been set-up and the data presently held in paper format will be transferred. This is a process which requires continued input to ensure currency of data.
- 3.1.4 Condition, asbestos, access and suitability and sufficiency data are being collated in the Badger AMP database for both Education and the Corporate AMP. The recommendations would require significant capital investment which is not available from the Capital Programme and alternative funding options are being sought. e.g. A partnership arrangement is being established for the management of six leisure facilities. The collective data has shown that £0.49m is required to affect all of the alterations at the Regional Pool. Some of the requirements would be necessary and others are desirables and involve works that are commercially advantageous, but not essential. The leisure facilitator has contributed to the asset management process by doing a walk-through of the AMP's with the AMP Property Surveyors to test the data.
- 3.1.5 School AMPs are undertaken on a rolling programme basis. Suitability, sufficiency and condition surveys form part of the AMP. 45 condition surveys of corporate properties have been undertaken this financial year. Whilst the condition surveys are being carried out, the drawn information is checked against the property and amended at the same time if necessary. If a drawing exists in a medium other than electronic, and requires updating the AMP property surveyor transfers the whole to electronic database..
- 3.1.6 The updating and data gathering is a continuous process, with property requirements changing regularly, alteration works being carried out or condition or asbestos recommendations being addressed. The AMP relies on feedback from property users, maintenance surveyors, service clients, CPG etc communicating any actual or proposed changes. Where such information is made available a written note is placed on a file in service client and date order for updating the relevant AMP data. When the data has been updated the note is annotated.
- 3.1.7 The Property Management and AMP's data base have been set up following research to establish what would be appropriate information to hold and how it might be extrapolated to meet different or changing requirements. Both databases are largely based on DCSF and DCLG guidelines:
- Condition & Asbestos Surveys & Service Contract data – Property that has been maintained or put in good condition enables continuity of service provision. An environment that is functional, attractive and safe helps to maintain or enhance the property value, and potentially reduce costs.

Through comprehensive condition surveys carried out on all Corporate Properties, the identified backlog of maintenance has increased by £2m in the last two years even though some capital investment has been made to the Corporate Property portfolio. 17.13% of the properties are in condition Grade D priority year one. Due to financial restraints, limited funds are available for investment in the property to address the backlog of maintenance. With clawback restrictions on the amount of capital receipts available from sales of surplus property (contribution to English Partnership/CNT), and the decreasing number of property assets with significant development potential and therefore value, Partnership/Private Finance Initiatives (PFI) arrangements are one way in which the problems might be addressed. More importantly is the need for the Council to undertake a rigorous review of the current property holdings used for service delivery. Integrating services spread across a geographical area into one purpose built unit or disposing of those properties that have high maintenance costs are other possible options. The AMP will inform the overall property strategy.

The AMP condition data will also be used to inform repair and maintenance programmes, with whole life aspects being taken into account to enable planned maintenance programmes to be established. The benefit of implementing a programme of planned maintenance will result in an overall reduction in cost in the long term.

School AMP works are funded specifically by DCSF (Modernisation and Formula Capital) enabling capital to be targeted at the greatest needs. Using this funding, a rolling programme of works for condition categories D1, C1 & C2 has been implemented for the schools, with the order of works established through a priority matrix introduced into the asset management process to eliminate subjectivity (subject to emergency condition works). A similar funding mechanism from DCLG would assist authorities in a similar position to ourselves with limited available resource to address backlog of condition in corporate property portfolio

Suitability & Sufficiency & Access Audits – We have gathered data from the property users and through access audits. These will inform the strategic property decisions on the effectiveness, efficiency and economic use of property for service provision and the need for change. Existing office floor space is being maximised in line with Audit Commission Hot Property e.g. Human Resources, Finance and Housing have been relocated into space created from the rationalisation of existing services in one of the principal operational buildings. The central library has also been adapted to include other services and the Peterborough Direct Service Centre has been relocated to Bayard Place.

- Costs – the AMP includes a 10 year financial plan for condition (including asbestos related works), suitability issues are priced and access audits are priced and prioritised. The cost information will be used to inform overall decisions on the use of the property and the need to retain or dispose. Under-performing assets may have high running costs and these will need to be investigated.
- Environmental considerations – Operational property, energy, water and CO<sup>2</sup> emissions data has been collected (PPI 4B-D). It has been agreed with the Children's Services Department that schools will be benchmarked against each other grouped by type, size etc. e.g. Secondary Schools. The Corporate Properties will be benchmarked against National data provided by DEFRA and will be evaluated by types. Consideration will also be given to geographical location, since this might indicate a trend. When comprehensive information is available it will be used to inform the authority of property assets that have high levels of consumption or emissions.

Since the Authority does not have complete drawn data base from which to gather floor areas and has not been provided with copies of energy invoices (where the authority does not manage the account on behalf of the service provider), limited information is available at this date.

- Investment portfolio – The authority has industrial, retail and agricultural investment property, which are currently being reviewed. Some of the retail units are in the process of, or have been sold where it is known that considerable capital investment would be required

to upgrade them e.g. Bretton Centre and Orton. The IRR has provided a tool to measure actual costs of holding and managing a property against the rental income. The covered market is known to be under-performing and will be part of the review of the City Centre referred to in the Capital Strategy. Other but dated shopping centres are identified as suitable for disposal through the AMP process.

### 3.2 GIS in Peterborough

3.2.1 Peterborough City Council is currently implementing a corporate GIS programme. This programme includes using GIS to enable the council achieve its corporate objectives and priority outcomes, developing a corporate set of data and developing an internet/intranet service to make spatial data available to all officers of the council and the wider community. The objective of the strategy can be defined as:

*“To improve the effectiveness and efficiency of service delivery through access to and analysis of high quality comprehensive spatial information referenced to land and property.”*

3.2.2 It is also recognised that 85% of local government information can be referenced to land and property addresses. (source IDeA). Therefore, in order to deliver joined up services and joined up information, GIS technology is seen as fundamental.

3.2.3 At present, there are approximately 100 desktop GIS users throughout the council. The GIS programme will assess the quality of the data captured by these posts along with spatial information taken from outside the authority and assist with correcting anomalies and capturing missing data areas. Where appropriate, this data can then be made available through the desktop applications and the internet/intranet service. Hawkeye has been available for this purpose since July 2007

### 3.3 Asset Summary

3.3.1 At present the amount of data held by the Council in support of the Property Portfolio is limited. Current property holdings are estimated to amount to approximately 1,557 asset records. However complete data is held for only 433 of these assets. Whilst it is recognised that these are the major assets the gaps in data brings into question the value of the rest. This is recognised as an issue as there is insufficient data to allow management decisions and has been included into the service plan for Strategic Property.

3.3.2 Given the above the data identified in the table below is limited and will change as additional information becomes available.

Details of categories	Summary of categories	No.	GIA (sq m)
Office, Depot/Store/Public Convenience	Admin/Depot/Other	49	57,856
Arts Venue/Pools	Leisure	4	11,154
Library	Libraries	8	6,966
Schools/Colleges/Childrens Centre/Pupil Referral Unit/Special Schools/Caretaker Houses	Education	90	237,764
Residential Homes/Day Care Centres	Social care	19	14,590
Sports Centres/Youth Centres/Community Use/Community Related Asset/Pavilion/Play Centre/Recreation Grounds	Community assets	86	34,236
Cemetery/Industrial/Retail/Not defined/Open Space inc buildings/Garage Site/Travellers Site	General	181	50,307

## Chapter 4 - Performance Management Monitoring and Information

#### 4.1 Responsibility for performance management

- 4.1.1 As the lead officer for asset management, the CPO is responsible for ensuring that the Council's property portfolio performs to its optimum. The Council has developed its approach to asset management to ensure that assets are utilised to their maximum potential in delivering good quality services and financial return.
- 4.1.2 The Council's asset database system is used to collect, maintain and analyse performance information across all portfolio areas.
- 4.1.3 The CPO and the Asset Management Group receive reports from Strategic Property on the performance of the portfolio and are empowered to make recommendations to CMT and ultimately Cabinet.

#### 4.2 Comparing Performance

- 4.2.1 The Office of the Deputy Prime Minister (ODPM) no longer exists but the Department of Communities and Local Government has indicated that it no longer requires Council to submit information on property performance indicators. In addition COPROP are formulating a new suite of performance indicators which Local Authorities may be required to collect and submit depending upon guidance that is yet to be provided. However PCC will continue to collect data to monitor performance and allow us to benchmark with other Local Authorities and the Private Sector.

#### 4.3 Performance Indicators

- 4.3.1 Over the next 12 months a new suite of indicators will be introduced. This will allow the Council to compare the performance of those in other Councils across a wider number of areas. At present there is insufficient information available from other Councils to provide meaningful data but the areas that will be considered are set out below.

Indicator	Description
<b>PMI 1</b>	<b>Condition and required maintenance</b>
PMI1A	% Gross internal Floor space in condition categories A – D
PMI1B	Required Maintenance by cost expressed:
B i)	As total cost in priority levels 1 -3
B ii)	As a % in priority levels 1 -3
B iii)	Overall cost per square metre GIA
PMI 1C	Annual percentage change to total required maintenance figure over previous year
PMI1D i)	Total spend on maintenance in previous financial year
1D ii)	Total spend on maintenance per square metre GIA
1D iii)	Percentage split of total spend on maintenance between planned and reactive
<b>PMI 2</b>	<b>Environmental Property issues (National Indicator)</b>
PMI 2A	Energy costs/consumption (gas, electricity, oil, solid fuel) to be reported by property category in £ spend per m <sup>2</sup>
2B	Water costs/consumption to be reported by property category in £ spend per m <sup>2</sup> and by volume m <sup>3</sup> per m <sup>2</sup> GIA
2C	CO <sup>2</sup> emissions to be reported by property category in tonnes of carbon dioxide per m <sup>2</sup> GIA
<b>PMI 3</b>	<b>Suitability Surveys</b>
PMI3 A	% of portfolio by GIA sq m for which a suitability survey has been undertaken over the last 5 years
PMI3 B	Number of properties for which a suitability survey has been undertaken over the last 5 years
<b>PMI 4</b>	<b>Building accessibility surveys</b>
PMI 4A	% of portfolio by GIA sqm for which an access audit has been

<b>Indicator</b>	<b>Description</b>
	undertaken by a competent person
4B	Number of properties for which an access audit has been undertaken by a competent person
4C	% of Properties by GIA sqm for which there is an accessibility Plan in place
4D	Number of properties for which there is an accessibility in place
<b>PMI 5</b>	<b>Sufficiency (Capacity and utilisation) Office Portfolio</b>
PMI 5 A1	a) Operational office property as a percentage of the total portfolio and b) Office space per head of population All calculations of space based on GIA
5A2	Office space as a percentage of total floor space in operational office buildings using NOS to NIA
5A3	a) The number of office or operational building shared with other public agencies b) The percentage of office operational building shared with public agencies
5B1	Average office floor space per number of staff in office based teams (NIA per FTE)
B2	Average floor space per workstations (Not FTE) use NIA
B3	Annual property cost per workstation (Not FTE)
<b>PMI6</b>	<b>Spend</b>
PMI6A	Gross property costs of the operational estate as a % of the Gross Revenue Budget
6B	Gross Property costs per m <sup>2</sup> GIA by CIPFA categories/Types
<b>PMI7</b>	<b>Time and cost Predictability</b>
PMI 7 A	Time predictability: Design The percentage of projects where the actual time between Commit to Design and Commit to Construct is within or not more than 5% above, the time predicted at Commit to Design
7B	Time predictability Post Contract: The percentage of projects where the actual time between Commit to Construct and Available for Use is within or not more than 5% above the time predicted at Commit to Construct
7C	Cost predictability Design: The percentage of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design
7D	Cost predictability Post Contract :The percentage of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct

As a Council we are keen to improve our performance. To assist with this we benchmark our performance against both the private and public sectors. We have also adopted the new COPROP indicators which will allow us to focus to a greater extend on areas where we can improve our performance. The suite of indicators against which we measure performance are set out below:

No.	Description	Achieved 2006/07	Achieved 2007/08	Top Quartile 2006/07	Achieved 2008/2009	Target 09/10	Target 10/11	Target 11/12	Comments
1a	To measure the condition of Property Assets. From A (Good) to D (Poor). Expressed as a percentage of the property portfolio.								
	Operational Assets	A: 0% B: 63% C: 25% D: 12%	A: 52% B: 32.3% C: 19.8% D: 0.8%	Not available	A: 30% B: 75% C: 0% D: 0%	A: 30% B: 70% C: 0% D: 0%	A: 30% B: 70% C: 0% D: 0%		Assets as assessed by Property Works
1b	To measure the maintenance liability of the Property Portfolio. Expressed as a percentage of the totals for each area. Priority Levels 1(Urgent) to 3 (Desirable)								
	Operational Assets	1: 15.5% 2: 23.4% 3: 61.1%	1: 0.0% 2: 10.1% 3: 42.8%	Not available	1: 5% 2: 25% 3: 70%	1: 5% 2: 25% 3: 70%	1: 5% 2: 25% 3: 70%		Assets as assessed by Property Works.
	Maintenance Liability (Operational)	£45,794k	£28,682k	Not available	£20,000k	£15,000k	£15,000k		Excludes schools and Investment Properties
4a	Repair and Maintenance Costs. Expressed as cost per square meter	4.55	10.51	20.00	12.00	13.00	13.50		Assets as assessed by Property Works
4b	Energy Costs. Expressed as costs per square meter	6.41	4.65	6.97	7.00	7.00	7.00		Assets as assessed by Property Works
4c	Water Costs. Expressed as cost per square meter	0.723	1.654	1.46	1.60	1.60	1.60		Assets as assessed by Property Works

#### 4.4 **Continuous Improvement**

- 4.4.1 The Council is committed to providing the best possible services to local people and will continue to see how it can improve those services even further. Through the asset management process, the continuing development of service delivery plans and service key issues set out the property implications of service requirements. This enables Strategic Property to understand, improve and target more efficient, high standard accommodation for service provision. The aim continues to be to provide such accommodation where this will improve service delivery.
- 4.4.2 Best Value reviews are one of the key drivers for identifying service delivery priorities. However there are a number of other drivers that also establish the need for Council Assets in the future. For example this would include reviews of Service Assets, Improvement Plan and Council Priorities. These drivers have an impact accommodation and physical resource requirements for service improvement and set actions for improving services through rationalisation, refurbishment, rebuilding, integration of services, improving response to repair requests and other measures to ensure greater efficiency and increased performance.
- 4.4.3 The Council has adopted a range of local indicators. The Council not only uses these to compare performance year on year but to assess performance against other similar authorities and the private sector. These practices are then fed back into the asset management process and contribute to improving the Council's performance.
- 4.4.4 Performance against indicators is reported to the Council's CMT and the Cabinet on a quarterly and annual basis. The Council has a well established policy and service planning cycle that involves regular monitoring of performance. Progress is monitored quarterly and reported to CMT and then six monthly to Members. Where performance is below expectations actions are identified to ensure targets can be achieved.
- 4.4.5 In addition performance of key indicators is measured on a monthly basis at Senior level within Strategic Resources where corrective actions are identified if necessary.
- 4.4.6 The Council also takes the opportunity to Network with other organisations through forums such as the IPF. In particular this networking allows the Council to develop and adopt best practice from elsewhere

## Chapter 5 - Programme and Plan Development and Implementation

### 5.1 Service Delivery and Property – identifying project need

5.1.1 The Council has implemented a corporate approach to asset management. This is an ongoing process of developing a programme whereby the Council's assets contribute towards the Council's objectives of year on year improvement in service delivery. In practice this involves:

#### Property Information

- A co-ordinated property review programme
- A rolling programme of condition surveys
- Asset energy use monitoring
- Suitability & sufficiency surveys
- DDA, asbestos and other specialist surveys
- Compilation of data in the asset database
- Ongoing reviews of property holdings, (Community Centres, Libraries, etc.)

#### Corporate and Service Direction

- Property Key Issues
- Service Plans and Business Plans
- Best Value Reviews
- Corporate Policies & Strategies
- Capital Strategy
- Central Government Input

5.1.2 The collation of property information and data is essential to enable informed decisions to be made with regard to the assets. The corporate and service direction issues guide these decisions.

5.1.3 The forum for making recommendations to Members on property issues is the Corporate Asset Management Group. Decisions on programmes and plans for projects are made taking into account output and outcome targets. Approval of decisions made via this forum is sought through CMT the portfolio holder and Cabinet. An example of this in practice is the strategic maintenance budget. The condition surveys provide the base data to assess where the strategic maintenance budget of should be spent. The condition of the assets is then considered alongside the future operational life of the asset, service needs and corporate policies and strategies. A decision on the programme is then made by the Corporate Asset Management Group and put forward to CMT and Cabinet. This ensures that the annual programme for strategic maintenance is consistent with the Council's priorities.

### 5.2 Resourcing Capital Projects

5.2.1 The Council-can raise capital funding-from a number of sources;

- Grants and Contributions from external sources through the various funding regimes and/or through government initiatives
- Borrowing, with the financing of the borrowing funded by either Central Government, Council Tax or savings within the revenue budget
- Contributions from the revenue budget
- Capital Receipts generated as a result of the LSVT with Cross Keys Housing



- Disposal of assets.
- 5.2.2 In addition the Council continues to investigate alternative ways in which funding can be delivered these include:
- Public Private Partnership
  - Building Schools for the Future (BSF) Project
  - Making Better Use of Local Authority Assets
- 5.2.3 Within the Council neither the Capacity or Capability exists to deliver this ambitious Capital Programme. In addition the relatively short programme makes it impracticable to recruit addition staff given the time that it will take for them to achieve the necessary level of competence. Given this agency staff with the requisite skills will be used to deliver this programme.
- 5.2.4 To meet the challenging objectives of the Council and the associated Capital needs it is essential that maximum capital receipts are obtained where practicable. Given this the Council will not dispose of Property Assets at less than best consideration unless there is an overriding need which is supported by a Business Case.
- 5.2.5 The Business Case will consider the difference in value between the proposed Capital Receipt and the maximum Capital Receipt that could have been obtained. The value will be determined by an independent consultancy appointed by Strategic Property.
- 5.2.6 The Council has been successful in securing funding from all the aforementioned sources in the past. However, to meet the ambitions of the Council an ambitious programme of disposals was implemented as part of the Councils 2007-10 Medium Term Financial Strategy (MTFS). Initially this will focus on land but it is inevitable that this will also look at the property assets of the Council and focus in on those that have high liabilities, are underused and occupy valuable sites. This has been reviewed as part of the 2009-12 MTFS and the outline programme for delivery of Capital receipts is set out overleaf.
- 5.2.7 It should be noted that the 'Credit Crunch' currently being experienced, is having a significant impact on the funding on the Capital Programme, with the capital receipts target hit by a fall in value of both land and property and the Council receiving a reduction in demand for the larger sites. The influence of the current challenging economic climate can be seen when comparing the 2008-11 MTFS and the 2009-12 MTFS capital receipts targets, shown below.

<b>Targeted Capital Receipts</b>	<b>09/10 £000</b>	<b>10/11 £000</b>	<b>11/12 £000</b>	<b>12/13 £000</b>	<b>13/14 £000</b>	<b>14/15 £000</b>
<b>MTFS 2009-12</b>						
Schools Sites	6,436		-	-	-	-
Programmed General Fund Sites	700	15,940	26,357	-	-	-
<b>Total Anticipated Receipts (MTFS 2008-11)</b>	<b>7,136</b>	<b>15,940</b>	<b>26,357</b>	-	-	-

<b>MTFS 2010-15</b>						
Schools Sites	780	8,150	-	3,000		
Programmed General Fund Sites	5,255	5,232	7,192	11,042	10,000	5,000
Sites already sold or contracted	266	-	-	-	-	-
<b>Target Capital Receipts Total</b>	<b>6,035</b>	<b>13,382</b>	<b>7,192</b>	<b>14,042</b>	<b>10,000</b>	<b>5,000</b>

### 5.3 Children's Services Requirements

- 5.3.1 Children's Services approach is underpinned by the 'Children and Young Peoples Plan'. The Department is currently reviewing its Corporate Asset Management Planning process but has a robust system of school related Asset Management Plans. Children's Services is currently working towards 'Delivery through Localities'; this may ultimately lead to locating services within certain localities and some attendant property requirements.
- 5.3.2 The Department also plans to re-introduce the School Organisation Plan once a statutory document. This strategic document will include information on demography and will inform the planning of schools places (including the need for additional schools) into the future.
- 5.3.3 Previously 99% of Children's Services capital expenditure has been Government grant funded. With pressures on Government funding it should be borne in mind that current funding streams may not be sufficient to meet the pressing demands of an increase in demand for school places from the current population and to meet the needs of future growth plans.
- 5.3.4 The Local Authority has completed Phase 1 of a major modernisation of Peterborough's secondary schools through the city's Secondary School Review Project covering all secondary schools in the city in two main phases. This commenced with the opening of the new Hampton College in September 2005. In September 2007 the Thomas Deacon Academy and the Voyager School opened as successor schools to 5 closing secondary schools. The Voyager School is covered by a PFI contract as are the extensions and refurbishments to Jack Hunt School and Ken Stimpson Community School.
- 5.3.5 In parallel with these major projects, The Kings School, St John Fisher Catholic High School and Arthur Mellows Village College are all nearing completion of major refurbishments, including additional facilities, funded through successful bidding for Government grants.
- 5.3.6 Bushfield Community College has entered the Governments Academy programme and opened as Ormiston Bushfield Academy in September 2009. Plans for a new school building due to open in 2011 are in the design stage.
- 5.3.7 Phase 2 of the Review, covering Stanground College and Orton Longueville School has now been accepted into the Governments BSF programme. Plans for a replacement school and a major refurbishment programme are in the early stages of negotiation with the Government.
- 5.3.8 As part of the School Place Planning process, it has been identified that due to changes in our demographic predictions; there may be a short fall of Secondary School places. As part of the School Organisation Plan several alternatives are being investigated to meet this pressure. This may have implications for existing Council assets.
- 5.3.9 The Government's plans for investment in the Primary School Estate were announced in November 2008. This is a 15 year programme which anticipates that 50% of the Council's primary school estate will benefit from projects ranging from total rebuild to minor refurbishment. The Primary Strategy Document approved by the Government will inform the decisions made on which schools benefit from the initial £8m available for 2009 - 2011. However the pressing demands of additional school places over the next few years has already meant a major review of this programme and aspirations of addressing suitability and condition needs of the Primary school estate will now be focused on having to provide additional school places.
- 5.3.10 Continuing investment in the primary school estate through a comprehensive programme of mechanical and electrical improvements and fabric upgrades hopefully will still be able to be fulfilled.
- 5.3.11 Children's services are committed to incorporating sustainable solutions into all of its building projects, working towards the Government's target of zero carbon schools by 2016. Government funding towards some specific zero carbon elements for the new Welland Primary

School has been awarded and technical designs are currently being worked up. This should produce some qualitative data that will be shared with schools around the country

5.3.12 An increased pressure on primary school places and the need to provide 6<sup>th</sup> form facilities at the secondary school has required the Council to invest in a school building programme in the Hampton area in addition to the planned growth from the Section 106 agreement.

5.3.13 The Government funding secured for a major refurbishment programme at Clare Lodge continues as a phased project.

#### **5.4 Option Appraisal and Project Prioritisation**

5.4.1 The capital resources calculation for the next 3 financial year's takes account of the Council's agreed policy for prioritising capital proposals. Priority is given to schemes that;

- Are consistent with policy priorities identified in the Council's Action Plans in particular those working towards the Council's longer term strategic objectives
- Meet the principles of the Community Strategy
- Allow spending in accordance with allocations and specific resources
- Relate to commitments from previous years
- Address strategic maintenance needs of existing assets from the AMP
- Assist in the maintenance of existing service provision
- Maximise the availability of external funding to enhance value for money
- Meet mandatory and or statutory requirements

5.4.2 Should it be decided that the most appropriate route for financing a project is through the Council's capital programme, there is a robust appraisal mechanism that ensures that all projects work together towards the delivery of the key outcomes.

5.4.3 Capital project proposals and an agreed capital programme are developed from action plans evolving through the Policy and Service Planning Cycle. Best Value Reviews may also influence project proposals since option appraisals take account of property issues.

5.4.4 As part of this process capital proposals are invited from Service providers and options are identified and appraised. The Council's various Project Boards confirm the requirement and proceed to the next stage with regular reports back. This does not preclude the requirement to obtain the necessary approvals as set out in Standing Orders. It ensures that projects are tested before they get to this stage.

5.4.5 It is now compulsory that the Head of Strategic Property acting as the CPO is consulted as part of this process. If the project is in accordance with the Asset Management Plan the Head of Strategic Property signs approval to the project and considers any property implications arising from the project. Targets are set for all projects and programmes requiring capital investment in accordance with the Council's Asset Management Plan.

#### **5.5 Links to the Capital Programme**

5.5.1 The Head of Strategic Finance is responsible for co-ordinating the Council's capital programme. The preparation of that programme starts in the early autumn of each year when the likely level of capital resources including capital receipts from the sale of surplus property and development sites is identified. The extent of funding required is determined by bids submitted by Directorates. These are then prioritised against an agreed matrix which identifies those which should be given priority. This will reflect the Medium Term Financial Strategy and determines the levels of capital spend

5.5.2 The resources for the capital programme will come from the following sources:

- Capital Receipts
- Capital grants and third party contributions
- Supported and unsupported borrowing

5.5.3 These resources are aggregated to give the total amount available to fund the capital programme in the next year. After taking into account the level of slippage and commitments the level of resources available for new starts is determined.

5.5.4 Using the best information available the likely level of capital receipts is also projected for the next two years. As the review process continues to develop confidence in the projected disposals for the next few years is becoming greater and as such the estimated resources become more realistic. An estimate of the likely level of other capital resources is also made for the following two years.

## **5.6 Financial Planning for the future (3-5 year action plan)**

5.6.1 The capital resources projection currently allows a 3 year capital programme to be set. As the review process becomes more sophisticated the level of resources for future years will become more certain, allowing the Council to develop a capital programme which extends to a 5 year rolling programme.

5.6.2 The revised capital programme for 2010/11 has been set at £101.5m. This includes £675k for the rolling programme for Structural Maintenance of Council Buildings. This programme will be reviewed in line with the level of resources available and in accordance with the development of the Asset Management Plan and the Capital Strategy.

5.6.3 As additional resources are confirmed, the Council will add schemes to the capital programme or reduce the borrowing requirements.

5.6.4 As a Council we also look to maximise the use of external resources to deliver Council objectives. Funding opportunities that have an impact on the property portfolio are considered at the Corporate Asset Management Group. Consideration will include:

- Identify and disseminate information on relevant funding opportunities within the Council.
- Analyse and evaluate funding opportunities in relation to Peterborough City Council's strategy and long term objectives, and to recommend appropriate bidding strategies.
- Provide specific advice to Directorate staff on project funding opportunities.
- Lead on the development of cross-Council and inter-agency bids and initiatives, as appropriate.
- Provide intelligence/analysis to Cabinet Members, Directors and lead staff
- Develop and maintain high level relationships and contact with the representatives of principal UK agencies and organisations.
- Develop and continuously improve relationships with key partners in respect of external funding.
- Support and develop external and internal funding networks that focus on increasing funding leverage and improving capability internally and externally to develop successful relevant bids.
- Identify quantitative and qualitative performance measures and to collate and compile corporate performance reports on external funding.

## Chapter 6 - Towards the Future

### 6.1 Getting More From Less

- 6.1.1 At present day-to-day management of property is left to those Services that use it to deliver a service. Whilst major maintenance will be funded from Strategic Maintenance (AMP Budget) the balance is funded from the services. This tends to be responsive and is unlikely to take into account the long term future of the asset.
- 6.1.2 In addition the Council is suffering from an ageing Property Stock. There has been an under-investment in the property portfolio and Peterborough, in common with many other authorities, faces a maintenance liability in excess of £50M that will have to be addressed.
- 6.1.3 The current approach has led to a portfolio that is not focussed on council-wide delivery. Some services are being delivered from assets simply because the building has become available and not that it is ideally located and fit-for-purpose. A more strategic approach would lead to a Property Portfolio that is targeted on service delivery consistent with the efficient use of assets.
- 6.1.4 We are required to obtain Value for Money from the property we use. We must ensure that our property portfolio is tailored to the needs of the Council with sufficient flexibility built into assets to ensure that they can respond efficiently and effectively to changing requirements.
- 6.1.5 The current perceived piecemeal approach is leading to expenditure across the whole of the portfolio without focussing on those areas where there is a long term need and in-house expertise is not being fully utilised. In contrast, a more centralised approach to the management of property would lead to:
- A consolidation of the property portfolio into core assets i.e. those that have a long term future.
  - Savings generated from economies of scale.
  - Efficient and effective use of the property portfolio.
- 6.1.6 In addition we would wish to achieve the following outcomes:
- Enhanced customer and Stakeholder satisfaction – leading to greater VFM. This will be measured by benchmarking, market testing and customer satisfaction questionnaires
  - Affordability – a clear process for assessing prudence, affordability and sustainability.
  - Compliance with statutory and regulatory codes
  - Improved corporate management – the ability to demonstrate clear linking between corporate and service goals
  - Environment – Sustainability through efficient use of resources and minimise the impact of our property portfolio on the environment.
- 6.1.7 Consolidation of property into core assets will bring about savings in revenue expenditure. Set out below are the anticipated savings in revenue.

Cumulative Savings	Annual Saving Targets (£k)				
	FY07/08 £000	FY08/09 £000	FY09/10 £000	FY10/11 £000	FY11/12 £000
FY07/08	96*				
FY08/09		369*	369	369	369
FY09/10			660	660	660
FY10/11				580	580
FY11/12					631
<b>Cumulative Totals</b>	<b>96*</b>	<b>369</b>	<b>1,029</b>	<b>1,609</b>	<b>2,240</b>

\* Actual savings

## 6.2 The Next Steps

- 6.2.1 The next three years there are many changes that will face PCC and in particular they will focus on the effective use of Property Assets. The targets for property will be subject to change. However it is possible for us to identify both medium and long term targets.
- 6.2.2 Given the above the following action will be undertaken to support the rationalisation of the property portfolio:
- Market Testing of areas of Strategic Property. It is proposed that in the first instance this will concern itself with the Investment Properties.
  - Savings outlined by inclusion within the budget strategy
  - The appointment of consultants to undertake Phase 2 of Corporate Asset Challenge on an incentive fee.
- 6.2.3 Work will continue to rationalise the property portfolio. This will include the introduction of agile working principles and ways of working. Together this will involve a different way of working with the Council moving away from where an outcome is delivered to focusing on where it is required.

## **Chapter 7 - The Strategic Approach to Property**

### **7.1 The Current Position**

- 7.1.1 The Property Stock of Peterborough is ageing. Whilst there have been prestigious new developments such as the Voyager School, property acquisitions such as Bayard Place other developments such as PFI for schools the underlying trend is of an ageing property stock.
- 7.1.2 This is confirmed by the increasing backlog of Maintenance and further compounded by the impact of new legislation such as the Disabilities Discrimination Act 1995. The total maintenance liability exceeds £20m based on 08/09 figures which excludes any works associated with the DDA and Asbestos.

### **7.2 The Way Ahead**

- 7.2.1 It is clear that we must drive towards a more efficient use of the Property Portfolio. Major investment into an expansion of the Property Portfolio will be funded by Central Government Initiatives (PFI, BSF etc), through a partnership arrangement or by the use of Capital Resources. In addition as a Council we need to look at ways in which we can make more of our existing portfolio whilst disposing of those which do not meet an operational need or fail to meet the necessary performance criteria.
- 7.2.2 In addition the establishment of Peterborough as a Growth Areas will also lead to greater investment in the PCC area. Working with Opportunity Peterborough the PCC will also lead to investment from the public and private sectors.
- 7.2.3 In April 2007 Cabinet agreed the Corporate Property Strategy. This sets out how the Council will ensure that property is effectively and efficiently managed. In essence it establishes the following:
- The Council will aim re-use properties which are declared surplus. Any future use will be subject to the completion of a Business Case that is supported by an Option Study, Investment Appraisal.
  - Any building works including demolition, refurbishment, new-build, or alteration will be subject to the completion of a business case that will include an option study, investment appraisal and whole life costs.
  - Services will advise Strategic Property of a 'Need' in terms of Property. When property is declared surplus Strategic Property will seek to align this opportunity with a requirement.
  - Surplus property will be offered to Groups, Services and Partner Organisations. If there is no future use identified within 4 weeks then the property will be declared surplus and Cabinet will be advised of the recommendation for disposal. Only in exceptional circumstances will a property be removed from the disposals list and only then with the agreement of the CPO and Cabinet Member responsible for property.
  - Where the Council holds properties 'In Trust' for the use of the Community then the Council will seek to make maximum use of these facilities.
  - The Council will seek to minimise the use of Leasehold Properties. The Council will only enter into these types of arrangements for the short-term and when such a move is supported by a Business case that includes an investment appraisal and Option Study. Only Strategic Property working for the CPO will enter into negotiations and agree terms for a Lease or Licence.
  - The Council will aim to co-locate operational activities to maximise use and benefit from economies of scale.

- The Council will aim to dispose of those operational property assets that have the greatest outstanding liabilities. These liabilities will include DDA, Backlog of maintenance, Energy Efficiency, Asbestos etc.
- The Council will look to reduce the Backlog of maintenance by:
  - Identifying core assets and targeting expenditure in these areas.
  - Using the Backlog of Maintenance as a key indicator when considering the business case for the disposal or retention of assets.
  - Transferring assets to partner organisations.
  - Increasing expenditure

In addition the position regarding Backlog of Maintenance will be reported to Cabinet annually.

- The Council will work with partners to maximise the joint use property and benefit from economies of scale.
- The Council will transfer ownership of property to partners where the objectives of that partner accord with the objectives of the Council.
- The Council will ensure that **all** assets build by or on behalf of the Council accord with good practice, demonstrate best value and are economically and environmentally sustainable.
- The Council will focus expenditure onto those assets that have a long term future.
- Accommodation will be provided in accordance with the Accommodation Strategy contained within part 2 of this report.

7.2.4 The Corporate Property Strategy will be updated annually.

### 7.3 Backlog of Maintenance and Repair

7.3.1 One of the many challenges that the property portfolio faces is one of age. A large portion of the infrastructure is time expired and requires replacement. At the end of FY08/09 the maintenance liability amounted to approximately £28.7M. Figures are currently being collated for FY09/10. The maintenance liability of an asset will be one of the factors considered when determining whether the disposal option is practicable. However to assist in this process the council will look to reduce the backlog of maintenance by:

- identifying core assets and targeting expenditure in these areas.
- using the backlog of maintenance as a key indicator when considering the business case for the disposal or retention of assets.
- transferring assets to partner organisations.
- increasing expenditure

7.3.2 This combined approach will ensure that there is a reduction of the maintenance liability. However it should also be noted that as long as we hold a property portfolio there will be a maintenance liability. This will need to be planned for to ensure that we have a structured and cohesive approach to the management of the portfolio.

7.3.3 To address the backlog of maintenance the action plan as set out below has been adopted. This is a continuation of the Action Plan approved by Cabinet in June 2007 and should be seen as an evolutionary process that will allow us to focus expenditure on those assets that have a long term future. This will ensure that we have a coordinated approach to the management and reduction of the backlog of maintenance by the efficient and effective management of the property portfolio. This addresses property issues over the next five years and runs concurrently with the other targets as set out in the Asset Management Plan.

Action	Task	Timescale	Comments
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<b>Action</b>	<b>Task</b>	<b>Timescale</b>	<b>Comments</b>
Identifying Core Assets and targeting expenditure in these areas	Completion of Phase 2 of Asset Challenge	April 2010	This is an ongoing process with assets under continual review
	Identification of Key Council Assets	Complete	However as Council outcomes change this will require revisiting
	Identification of Assets for disposal	Ongoing	5% of stock per year based on a FY06/07 Baseline
Use the Backlog of Maintenance as a key indicator when considering for the disposal of retention of asserts	Option Studies to support the future use of property will include an investment appraisal that will include an investment appraisal	Ongoing	Depend upon demand
	Development of an assessment process to determine suitability of Partner/Community Organisations to take on Council Assets.	July 2010	Will meet criteria as required by the Quirk Review
	Development of a Standard Transfer agreement to Partner/Community Organisations	Complete	
	Identification of Assets that are suitable for transfer to Partner/Community Organisations	Ongoing	Will be kept under review and subject to CMDN
	Work with relevant organisations to agree transfers	Ongoing	An ongoing activity
	Transfer of Property	Ongoing	This will be ongoing to tie in with the identification of assets for disposal.
	Increasing expenditure on Key Council Assets	Increase expenditure on key Council Assets in real terms. To include works in support of DDA	Dependent upon outcome of budget

## 7.4 The Disposal Option

7.4.1 The process for dealing with surplus assets is set out in Part 2 of this Plan. However there are factors that will be considered in coming to a disposal solution.

7.4.2 The disposal of an asset is not a decision that will be taken lightly. The criteria that will be considered are summarised below:

- Location
- Suitability
- Maintenance liability
- Annual Maintenance costs
- Age
- Condition
- Capacity
- Value
- Alternative use value
- Energy Cost
- Running Costs
- Covenants
- Potential future uses
- Sustainability

7.4.3 Each asset will be assessed against each of these criteria. However any decisions will be based on the strategic need for a particular asset in a particular area and the impact of the closure and eventual disposal would align with the overall council objectives. It will also be supported by a fully developed business case.

7.4.4 The whole of the property portfolio will be kept under review. Those operational assets held by services will be robustly challenged. This will require services to justify the holding of assets. As a Council we will only continue to hold those assets where there is:

- A justified operational requirement
- An acceptable investment return
- A strategic reason
- Social need.

7.4.5 The council will also consider disposal of assets to partner organisations. In such circumstances such partner organisations will also need to agree to sign up to the delivery for options that align with those of the council. In addition the council will reserve the right to bring those assets back into council ownership. Also such assets will not be disposed of without the permission of the council and the partner organisation will also take on all maintenance liabilities.

7.4.6 In addition the council may look to dispose of assets to community organisations. In such circumstances the council will need to be certain that any community organisation is capable of actively managing such assets. Similarly any such agreement will allow for the use of the asset for community uses.

## 7.5 Outcomes

7.5.1 The Strategic approach to property must lead to a Property Portfolio that is tailored to the outcomes of the Council. Property does not exist for properties sake. The approach outlined will not only lead to a rationalised property portfolio but it will also ensure that the Council has a portfolio for the future. A Portfolio that has the flexibility and efficiency to take the Council into the future

## **Part 2 - SUPPORTING POLICIES AND PROCEDURES**

### **Introduction**

Part 2 of the AMP sets out the process and procedures that are to be followed during the management of the Property Portfolio. They set out the roles and responsibilities of those who are tasked with managing the Councils Property portfolio on both a day-to-day and Strategic Level.

It is the responsibility of those who manage Property to make themselves aware of these processes and procedures.

This Part of the report considers:

1. Health and Safety - Premises Responsible Person
2. Surplus Property Declaration and Procedure
3. Disabilities Discrimination Act – Principle of Prioritising DDA Works
4. Rationalisation of Operational Property – Accommodation Strategy
5. Additional Property Requirements
6. User Occupancy Agreement
7. Energy and Water Policy

## **Health and Safety - Premises Responsible Person**

### **Premises Responsible Person – Health and Safety Duties**

The following outlines the duties of the responsible person for each Peterborough City Council premises. This is to ensure compliance with legislative requirements namely the Health and Safety at Work Act 1974, The Management of Health and Safety at Work Regulations 1999 and the Fire Safety Order 2005. Work is ongoing to fully define this role and any revised responsibilities will be advised through Insite.

Staff are reminded of the importance of Insight in the communicating of Health and Safety and are advised to regularly review the information.

If you have any queries or require further advice on any health and safety matter please do not hesitate to contact the Internal Health and Safety Section based in the Town Hall on 747474

### **Main Duties and Responsibilities**

1. Responsibility for managing and ensuring compliance with regard to the control of health, safety and welfare of the building and facilities within the Directorship's responsibility;
2. To ensure the Premises Hazard Manual is completed and maintained and available for inspection at all times by internal and external authorised persons;
3. To ensure that suitable and sufficient fire precautions and equipment and evacuation procedures are in place, tested, recorded and reviewed as necessary;
4. To advise the Authority's Property Services help desk, Tel:425425, of structural or other defects in connection with the premises;
5. To ensure security of the building premise is upheld and that local security procedures are adhered to at all times within the premises;
6. Respond and report to safety audits and inspections and ensure remedial action is taken to rectify any outstanding issues;
7. To liaise regularly with other Premise Responsible Persons to ensure a developing and co-ordinated approach to health, safety and welfare of staff.

## Surplus Property - Declaration and Procedures

### SURPLUS PROPERTY DECLARATION AND PROCEDURES

1. As soon as a Head of Service becomes aware that property used by his / her service may become surplus to the requirements of that service (either through a service review or otherwise) the Head of Strategic Property will be advised immediately.
2. If a building or structure is at any time vacated by a service, it is the duty of the Head of Service to make arrangements, in consultation with the Head of Strategic Property, regarding security and insurance of that property.
3. The Head of Strategic Property must be consulted over any Cabinet / Strategy /CMDN report mentioning potential closure / vacation of a property. This will enable the Head of Strategic Property to inform and comment on the implications for the service and the Council over the future of that property and likely timescale for disposal.
4. When a Head of Service can confirm that a property definitely will be / is surplus to that services requirements, they will advise the Head of Strategic Property. The following information will be provided:
  - The future of any fixtures and fittings in the property
  - Arrangements for services and utilities and meter readings if necessary
  - Arrangements for security, fire and any other alarms
  - Arrangements for physical security of the property
  - Arrangements for any heating system in the property
  - Labelling and hand over of keys
  - Date for the property to be transferred to the responsibility of Head of Strategic Property.
  - Details of where costs associated with the previous use of the building e.g. dilapidations are to be booked to.
5. The Head of Strategic Property will only accept the asset when:
  - It is secure and the necessary security measures are in place
  - The asset is safe or alternatively the Head of Strategic agrees to take the asset with the outstanding safety issues.
  - It is wind and watertight
  - Operating Costs i.e. rent, rates, insurances security, FM etc have been transferred to Strategic Property.
  - Any income is transferred to Strategic Property
  - The keys are provided
6. In some instances the Head of Strategic Property will require the service declaring the property/land surplus to undertake certain works. For example this could include demolitions or dilapidations. These will be agreed before the Head of Strategic Property accepts the asset.
7. The service declaring the asset surplus should also make sufficient provision to cover dilapidations costs if there is no longer a requirement for the asset, if the lease (if applicable) is to be surrendered or the lease has come to an end.

8. On the date that the property is transferred to the responsibility of the Head of Strategic Property, the service declaring the property surplus will have:
  - No further physical management responsibility for the property.
  - No further responsibility for the capital charges, business rates (NNDR), energy costs, security and essential repair & maintenance for that property.
9. Once the Head of Strategic Property has been informed of a property being considered as surplus by a service, and as soon as is appropriate, he will approach all appropriate Heads of Service across the Council. This approach will be by e-mail and will identify the property and location, and invite any interest from other services (or their partners organisations) with a deadline for response. If no response is received within 4 weeks then it will be assumed that there is no future use for the asset. Any future use of the asset will be supporter by an Option Study that will include a Whole Life Costing. The Head of Strategic Property reserves the right not to offer any asset to Head of Service if there is a Strategic requirement to use that asset in another way.
10. In considering interest in the property, the Head of Service will be required to:
  - Identify service need for additional property requirements
  - Identify funding for the costs likely to be associated with the property - Head of Strategic Property will endeavor to provide information on capital charges, business rates (NNDR), energy costs and repair & maintenance allowance.
  - Identify when occupation is likely to be required from and, if not indefinite, the period of occupation required
  - Respond within a set timescale.
11. Where two or more services are interested in the property and joint occupation is not possible or agreeable, the Head of Strategic Property will initiate negotiations between the services concerned to resolve the conflicting claims for occupation. The Corporate Asset Management Group (CAMG) will initially consider any unresolved conflicting claims. In cases of continuing dispute, these would be referred to CMT for consideration.
12. When a service wishes to take over an asset it will, from the date stipulated by the Head of Strategic Property, take over the full operating and management costs of the asset. The costs of this will be borne entirely by the Service taking the asset. There will be no transfer of funds from Strategic Property.

#### **CMDN - Surplus Declaration and Future of the Property**

13. Where a service has a potential use the property (either alone or as joint occupation with another service), the Head of Strategic Property will arrange for the transfer of the property to that service or services. This will initially involve a CMDN prepared by the Head of Strategic Property involving both the service declaring the property surplus and the service(s) requiring occupation. Subject to CMDN, the Head of Strategic Property will then arrange for the transfer at an agreed date
  - of the property
  - of management responsibility for the property
  - to the service(s) requiring occupation (as appropriate).

14. Where there is a strategic reason to retain a property but no identified, immediate service need, the Head of Strategic Property will report this to CAMG and Portfolio Holder with details of:
  - o an identified future need.
  - o proposals for management of the property in the meantime
  - o a budget for management of the property as the service declaring the property surplus will not continue to be responsible for associated costs.
15. Where there is no service requirement for the property and no strategic reason to retain the property, the Head of Strategic Property will take immediate steps to report this to CAMG. Such a report will request that the property is declared surplus to the Council's requirements and is disposed of on the open market by the Head of Strategic Property. The subsequent agreed terms of any such disposal will be reported to the Cabinet for approval.
16. Where there is no service requirement for the property or there is no market for a disposal the Head of Strategic Property will report this to Cabinet with details of:
  - o any alternative strategy for the property - demolition, gifting the property to an external body
  - o proposals for the management of the property in the meantime
  - o budget for management of the property as the service declaring the property surplus will not be responsible for associated costs.

## Disabilities Discrimination Act - Principles for prioritising DDA Works

Principles for prioritising DDA works required as a result of access audits

These principles apply to the Council's operational portfolio **excluding** Schools and associated educational property.

Priority to be based on:

1. Customer Service Centre

Is the building a customer service centre with the associated profile and level of service that requires full and immediate compliance?

2. Number of public visitors accessing a service

Based upon the number of service users accessing a building on an annual basis. Provides an indication of risk associated with not carrying out works

3. Government service inspection

Next date of government inspection and equality and diversity issues associated with that inspection or deadline associated with previous inspection. Interpretation of DDA requirements may differ; therefore agree definition of Council requirements under DDA with inspectors.

4. Service users likely to have special access needs

Realistically these buildings have already addressed the key issues under DDA.

5. Other sources of funding to address the issues

Alternative funding sources such as the Adult education programme in learning and Culture.

6. Profile of the property

Is the service delivered from the building high profile with a media interest.

7. Property review and other costs associated with the property such as condition, backlog maintenance, energy usage



## **Rationalisation of Operational Property - Accommodation Strategy**

### **1.0 Executive Summary**

- 1.1 This strategy outlines a framework for the Council to establish and embed new corporate standards and to rationalise its current operational office accommodation in a programme over 4 years.
- 1.2 The strategy identifies opportunities to support effective and efficient service delivery.
- 1.3 The strategy aims to put a framework in place to provide flexible accommodation to respond to changes in circumstances (sufficient for eventualities arising through, for example Customer Access, E Govt & ICT and initiatives operated by Service Review). This would need to be achieved within budget constraints.
- 1.4 The target is to have accommodation, which is modern, flexible and generally arranged on large open plan floor plates, capable of temporary partitioning according to service needs. Selection criteria for new accommodation will be focussed on fit for purpose, cost effectiveness and flexibility. This may be owned or leased.
- 1.5 Generally the Council's current office accommodation provides barriers to the Council meeting objectives for customer access, joined up delivery, modernisation and best value in service delivery. In short, the new accommodation would support all customer service and business process re-engineering objectives sought by the Council.

### **2.0 Aims of Strategy**

- 2.1 The aim of the strategy is to:
  1. Set the corporate accommodation standards.
  2. Put in place a mechanism for standardising allocation of office accommodation and where appropriate bring the management of all office accommodation under the control of the Executive Director of Strategic Resources, i.e. all office based accommodation comes under the corporate management. This came into effect in the 2007/2008 budgets. Strategic Property will lead on the transition from Directorate to Corporate approach
  3. Specify that all standard computers and peripherals to be corporately provided and funded. Wherever possible the principle of projects being self funded should be followed. This came into effect in the 2008. Special arrangements would be made for any non-standard requirements (software and hardware). The management of this will again be under the control of the Executive Director of Strategic Resources.
  4. Confirm that all standard office furniture will be provided corporately and funded within the corporate accommodation charge under the management of the Executive Director of Strategic Resources. Special arrangements will be made for non standard items. (This would exclude school purchasing). This again came into effect in the 2007/08 budgets.
  5. Identify needs and programme of option studies for the delivery of a corporate archive/storage facility (location and management of to be determined).
  6. Confirm the basis for assessing levels of funding requiring to be spent on newly acquired or existing accommodation to enable the property to be brought up to corporate standard. Any requirement outside that of the corporate standard would be either restricted or funded by the Departments budgets on a business case basis.

7. Set the corporate office standard which can then be factored into the “Asset Challenge” project lead by Strategic Property. This seeks to establish whether, for example, accommodation is fit for purpose, fully utilised and provides the best investment return or service delivery benefits for the Council

### **3.0 Context**

- 3.1 The strategy is timely as the Council is going through rapid periods of change. There is a need for adaptability of accommodation, for this to be accessible to the Councils customers where necessary. To achieve this, the Council will need to have suitable, flexible, value for money accommodation.
- 3.2 The Council currently holds properties where office space is its primary use. In other cases it is a secondary use, for example, surplus space in schools and community centres used as offices. There is a much more diverse spread of accommodation types within what can be classed as “secondary use” office sites.
- 3.3 Many of these premises were acquired to react to business pressures and are not necessarily fit for purpose or ideally located. They were primarily what were available in the Council’s portfolio of assets or on the market at the time that the need arose. Consequently they did not go through the option study/feasibility cycles to establish suitability. This strategy is therefore consistent with the Councils drive to take a more strategic approach to the acquisition, management and retention of Corporate Office Buildings. Taking a medium to long term forward planning approach therefore features highly in this strategy.
- 3.4 The disjointed and cellular nature of some of the Council's present accommodation is not best suited to modern office practice and for accommodating modern organisational structure. This is often a barrier to effective communication both within and between departments and leads to 'silo' working and mentality. There are also buildings being used as offices clearly never designed for this purpose.
- 3.5 The Council has, for example, schools with other non-school accommodation within the premises, which is utilised either by Children Services staff or 3<sup>rd</sup> party organisations. (However, the pressing need for additional school places puts these arrangements in jeopardy in itself causing concerns for additional requirements for staff work places). Consequently these fall outside the remit of corporate office accommodation which raises issues about how office standards are being met. This is not untypical of local authority’s approaches to accommodation utilisation consistent with deficiencies in forward planning.
- 3.6 In the national context this is consistent with Council’s seeking to better utilise its assets and drive through efficiency savings in Peterborough and across a number of other Authorities this process is known as “Asset Challenge” (a systematic and consistent review with service representatives of accommodation suitability and utilisation).
- 3.7 A full Asset Challenge exercise commenced in 2007 and this strategy formed part of this review. The output of this project and the work of Corporate Accommodation Review Group (CARG) will help inform future decision making in the retention, acquisition and better utilisation of existing assets.
- 3.8 There are a number of important emerging issues which give rise to the need for a step change in the quality, management and delivery of office accommodation for the City Council.

**The Key Drivers for Change are Listed Below:**

Transit time - no. of man hours of staff walking or driving between buildings	Example – say it takes 15 minutes to walk from Bayard Place to Bridge House. On average this journey is done 5 times a week – at an average hourly rate of £35.00 per hour – cost £43.75 per person per week. Annual cost of approx £1706.00 per person.
Filing Policy/Retention	Development of corporate policy relating to filing and retention of files. Inadequate or inappropriate storage or lack of resource to dispose of old files causing inefficient use of space.
Sustainability Issues	Council moving towards using less raw material, lower energy costs. Consideration of these in new builds or acquisitions.
Extraordinary Costs	Extra cost supporting multiple locations and duplication of facilities.
Growth/Flexibility	Flexibility in workplace and culture allowing for additional growth.
Inconsistent quality is divisive (Staff survey pertains)	80% of staff at Bayard Place satisfied with accommodation, whereas only 45% at Bridge House (source staff survey 2005). Overcrowding in some areas and under utilisation in others.
Quality of Accommodation = high opportunity cost	Could some premises be used for commercial purposes rather than office space? What is the opportunity cost of continuing in occupation?
Limited Corporate Control on non corporate managed buildings.	Increased level of risk. If under Corporate Management control, this can be managed more efficiently. FM Audit. This will identify strengths and weaknesses – See Attached Appendix E (NB: Also see Implementation Plan regarding timescales for Audit)
Gershon/Efficiency Council	Extra costs incurred supporting multi office locations including duplication of services.
Blockers to business change	New projects often require dedicated space i.e. Xansa/Oracle taking over meeting rooms.
Health & Safety Considerations	Standardised audits on all Council buildings.
CPA	Use of resources. How we use our office accommodation is an indication.
One Council	Tendency for 'silo' mentality. Single corporate "one Council" culture'. Made more difficult with remote buildings and accommodation constraints.
Unplanned investment decisions	Often = Cost increases. Limited up front planning for example – Emergency planning taking over basement at Town Hall – ICT needed to vacate so moved to space at Depot – Depot now moving location so ICT need to move back to Town Hall.
Meeting room utilisation = protectionism	Corporate meeting rooms fully booked, external venues being used. However, departmental meeting rooms often vacant.
Insufficient meeting rooms	Means space not meant for meetings are being used for example meetings held in corridors and on landings.
Staff survey	Staff survey identified non consistent standards; some areas do not support flexible working initiatives, whereas others do. Can be divisive.

Problems Corporately in establishing need means in some instances short falls in briefing	Briefing more complex due to the number of premises and their nature. Vision and guidance needed from Corporate offices, team to inform briefing. This strategy will underpin this.
High City Centre office costs for staff not on the front line	Out of town alternatives to be considered, example Axon B (PCC Occupied).

3.9 Existing arrangements can present a constraint on the Council's ability to achieve best value in the delivery of local services. Typically officers have difficulty in achieving their full potential when constrained by their working environments. New fit for purpose, energy efficient and flexible accommodation could unlock significant efficiency gains and would support the Council drive to achieve savings of the type required by Gershon. A structured (well planned approach to office accommodation provision) is also a feature of Authorities already achieving excellent ratings in terms of Comprehensive Performance Assessment (CPA).

3.10 The strategy identifies accommodation solutions that will meet the Council's future service needs and enable the Council to move forward organisationally and culturally to achieve improved efficiency and better quality services to customers. This will be determined and controlled by budgetary constraints. First and foremost, the strategy seeks to support the effective operation of the Council with further considerations reflecting the wider socio-economic wellbeing objectives of the authority i.e. sustainability and local regenerations.

#### **4.0 Recent Refurbishments and Upgrades**

4.1 Whilst accommodation in the Town Hall for the Chief Executive, ICT and GPPPC has already been refurbished and modified, there is currently no corporate model for furniture or IT.

4.2 Opportunities for improving and rationalising will come with relocations for Peterborough Direct and structural changes within Chief Executives and Legal. These alterations will involve large capital outlay.

4.3 A comprehensive review of councils city centre assets began in 2008. It will include predominately City Centre Council office accommodation as part of the option study to be known as "Civic Suite Study".

4.4 The Council has recently acquired Manor Drive (Feb 2008) and Stuart House (November 2008) to support the reorganisation of the Property portfolio and improve service delivery.

4.5 This is in addition to those properties previously acquired including Bayard Place (2004), Midgate House (2005), Minerva/the Forum (2005), Axon B (2005) and Peterscourt (2005).

4.6 Although these offices are of a higher, more modern standard than many of the others in the portfolio there is no corporate identity, standard or model on fit out, furniture or IT. The Strategy and its implementation aims to address this as part of the Councils improvement agenda.

#### **5.0 Partnerships**

5.1 The establishment of local area agreements and greater cross public sector working is driving major increases in partnership working and integrated service delivery in turn requiring accommodation fit for purpose. There are aspirations and in many cases a requirement that staff working in Partnerships will be co-located with Partners.

5.2 All of these changes may impact on the need for, and nature of, office accommodation that will be shaped by the strategy. The strategy recognises that partner organisations may have their own work styles, cultures, and statutory requirements and these will be taken into

consideration where appropriate. However, it is identified that the strategy will challenge the need for staff to be co-located if ITC and other infrastructure arrangements are in place.

- 5.3 Notwithstanding this there is usually a business benefit of co-location requiring flexible accommodation to respond to the constantly changing nature of partnerships and to enable new forms of integrated working to be established.

## **6.0 Regional Growth Pressures**

- 6.1 Never has the need for effective property management been greater with land and property values being at an all time high in Peterborough (land and buildings). In turn the issue of cost in use and opportunity cost is increasingly more and more relevant.
- 6.2 The government's decision to include Peterborough into the London-Stansted-Cambridge-Peterborough growth corridor means Peterborough will have access to growth funding pots. Peterborough anticipates its population will grow to at least 200,000 people over the next 15 years. The demand on Council services will grow in line with this, putting pressure on the Councils office accommodation stock.
- 6.3 The accelerated growth targets of population rising to 250,000 raise a whole series of further questions, what, how and where the councils services are provided from.
- 6.4 As a consequence of this, undoubtedly the Council will experience increasing demands for services and sustainable, quality infrastructure. This demographic growth will put pressure on services such as office needs, schools, libraries, roads, waste, and homecare. The Council will need to address these.

## **7.0 Sustainability and Environmental Matters**

- 7.1 The City Council's commitment to climate change is demonstrated by the drive to reduce travel - both to and from work and for work purposes, as set out in the Council's travel for work plans. Flexibility in the workplace and home working will be supported by the creation of new office environments and complementary facilities.
- 7.2 Further contributions towards reducing the environmental impact of the City Council's operations lie in consideration of whole life value of buildings - the whole life costs and material requirements, rather than the initial build costs. The strategy will lead to a specification for office buildings using less raw material and having lower energy costs, enabling the replacement/refurbishment of offices having high energy costs with new efficient premises/systems.

## **8.0 HR Matters**

- 8.1 Nationally, the cost to employers of sickness absence is high - and rising. 'New' health problems at work include stress, anxiety, depression, and musco-skeletal problems.

*Chartered Institute of Personnel & Development calculates the average cost of sickness absence each year per employee of around £434 per employee. With Peterborough City Council employing approx. 2,426 staff (excluding schools) the total cost could be £1,052,884.*

*From Property for business: an essential guide Survey by Stanhope, Management today and ICM found that: Over 90% of respondents felt that well-designed workspaces play a crucial role in reducing stress, improving morale and reflect an employer's attitude to staff.*

## **9.0 Changing Work Patterns and Culture**

- 9.1 Lifestyles have changed in the past decade: people are more mobile and work flexible hours, many work from home - or are completely mobile.
- 9.2 There is now a range of office options, such as hot-desking, touchdown, open plan offices and the creation of flexible team - or group-working places, that support and encourage such a flexible workforce, but this can only be successful if accompanied by changes in the ways people are managed. The Council is seeking to embrace some of these, and further details can be found in section 4 of this strategy.

*From Property for business: an essential guide Survey by Stanhope, Management today and ICM found that:*

*Over 85% feel they are more productive in a stimulating workplace and that the workplace is a key indicator of a company's corporate culture.*

*Over 75% said that the work environment influences decisions to work for an organisation, and a key factor in staff retention.*

## **10.0 Gershon Efficiencies**

- 10.1 Local Authorities are being pressed to make year-on-year efficiency savings. In turn there is increasing on "back" office functions to release more money for front line services.
- 10.2 The opportunity cost of letting a building in the city centre to a third party and receiving an income on average £13.00 per sqft as opposed to the Council using the premises for its own use needs to be considered.
- 10.3 Just one of the many options which will be covered by the "Civic Suite" pre option/option studies.
- 10.4 An effective workplace is not just about space and fit-out but needs a careful combination of IT, support services and HR policies. Innovative workplace solutions can offer significant paybacks through:
- facilitating team-working and breaking down barriers.
  - Streamlining work processes and improving communications
  - Improving work-life balance
  - Improving asset utilisation
  - Reducing costs
  - Making future business change easier *and cheaper*.

*In recent FM journal report:*

*On average companies surveyed carried out 233 moves a year involving 35 people or more a move, with an average cost of £3,576.00, resulting in a cost per person of just over £102.00 per person. Therefore, with the average total cost per annum of £833,208 on moves there is a strong initiative to reduce these costs to a more efficient use of space and moves management. Moving of staff only rather than furniture and IT will significantly reduce this figure.*

- 10.5 Accommodation that can suit working in multi agency partnership arrangements will also help meet the Gershon efficiency agenda.

## **11.0 Government Challenge**

- 11.1 The Government is challenging local authorities in respect of their asset management strategies. As a major owner and occupier of property, the City Council is required to justify holding land and buildings and consequently to dispose of assets that are surplus to need. This echoes the Council's prime concerns in the property context, namely that we must:

- Not hold property unnecessarily
- Expeditiously dispose of property which is surplus, and
- Use what we retain efficiently and effectively.

## **12.0 Work-style Issues**

- 12.1 New and enhanced working styles can bring multiple benefits to an organisation but often require a great deal of planning and consideration prior to adoption.
- 12.2 It is clear that changes to work styles and culture are not enabled solely through the provision of new and improved environments and technology. In order to implement new working styles successfully, new disciplines and management protocols need to be implemented to assist in the change of mindset and style of management.
- 12.3 Successful utilisation of practical solutions such as hot-desking, a wide range of protocols need to be agreed and implemented by managers. Such protocols might include clear desk policies, legitimised regular clearout of paper, or archiving of hardcopy and electronic files, in line with the concept of a 'less paper' (and possible future 'paperless') offices by using electronic document management.
- 12.4 None of this can be achieved without further investment in new technology, but must be supported by effective management solutions designed to support modern flexible working.
- 12.5 The Council has already started implementing some of these protocols and the establishment of the Corporate Accommodation Review Group (CARG) enhances the Council's commitment to improving the working environment.
- 12.6 Key to this is "management by outcomes" whereby the worker is managed on the effectiveness to deliver projects in a timely fashion and to meet targets, as opposed to "outputs" which relates to number of hours worked by the number of staff.
- 12.7 Staff need to be able to deliver what is required of them on time, and it is no longer the managers' responsibility to dictate when or where, in many cases, the work is done provided that deadlines are met.
- 12.8 The methods pursued to use office space effectively and facilities must be adopted and implemented across the organisation. To ensure that this is the case, there must be leadership by example - right from the top of the organisation and down through the management structure.

## **13.0 Culture Change**

- 13.1 The City Council is committed to flexible working and improving work-life balance, but it is becoming increasingly important to create working conditions that support interaction and collaboration, particularly across team, section, directorate and organisational boundaries.
- 13.2 It is accepted that space has to be retained, however, for concentrated and confidential work.
- 13.3 The implementation of the strategy will result in having modern, welcoming, surroundings that meet the Government's national property performance indicators for buildings.
- 13.4 Developments with the 'One Stop Shop', bringing together the services offered by Peterborough Direct under one roof, namely Bayard Place, goes a long way to a more welcoming and efficient area for our customers.
- 13.5 Significant improvements in flexibility may be achieved through service directorates identifying future trends in workload and staff numbers early and feeding the requirements into the Corporate Accommodation Review Group (CARG). This will enable the planning of

accommodation needs and enable a measured response to demand rather than tactical interventions that result in unsatisfactory interim arrangements.

13.6 Here do we want to be?

The Government has produced the document *Working Without Walls* to assist organisations in developing office strategies and optimising the use of office space. The document includes a key table setting out five stages of office development. See appendix B.

13.7 By reference to the *Working Without Walls* diagram, we need to be making progress towards Stage 4, although Stage 3 is currently regarded as realistic.

13.8 Peterborough City Council is currently at stages 1 & 2, cellular and open plan. This strategy sets out an implementation plan to move towards stage 3. It will do this by developing a more flexible working environment, improving the IT infrastructure to support a culture of flexible working will enable Peterborough City Council to progress towards the desired stage and to align budgets, staff roles and responsibilities and to deliver the plan.

#### **14.0 Work style Solutions Already Being Considered**

14.1 Some work style solutions already being considered and planned by the Council are: -

#### **15.0 Flexible Working Patterns**

15.1 Flexible working patterns take advantage of the use of mobile technology such as laptops, local area networks, mobile phones, and e-mail to permit staff to work in locations remote from the office and outside the traditional 'nine-to-five' day. This can aid staff to achieve better work/life balance. Human Resources has set out the practical steps that need to be taken to agree and implement flexible working patterns in their Flexible Working Hours scheme.

#### **16.0 Hot Desking**

16.1 Hot desking is the shared use of a non-assigned desks by a number of staff on a part-time or ad hoc basis (as opposed to the allocation of desks to people on a one-to-one basis).

16.2 This is particularly appropriate for staff members who spend large portions of their working week out of the office and for part-time workers. This has been accepted by some departments but others still have difficulty in accepting this. The Council will work to an 80% workstation to staff ratio (see Appendix C).

16.3 The effectiveness of this can be demonstrated by the Chief Executives Department who operate a hot desking working environment.

16.4 By increasing the number of roaming profiles of IT staff hot desking can become more effective. Staff will be able to log on at any workstation and at any Council buildings and download the data relevant to them.

#### **17.0 Home working**

17.1 The introduction of the Home working policy will allow staff members the opportunity to work from home on their own personal computers. Laptops may also be used for off-line working at any location. This can contribute to improved work/life balance.

#### **18.0 Touchdown Centres**

18.1 Touchdown facilities support short-stay drop in style working at fixed PCs or connections for laptops. Staff may call in at a touchdown facility to check e-mail, work on documents, or search



the intranet/internet, whilst their roaming profile ensures that they get the same 'desktop' (access to their normal range of software and folders) as they may get in their normal office computer.

- 18.2 Touchdown facilities may be in a designated room or simply a designated area (or even one desk) near an entrance or circulation route.
- 18.3 All of the above has now been incorporated into Agile working ERMD.

## **19.0 Other Potential Opportunities to Improve use of Office Space**

### **19.1 Furniture**

- 19.1.1 Some of the office accommodation is furnished with a range of incompatible furniture, procured at different times over several decades.
- 19.1.2 Only the newest or recently refurbished offices (Chief Executives, ICT) are furnished with furniture specially designed and laid out to suit the space.
- 19.1.3 Most office furniture in other areas has been procured directly by service departments, although there are some differences in desks there is some standardisation emerging, i.e. green chairs and screen.
- 19.1.4 Since service departments effectively 'own' the furniture, there exists a tendency for furniture to be moved around as departments move from one building to another. This means that office moves are expensive because a simple office move may engender several furniture removals that need to be dovetailed with each other, and with building alterations and changes to telephone and IT services.
- 19.1.5 Members of staff also tend to be opposed to moving to an older desk, and furniture removals add to the costs and difficulties of moving even single members of staff around.
- 19.1.6 This strategy recommends that furniture is procured centrally and to an agreed standard as per appendix C. Therefore future moves will only involve staff and personal effects, making potential for significant savings for the Council.
- 19.1.7 As previously stated:

*In recent FM journal report:*

*On average companies surveyed carried out 233 moves a year involving 35 people or more a move average cost of £3,576.00, resulting in a cost per person of just over £102.00 per person. Therefore, with the average total cost per annum of £833,208 on moves there is a strong initiative to reduce these costs to a more efficient use of space and moves management. Moving of staff only rather than furniture and IT will significantly reduce this figure.*

### **20.0 IT Equipment**

- 20.1 In general, computers, printers and most other peripherals are currently procured by the ICT department on behalf of the service departments where the funding is held. Data networks and servers are funded corporately.
- 20.2 At present, computers are generally moved with staff as they are relocated and this generates significant cost because of the need for disconnection, reconnection, and changes to personal profiles to enable use of network printers, etc., in addition to the transportation costs and potential for damage to equipment.
- 20.3 From 2007/08 the Council will implement a three year desktop roll out policy, with funding being held centrally. It is recommended that all standard requirements of computers and peripherals are procured and funded centrally under the control of the Executive Director of

Strategic Resources (Head of ICT) with any specific requirements specified and funded by the service department, but again purchased centrally. This would allow full support, as well as a knowledge of all hardware and software working on the Council's network, to be co-ordinated by the Council's ICT Section.

## **21.0 IT Systems**

21.1 The Council has embarked on an ICT Improvement program to upgrade and maintain all central ICT systems and services. Standards and Policies for ICT are being implemented during 2006.

## **22.0 Corporate Identity**

22.1 Although there is a corporate identity for stationery there is not currently a standard for office accommodation. Signage and the image of building are inconsistent. There is a future need to develop a Corporate Accommodation Identity.

## **23.0 Car Parking/Travel to Work**

23.1 Car parking is provided for all staff. In some cases parking is on site, however the majority is at municipal sites around the city.

23.2 Travel Choice was established by the City Council to addresses a number of corporate objectives (environmental, transport and planning) and supports the Council's work-life balance initiatives. Travel Choice have developed Travel Plans for staff with incentives to encourage sustainable transport and alternatives to car usage, for example:

- Walking
- Cycling
- Car sharing
- Public transport
- Car park management
- Reducing the need to travel/other ways of working.

## **24.0 Storage**

24.1 Storage of equipment and files in city centre offices is expensive in comparison to storage in 'warehouse' facilities in the outskirts of the city.

24.2 Some characteristics of storage in offices are:

- Most sections and directorates have their own filing stores, generally using hanging files or traditional filing cabinets.
- Office layouts include individually designed file storage provision
- Most sections and directorates have storage spaces (including, for example, stationery stores), much of which is in the form of wooden or metal cabinets
- The age and quality of storage furniture is varied.
- Off-site file storage is used for some files that are infrequently used, but this is not used equally across the organisation and some departments/sections continue to occupy large areas of office space with paper files
- Some other large equipment (such as survey tools) are stored in office accommodation.
- Expensive office space in city centre used for storage

- Different arrangements across the Council for archiving - ranging from Children's Services important long-term storage of personal files in dilapidated accommodation (which will need to be moved in the near future) and those expending sums on a decent archive retrieval systems.

24.3 Electronic files are stored on the Corporate file servers (as required by the corporate ICT Policy) which states that staff are not to use local storage devices on Computer units. The network storage is backed up daily by the ICT Division and kept for a period of time.

24.4 It is recommended that the provision of a 'Corporate Archive store' be subject to an option based study (to be completed by Strategic Property by end of September). Management of the facility to be decided once the option work has been completed.

## 25.0 Overview of Issues

25.1 A number of key issues will be addressed within the strategy as detailed in the previous sections. These are tabled below for quick reference:

Areas of consideration	Key issues
Office accommodation	Drive for more open plan offices, higher grade premises so as to reduce maintenance costs and energy cost, standardisation of furniture and equipment.
Offices fit for purpose	More effective use of office accommodation, high value sites may be released to generate capital receipt.
Furniture	High costs in moving furniture rather than just moving staff.
IT equipment	Sustainable IT infrastructure, improved flexibility by introduction of roaming profiles etc, moving staff rather than computer.
Corporate identity	Inconsistent signage and image of buildings to be addressed.
A step change?	Location of City Council offices - do they need to be in city centre?
Environmental design standards	Incorporation of environmental standard in new build and refurbishment when appropriate.
Charging	Internal charging does not encourage budget holders to reduce space occupied. This needs to be addressed.

## 26.0 Next Steps - Summary of actions

### 26.1 Office Buildings fit for purpose

26.1.1 Buildings will be surveyed and categorised against suitability criteria with links to "Asset Challenge" and full FM audits will be carried out on each.

26.1.2 The buildings identified for possible disposal will form part of the Capital Receipts programme. This will be informed by option studies both at building and service levels.

26.1.3 The criteria for challenging future retention will include:

- any with high maintenance cost and/or security issues
- any that does not support the emerging culture change and flexible working
- any that fail to meet the requirements of the Disability Discrimination Act
- any in locations not reasonably accessible by public transport or cycling

26.1.4 Buildings to be retained will be split into three further categories:

- Minor investment to be carried out over the next 12 months
- Medium investment to be carried out within the next 3 years
- Major investment to be carried out over the next 5 years.

26.1.5 Investment would be in the form of IT upgrades, refurbishments and furniture requirements.

26.1.6. New ways of working would be considered along with other method of office utilisation, for example:

- Hotelling
- Hot office
- Open plan environments
- Study booths
- Team tables
- Informal meeting area/social space
- Quiet area
- Support area

26.1.7 An FM Audit managed by Strategic Property in conjunction with Contract Services and Environmental Services (Health and Safety) is currently being implemented (see Appendix E).

26.1.8 A more detailed implementation plan will be developed in conjunction with the “Asset Challenge” option study, than that in Appendix D.

## **27.0 Office Standard**

27.1 Corporate standards to be agreed and rolled out over a 4 year period. The standards will include:

- Office sizes
- Desk sizes
- Basic IT requirements
- Storage (storewalls)
- Caddy stores - flexible working
- Off site storage - link with retention and disposal policy

## **28.0 Environmental Considerations**

28.1 The following will be taken into consideration when designing or refurbishing offices.

- BREEAM
- DDA
- Design
- Diversity
- Environmentally sustainable including Carbon Neutral

## **29.0 Funding**

29.1 A strategy implementation plan with funding requirements will be developed. The plan will be split into short term, medium term and long term.

## **30.0 Human Resource implications**

30.1 As part of the implementation planning human resource implications need to be considered. If required unions will be consulted.

## **31.0 Legal Implications**

31.1 As part of the implementation there will be a need to identify any legal implications e.g.

- DDA
- H&S
- Section 123, Local Government Act
- Other Statutory requirements

- Procurement

### **32.0 Resources**

32.1 It will be necessary to identify and cost for all resources needed to implement the strategy. Resources will be needed from many different departments across the Council. Strategic Property will lead on this through the Efficiency and Effectiveness Board (one of the Council's four Corporate Programmed Boards).

### **33.0 Programme**

33.1 It is recommended that the strategy be implemented in three stages:

- Short term – up to 12 months
- Medium term – 1-3 years
- Long term – 3-5 years

33.2 These will be dependant on the level of capital investment required to deliver the requirements of the strategy and the link with other Corporate Strategies and Policies i.e. IT Infrastructure improvements.

33.3 Guidance Notes to be issued along with quarterly Newsletters. Strategic Property will lead on these in conjunction with the Communications Team.

33.4 A full implementation plan is attached as appendix D.

### **34.0 Join up with other Change Programmes**

34.1 The Accommodation strategy cannot work in isolation from other change programmes. It may be possible to use opportunities generated from other projects to implement the accommodation strategy and roll out the corporate standards i.e. Peterborough Direct. Projects will be monitored by the Corporate Programme Board so that accommodation requirements of projects can be addressed at the outset.

### **35.0 Corporate Office Suite (Civic Suite Project)**

35.1 Decisions need to be made as to the location of a Corporate Office Suite or Campus of Corporate offices based on the data collated by the Corporate Accommodation Review Group and option studies.

### **36.0 Equality Issues**

36.1 The needs of the Council staff and Members will be considered during the implementation of the strategy including Council's requirements to work within legislative frameworks and good practice guidance where it relates to Race, Gender, Sex/Age and Disability Discrimination.

36.2 Delivery of this Strategy is dependant on commitment, including leadership, people and where appropriate Capital and Revenue resources. There is a lot to do but the benefits will outweigh the inputs

**APPENDIX A**  
**Establishment Lists –**  
**Children's Services**

<b>UERN</b>	<b>Establishment Name</b>	<b>Prop Class</b>	<b>No. of Staff</b>	<b>Leasehold/Freehold</b>
E1180	Bretton Green		+5	Leasehold to Cambs CC
E2126	Cavell Court 9&11		+5	Leasehold
E1172	Herlington House		+5	Freehold
E1037	Laxton House		+5	Leasehold to Cambs CC
E1161	Newark Court		+5	Freehold
E1041	Staniland Court		N/A	Leasehold (Managed by LSH)
	Cavell Court 8&9		+5	Leasehold
<i>Additional</i>				
E054, E1204, E0529	Cromwell Centre	Operational Office	+5	Freehold
E1282	The Manor	Respite Care Home	+5	Freehold
E1409	Cherry Lodge	Respite Care Home	-5	Freehold
E2049	Midgate House	Operational Office	+5	Leased (12 years)
E1156	Children's Home	Children's Home	-5	Freehold
E1252	Children's Home	Children's Home	-5	Freehold
E1230	Resource Centre	Social Care Resource Centre	+5	Freehold
E1229	Gunthorpe Family Centre		+5	Freehold
E1192	Clare Lodge	Secure Accommodation Centre	+5	Freehold
E0043	Middleton - Hearing Centre		-5	Freehold
E1254	Pupil Referral Unit - Fletton		-5	Freehold
E0035	PRU Honeyhill		-5	Freehold
E1290	PRU Riverside		-5	Freehold
	PRU LEAP Perkins		-5	Not Asset
	Edward Jenner Unit		-5	Not Asset
	The Cedars		-5	Not Asset
E0034	Highlees - Portage		-5	Freehold
E0034	Highlees - Primary Support		-5	Freehold
E0532	PCAE		+5	Freehold
E0078	Adult Learning AMVC		-5	Freehold
E0078	Adult Learning Bretton Woods		-5	Freehold
E0020	Adult Learning Bushfield		-5	Freehold
E2127	439 Lincoln Road		-5	Freehold

<b>UERN</b>	<b>Establishment Name</b>	<b>Prop Class</b>	<b>No. of Staff</b>	<b>Leasehold/Freehold</b>
	Children's Play Centres		-5	
E0078	Youth Centres/Clubs		-5	
E0519	Youth Service North Team AMVC		-5	Freehold
	Youth Service South Team Fletton YC		-5	Freehold
	Surestart Centres		+5	
E1164	Welland Family Centre		+5	Freehold
E1163	South P'Boro Family Centre		+5	Freehold
	Family Centres		-5	

## Strategic Resources

<b>UERN</b>	<b>Establishment Name</b>	<b>Property Class</b>	<b>No. of Staff</b>	<b>Leasehold/Freehold</b>
E428	Bayard Place	Office		Freehold
E916	Chauffeurs Cottage	Office		Freehold
E1034	Bridge House	Office		Freehold
E1039	Register Office (Blocks C&D)	Office		Leasehold
E1042	Town Hall	Office		Freehold
E1044	York Road 05	Office		Freehold
E1045	Bridge Street 25	Office		Freehold
E1261	PPDC	Office		Freehold
E1922	Market Chambers	Office		Leasehold
E2048	Peterscourt	Office		Freehold
E2049	Midgate House (3rd floor)	Office		Leasehold
E2098	96 Bridge Street	Office		Leasehold
E2100	25 Commerce Road	Office		Freehold
E2101	2-5 Minster Precincts	Office		Leasehold
E2102	Unit 10b Axon	Office		Freehold
	Minerva, 5 The Forum			Leasehold
	Street Warden Office			
	EARP facility			
	Depot			

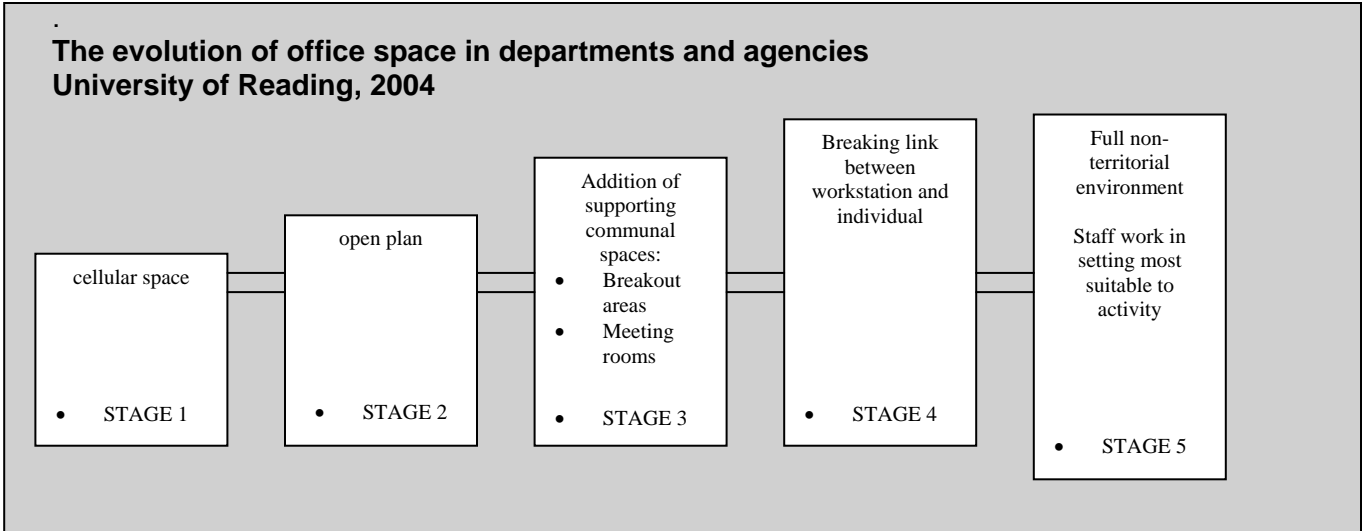
## Environment Transport and Engineering

<b>UERN</b>	<b>Establishment Name</b>	<b>Prop Class</b>	<b>No. of Staff</b>	<b>Lease Expiry</b>
E1047	CCTV Operation Room	Office	12	



## APPENDIX B - WORKING WITH WALLS

### The evolution of office space in departments and agencies University of Reading, 2004



## APPENDIX C - STANDARDS OF OFFICE ACCOMMODATION FURNITURE AND EQUIPMENT

- **Directors** - office with desk and meeting table to accommodate 8 people (suggest look at the size of Assistant Chief Executive office as standard size).
- **Head of Service** - suggest the dimensions of Head of Property office as standard (say 10sqm). Desk with meeting table seat up to 4 people.
- **Senior Manager/Assistant Head of Service** - suggest desk with D end meeting table in open plan office.
- **Staff** - dependent on nature of work but in principal 1600 desk plus 1 pedestal for personal items (to be more space efficient could recommend 1400 desk and 1 pedestal - however flat screens would be needed on smaller desks).
- Need to consider hot desking, home working, desk sharing.
- Target ratios of no more that 80% ratio of workstations to staff numbers i.e. 8 desks per 10 staff (some departments could work with lower ratios, some may need 100% coverage i.e. data imputers/helpdesks).
- Multi-purpose rooms i.e. staff room/meeting room/refreshment area (not canteen).
- Supervision areas/breakout areas/touchdown space to be provided.
- Meeting room ratios to be set per number of workstations (CARG to review further once audit of meeting rooms is completed).
- Off site filing solutions to determine filing needs.
- Standardised furniture and ICT (central procurement of).

## **Additional Property Requirements**

### **1.0 Additional Property Requirements**

- 1.1 The current property portfolio will not meet the future needs of the customer and it is inevitable that services will need to alter the way in which they use the assets from which they operate. On certain occasions the services may need to either move from the asset they use or alternatively require an asset in a different location from which to deliver to the customer. This process sets out the way in which services request additional property.
- 1.2 As soon as a service becomes aware that they have a requirement for additional property they are to discuss the requirement with their PoC in Strategic Property. As a minimum they will provide an outline brief which will identify:
  - Number of staff to be accommodation
  - Preferred location (including a justification for the location)
  - Any special requirements
  - Reason for additional staff
  - Space to be released.
  - Confirmation from the Head of Service that this is a justified requirement.
  - A fully developed business case including investment appraisal.
- 1.3 On receipt of the above the PoC will interrogate Strategic Property Databases to determine whether any existing Council property is available that meets the requirement.
- 1.4 If existing property is available then the requirement will be met from this. This could include co-location with another Council operation or Council Partner. There will be no consultation and alternative properties will not be offered unless they are Council owned and have a long term future.
- 1.5 Where the available property cannot fully meet the requirements set out above the CPO will determine the best available option following consultation with the Head of Service requesting the additional property.
- 1.6 Properties will not be leased unless this approach is supported by the business case and investment appraisals and only when Council property is unavailable.
- 1.7 The preferred property solution will be identified in the business case submitted to the relevant project board.
- 1.8 In addition all Services and Directorates are to note that it is only Strategic Property that have the authority (as defined by the constitution) to enter into negotiations and agree terms. Any service that agrees terms will be working outside their authorised powers.

## **User Occupancy Agreement**

### **POLICY FOR OCCUPATION OF OPERATIONAL PREMISES**

#### **1.0 Introduction**

- 1.1 The PCC Corporate Asset Management Plan sets out the Council's overall direction and framework for managing its property portfolio. It aims to optimise the contribution these properties make to providing quality services to the community. Delivery of the Asset Management Plan is the responsibility of the Corporate Property Officer ("the CPO").
- 1.2 This document sets out the responsibilities of Heads of Service in relation to the occupation by that Service ("the Service") of any operational premises. The document also sets out the responsibilities of the CPO, including the advice and assistance available to Services to help them manage effectively and efficiently the premises they occupy. (In this document, reference to the "Premises" includes any building, or any part of a building.)
- 1.3 All queries regarding land ownership or third party rights should be directed to the CPO. Services are reminded that the Council does not own all Premises occupied by Services, and it is therefore important to ensure the CPO is kept aware of any changes to buildings, as landlord's permission may be required.
- 1.4 It is not intended that this Policy overrides existing arrangements with to ensure continuity of service provision.

#### **2.0 Responsibilities of Heads of Service**

##### **2.1 Possession**

- 2.1.1 The Service must not transfer or share possession of the Premises, or any part of them, without the prior written consent of the CPO. This includes an agreement for any person or organisation which is not part of the Council (e.g. the PCT) to operate from within the Premises.
- 2.1.2 The Service must notify the CPO as soon as possible if consideration is being given to vacating the Premises or sharing the Premises with another service or outside body. When vacating Premises the Service should refer to the Surplus Property Procedure.

##### **2.2 Use of the Premises**

- 2.2.1 The Service must not use the Premises other than for the purpose of delivering those services for which it is responsible. The Service must obtain the consent of the CPO before changing the use of the Premises. (However, such consent is in addition to any formal approval required through the Council's decision-making process e.g. from Cabinet.)
- 2.2.2 It is the responsibility of the Service to ensure all necessary planning consents are in place for the use of the Premises. The CPO will make any planning applications required due to a change of use for which he has given consent.

#### **3.0 Outgoings**

- 3.1 Unless the Premises are managed by another Service of the Council, all costs and outgoings attributable to the Premises are the Service's responsibility. These will include:

- capital charges associated with the Premises
- electricity, gas and water charges;

- rates and taxes;
- providing fixtures and fittings

#### 4.0 Repairs and Maintenance

4.1 Unless the Premises are shared with another service of the Council, the Service is responsible for making requests and payments for repair, unscheduled maintenance, and replacement of all the **internal parts** of the Premises. This includes:

- fixtures and fittings;
- floor coverings and finishes;
- doors;
- ceilings;
- glazing;
- window frames;
- shutters;
- internal décor;
- window and door locks and alarms;
- fire and security equipment and alarms;
- consumable items (e.g. light bulbs; toilet rolls);
- internal electricity, gas, air-handling and water systems

#### 5.0 Buildings Insurance

5.1 The CPO is responsible for arranging **buildings** insurance.

5.2 The Service is responsible for ensuring appropriate building **contents** insurance is provided through the Executive Director of Strategic Resources.

5.3 The CPO will also arrange for any **third party liability** insurance required due to the Service's occupation of the Premises. (This is a further reason for ensuring the CPO is informed in advance of any change to the use of the Premises.)

5.4 The Service is responsible for ensuring nothing is done in the Premises that would cause any insurance policy relating to them to be void. In particular, there are conditions attached to the Council's building insurance policy relating to cover for damage by fire. For ease of reference, these are attached as Appendix 1 to this document

#### 6.0 Statutory Legislation

6.1 Unless the Premises are managed by another service of the Council, the Service is responsible for complying with:

- all legislation relating to its occupation (e.g. Fire Regulations; Health & Safety);
- all relevant Council policies (e.g. energy management; procurement);
- any grant terms and conditions affecting its occupation; and
- all reasonable requests of the CPO regarding building management.

6.2 The Service must therefore only use contractors who have been appointed following a procedure complying with the Council's Constitution and its Procurement Strategy. Advice on procurement of contractors, and the benefits of any new strategic procurement initiatives affecting the Council's property portfolio, is available from the Head of Strategic Property.

#### 7.0 Alterations

7.1 The Service must not make any structural alterations or additions to the Premises without the prior written consent of the CPO (inc. those required following statutory inspection, or the issue of new legislation or guidance).

## **8.0 Access**

8.1 The Service must allow the CPO and his staff, agents or contractors, full access to the Premises for the purposes of inspection or carrying out any authorised works. The CPO will always (except in the case of emergency) give reasonable notice regarding access and will ensure that wherever possible there will be no interference with service delivery.

## **9.0 Nuisance**

9.1 The Service should take reasonable steps to ensure that nothing is done on the Premises to cause a nuisance, damage, annoyance, or inconvenience to other services of the Council, or its tenants, or occupiers of adjoining or neighbouring premises.

## **10.0 Information Returns**

10.1 The CPO may require information regarding the Service's occupation of the Premises, for the purposes of the efficient management of the Council's property portfolio. All such requests for information will be answered fully and promptly.

10.2 Every three years the CPO will conduct a survey of a cross-section of Council properties to inform decisions on their refurbishment, replacement or closure. These Suitability and Sufficiency Appraisals will give all services the opportunity to comment on the fitness for purpose of the premises they occupy and any changes affecting their operational efficiency.

## **11.0 Shared Accommodation**

11.1 When occupation of the Premises is shared by two or more Services, or with an organisation which is not part of the Council (e.g. the PCT), the Service managing the accommodation must agree a suitable apportionment of the costs and outgoings with the CPO, and sign any additional documentation considered necessary.

11.2 When occupation is shared, the Service managing the accommodation will be responsible for the cost attributable to vacant accommodation/rooms not occupied by another Service.

11.3 It should be noted that Councils are being encouraged to share accommodation with partner organisations; however, the CPO must always be involved in any such proposals.

## **12.0 Occupying Premises not owned by the Council**

12.1 When a Service (or person funded by a Service) has a need for accommodation which cannot be met from the Council's property portfolio, the Service must contact the CPO as soon as the need is identified. This is to ensure that the CPO has sufficient time to find suitable accommodation and agree a suitable rent and apportionment of the costs and outgoings, and that all necessary documentation is in place.

(NB Only the Head of Strategic Property has authority to agree terms for the occupation of Premises.)

## **RESPONSIBILITIES OF THE CPO**

### **1.0 Repairs and Maintenance**

1.1 The CPO will liaise with other groups and services to arrange for the **structural repair and maintenance** of the Premises, which includes:

- walls;
- roof;
- floors (excl. floor coverings & finishes);
- foundations;
- all external areas (e.g. car parking);
- external fire escapes;
- external lighting;

and arranging for all **electrical and mechanical servicing and planned maintenance** (e.g. lifts).

1.2 The CPO is responsible for the maintenance of any new plant and equipment or alterations and additions carried out with his prior written approval.

1.3 The CPO is also responsible for any works not requested by the Service but undertaken by his staff, agents or contractors, including insurance works undertaken following damage by flood or fire.

### **2.0 Support and Advice**

2.1 The CPO will liaise with other groups and services to ensure **day-to-day support** for the Service, such support to include advice on:

- refurbishment, alteration, and extension of the Premises;
- Energy Policy;
- Fire Regulation and Health & Safety;
- asbestos management ;
- any other responsibilities or liabilities associated with the Service's occupation of the Premises which may arise from time to time, including securing funding for exceptional repairs and maintenance;
- reviews of portfolios/service provision and effective use of resources;
- performance indicators relating to occupation of the Premises;

### **3.0 Surveys and Inspections**

3.1 The CPO will ensure that all necessary **surveys** of the Premises are carried out relating to:

- the Asbestos Management Plan;
- the Electricity at Work Act;
- any other surveys required to be carried out under legislation coming into force from time to time; and
- annual service inspections.
- Legion Ella;
- the Disability Discrimination Act 1995;

3.2 The results of all these surveys will be forwarded to the Service.

# **Energy and Water Policy Statement – Peterborough City Council Public Buildings**

## **Energy and Water Policy Statement**

### **1.0 Policy Context**

- 1.1 This policy statement on the use of energy and water in Council buildings is consistent with the Council's Corporate Strategy and acknowledges the important role the Council can play by setting a good example for other local organisations and groups to follow. In particular, it is consistent with the outcomes identified in the Corporate Plan and commitments we have to achieving the Climate Change targets as laid out in the 2008 Climate Change Act.
- 1.2 We will achieve these aims by considering the environmental impact of decisions we take now and in the future, this will allow us to adapt to the challenges Climate Change will bring, whilst reducing emissions from our operations. In order to minimise the authorities impact upon the environment Peterborough City Council are committed to achieving a 35% reduction in CO2 emissions from 2008/09 levels by 2014. For this to be delivered we must proactively consider the environmental impact of our estate, ensuring we implement the necessary structural improvements and changes to the daily management routine required\* within our existing assets. Any changes to the assets held by the authority, whether this be through re development or acquisition should be duly considered and evaluated from an environmental perspective.

### **2.0 Commitment to Responsible Energy and Water Management**

- 2.1 The Council's commitment to responsible energy and water management is set out in Peterborough City's Climate Change Strategy and, in particular, the following strategic objectives:
- to reduce energy consumption, ensure energy is used efficiently and encourage the increased use of renewable energy
  - to use water efficiently and with care and work with agencies and communities to ensure good water quality is maintained

### **3.0 Policy Statement**

- 3.1 In working towards the achievement of these strategic objectives, the Council will practice energy and water efficiency throughout its own premises, providing best value for the authority and setting a good example for others to follow.
- 3.2 The Council will control energy and water consumption in Council buildings in order to:
- avoid unnecessary expenditure
  - improve cost effectiveness without compromising working conditions
  - protect the environment
  - prolong the useful life of fossil fuels
  - lead by example
- 3.3 It is envisaged that the policy will give rise to the following outcomes:
- Fuels for Council premises will be purchased at the most economical cost
  - Energy and water will be consumed in a responsible manner on Council premises



- The overall volume of energy and water used by the Council will fall
- Air quality pollutants, particularly carbon dioxide emissions, generated by Council buildings will fall
- The Council's reliance on fossil fuels will fall as the potential of renewable energy increases
- Each Council building (non-domestic) will have its own energy reduction target
- Other local organisations will follow the lead taken by the Council in this area

## **5.0 Aims**

5.1 In order to achieve these outcomes the Council aims to:

- reduce energy and water consumption by reviewing our operations, motivation, training and awareness campaigns to improve good housekeeping
- secure the resources necessary to finance a programme of energy saving measures which demonstrate cost effectiveness beyond doubt
- partner Government agencies in match funding of energy saving schemes
- provide regular, accurate feedback to budget controllers and building managers on their energy consumption and performance

## **6.0 Implementation**

6.1 In implementing the energy and water policy for Council buildings, regard will be had to the following:

### **6.1.1 Responsibilities**

- All employees are responsible in some way for controlling the consumption of energy and water used within Council buildings.

### **6.1.2 Lines of Communication**

The Council will:

- monitor energy, water consumption and costs in all the buildings it is responsible for and meet periodically with building managers to discuss energy performance
- Report as required to the Corporate Asset Management Group on all energy related matters concerning the Council's Asset Management Plan
- report on a regular basis to its customers with a statement of energy consumption and expenditure

### **6.1.3 Action Plan**

- An Action Plan spanning one, three and five year periods will be developed to implement measures that will achieve energy and water savings in Council buildings. The action plan will focus on the following energy management activities in addition to any programmed works:
- capital bid programme of initiatives involving identified plant replacement using new energy efficient technologies e.g. condensing boilers and variable speed motors etc many of which can be a little more expensive to purchase but cost far less to run.
- setting energy targets for all Council buildings (non-domestic). As part of this we will implement a standard temperature that aligns with Health and Safety Legislation
- providing energy awareness training for key building operatives

- carrying out a cyclical programme of building surveys to identify potential energy saving measures both low cost and no cost, provide energy efficiency advice and record meter data.
- Developing renewable and sustainable alternatives to fossil fuel energy
- supporting and promoting energy awareness

## **7.0 Monitoring and Review**

- 7.1 All energy management activities and performance against the Action Plan will be subject to annual review.
- 7.2 The Energy Conservation Unit will establish progress towards achieving Best Value targets, as defined under PI 180a - energy use in local authority buildings. The Unit will also provide an annual report on energy and water management within Council buildings to the Head of Strategic Property which will form the basis of an annual update report to Cabinet.

**THIS POLICY STATEMENT WILL BE SUBJECT TO PERIODIC REVIEW**

## PART 3 - Future Property Requirements

### Future Property Requirements

**Directorate:** Children's Services

**Service:** Strategic Resources

<b><u>Item</u></b>	<b><u>Description (Need)</u></b>	<b><u>Justification</u></b>	<b><u>Location</u></b>	<b><u>Delivery Date</u></b>
1.	2 primary schools for the Hampton Township development and Extension to secondary school for additional 500 pupils	Requirement of the Section 106 agreement to meet the need generated by the original 5200 dwellings	Hampton Township	Primaries September 2009 ? and September 2013. Secondary extension 2011
2.	Additional primary school for expansion of Hampton by 1800 dwellings	Requirement of the Section 106 agreement to meet the need generated by the additional 1800 dwellings	Ditto above	September 2020?
3.	New build/refurbishment/extension of three existing secondary schools.	Completion of Phase 2 of the secondary school review as approved by Cabinet in October 2005	South of the City in Bushfield, Orton Longueville and Stanground	Bushfield September 2009 Orton Longueville and Stanground by 2013?
4.	Changes to existing Infant, Junior and Primary schools	There are currently approx. 2300 surplus places within the existing Infant Junior and primary sector. Demographic projections suggest that this surplus is likely to increase. A review of the future organisational requirements of primary places across the city has commenced and is likely to lead to changes to current provision.	To be ascertained	2007 onwards
5.	New primary and secondary schools arising from the growth agenda proposed for the city	Irrespective of the reviews completed and being undertaken with respect to school place provision there is a likelihood that the expansion of the city will require additional primary and secondary schools as part of the new infrastructure needs. Unfortunately the current surplus	To be ascertained	To be established

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
		places do not coincide with the planned growth areas and as such some schools may be considered for downsizing/closure whilst there is the need to build new schools in other areas. The additional requirements will be developed as the expansion programme proceeds		

### **Future Property Requirements**

**Directorate:** Children's Services

**Service:** Learning and Skills

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
1.	1 special school for primary age children. 2 autism outreach centres for primary aged children 1 autism outreach centre for secondary aged children	The increasing population of the city has led to an increase in the requirements for schools or centres meeting the requirements of children and young people with special educational needs	To be ascertained	To be ascertained
2.	1 Learning and Skills Centre for young people aged 14-19	To support the outcomes of the implementation of the national 14-19 agenda in the city. To increase the participation of young people in vocational studies and further education and employment.	To be ascertained	To be ascertained

<b><u>Item</u></b>	<b><u>Description (Need)</u></b>	<b><u>Justification</u></b>	<b><u>Location</u></b>	<b><u>Delivery Date</u></b>
1.	2 primary schools for the Hampton Township development and Phase 2 extension to Hampton College.  New Primary school under Sectn 106	Requirement of the Section 106 agreement to meet the need of a growing township.  Sectn 106 requirements	Hampton Township  South Stanground	Primaries September 2009 and September 2013. Secondary extension 2011  Est. 2009/10
2.	Secondary School Review Phase 2	Completion of Phase 2 of the secondary school review as approved by Cabinet in October 2005	South of the City in Bushfield, Orton Longueville and Stanground	BSF 2011/12
3.	Primary Capital Programme	The Government require us to have in place a Primary Capital Programme Strategy. This will inform the work of reviewing our Primary School Estate with a view to rebuild / refurbish 50% of our schools in a 15 year capital investment programme	To be ascertained through the work of the Primary Capital Programme Project	2009 onwards
4.	New primary, secondary, special and 6 <sup>th</sup> form provision arising from the IGS growth agenda proposed for the city	The IGS predicts the need for approx. 4,400 primary and 2,200 secondary school pupils by 2026. This will mean the need for the equivalent of 10 more Primary Schools and possibly 2 Secondary Schools	To be ascertained	To be established

## Future Property Requirements

**Directorate:** Childrens Services

**Service:** Families and Communities

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
1.	Integration of Fieldwork teams for Intake and assessment, Children in Need at Newark and Herlington, LAC(up to 16) and Adoption and Fostering	Services currently delivered from a multiple number of locations across the city. Co-location of services will enable more effective delivery of services to vulnerable children and support Children's services response to the Joint Area Review recommendations.	To be established	2007/08 – 2008/09
2.	Integration of Disability Teams	Services currently delivered from a multiple number of locations across the city. Co-location of services will enable more effective delivery of services in response to the Best Value review recommendations	To be established	2008/09 – 2009/10
3.	Relocation of Family Assessment and Support Teams	Current properties at Orchard Street and Welland are not fit for purpose. Gunthorpe is adequate but requires capital investment. Further analysis of future service provision is required	To be established	2008/09 – 2009/10
4.	Co-location of LAC 16+ team with Young People's team to be based in town Hall	Provision of integrated service with Universal services 16+ team	Town hall	2007/08

## Future Property Requirements

**Directorate:** Children's Services

**Service:** Universal Services

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
1.	Locality Based Services	<p>Following consultation a proposed model for the reengineering of service delivery structures has been developed which seeks to make the best use of resources and improve outcomes for children and young people. The proposed model is based around the following principle</p> <ul style="list-style-type: none"> <li>(i) Integration of front-line services</li> <li>(ii) Split between universal/preventative services and specialist services</li> <li>(iii) Move to locality based delivery</li> <li>(iv) Services delivered in localities by 'hub and spoke' model</li> <li>(v) Integrated processes</li> </ul>	Central area South area West/Rural area	To be ascertained
2.	Additional Children's centres and youth provision in addition to current proposed provision	The national agenda for children's centres is based on criteria which excludes a number of areas of the city. To enable services to meet the needs of all children and young people additional facilities will be required to support the agenda proposed above.	To be ascertained	To coincide with delivery of locality based services
3.	New facilities to support the growth agenda of the city	An increase in the population of the city will require additional facilities which meet the needs of children and young people outside of the school based infrastructure e.g Children's Centres, Early Years provision and youth people provision.	To be ascertained	To be ascertained

### Future Property Requirements

**Directorate:** Deputy Chief Execs

**Service:** Communications

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
1.	Unified Comms and Marketing Team. Approximately 20 staff.	A unified Comms and Marketing Team will benefit from economies of scale and synergies. In addition it will ensure that a consistent message is being issued by the Council.	Town Hall	ASAP

### Future Property Requirements

**Directorate:** Strategic Resources

**Service:** EPPS

<u>Item</u>	<u>Description (Need)</u>	<u>Justification</u>	<u>Location</u>	<u>Delivery Date</u>
1	Material Recycling Facility & Commercial Transfer Station	The existing MRF site in Fengate is too small for the processing of 100,000 tonnes of recyclate and a commercial transfer station and needs to be relocated.  The current site proposals of the waste infrastructure could be linked together.  The existing site however is suitable for the Energy Resource Recovery Facility (ERRF)	Accessible to all major highway infra-structures and a reasonably central location (could be linked with Southern Household Recycling Centre, Electrical Appliance Recycling Programme)	2007/8 to allow development of existing site
2	Householders Recycling Centre Southern Township	A new HRC to serve the communities to the south of Peterborough. The facility will also take off the existing pressure from the Dogsthorpe HRC which is exceeding its current license.	South of the river, accessible from main highway infrastructure	2007/8
3	Electrical Appliance Recycling Programme (EARP)	The recycling and recovery programme has out grown the current leased site in Fengate and need to be relocated. This will allow the increase in recycling and recovery to take place.	Industrial B2 use. Excess on main bus route for residents to reach the community shop attached.	2008
4	Energy Resource Recovery Facility (ERRF)	New treatment facility to treat that material that is not reusable or recyclable although could be used to generate heat and power and off set existing use of fossil	The existing Material Recycling facility site. Supported by external	2008/9



<b><u>Item</u></b>	<b><u>Description (Need)</u></b>	<b><u>Justification</u></b>	<b><u>Location</u></b>	<b><u>Delivery Date</u></b>
		fuels	evaluation and study by Atkins	
5	Anaerobic Composting Site	A facility to treat organic food waste as part of recovering and recycling 65% + as set by full council in February 2007	A b2 use although needs to be away from residential due to odours (America farm is a typical location site that is acceptable)	
6	Health Protection Partnership (HPP)	<p>The relocation of the existing HPP unit needs to be undertaken in 2008 as the current lease runs out in October 2008 and is not renewable.</p> <p>The service is a joint service with PCC and PCT and needs to be located within the city centre for access of the public, support services who use the library and loan the current equipment.</p>	City centre location or easy access for bus travels and disabled persons	Oct 2008

## Asset Management Plan Glossary of Terms

<b>Acronym</b>	<b>Meaning</b>
AMP	Asset Management Plan
BREEAM	BRE's Environmental Asset Method
CAMG	Corporate Asset Management Group
CAMP	Corporate Asset Management Plan
CARG	Corporate Accommodation Review Group
CMDN	Cabinet Member Decision Notice
CMT	Corporate Management Team
COPROP	The Association of Chief Corporate Property Officers in Local Government
CPA	Comprehensive Performance Assessment
CPO	Corporate Property Officer
CSCI	Commission for Social Care Inspection
CYPSP	Children and Young People Strategic Partnership
DCLG	Department of Communities and Local Government
DDA	Disabled Discrimination Act
DEFRA	Department for Environmental Food and Rural Affairs
DFES	Department for Education and Skills
DTLR	Department for Transport and Local Government Regions
FM	Facilities Management
GPP	Greater Peterborough Partnership
GPPCP	Greater Peterborough Primary Care Partnership
GIS	Geographical Information System
IPF	Institute of Public Finance
IRR	Internal Rate of Return
NNDR	National Non-Domestic Rates
NOF	New Opportunities Fund
OP	Opportunity Peterborough
OPDM	Office of Deputy Prime Minister
PCAE	Peterborough College of Adult Education
PCC	Peterborough City Council
PPDC	Peterborough Professional Development Centre
PCT	Primary Care Trust
PFI	Private Finance Initiatives
RICS	Royal Institution of Chartered Surveyors
VFM	Value for Money

## **Appendix 6 - Adult Social Care Annual Accountability Agreement**



# **ANNUAL ACCOUNTABILITY AGREEMENT**

## **DRAFT FOR CONSULTATION**

**2010 – 2011**

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## 1. INTRODUCTION

- 1.1 This is the sixth Annual Accountability Agreement produced in accordance with the Partnership Agreement between Peterborough City Council and the former Greater Peterborough Primary Care Partnership (now NHS Peterborough – the local Primary Care Trust – PCT).
- 1.2 The Annual Accountability Agreement is a public statement of the following:
- Peterborough City Council's contribution to the pooled budget for health and social care.
  - The level of performance that this contribution enables the PCT to deliver across a range of adult social care performance indicators on behalf of Peterborough City Council.
  - Key service developments that the PCT plans to take forward in 2010-11 that are either fully, or partly, adult social care.
  - The eligibility threshold for people to receive adult social care services as set by Peterborough City Council.
  - The charges that will be made to people receiving adult social care services on behalf of Peterborough City Council.
- 1.3 Key drivers which underpin this agreement include:
- “Putting People First” – the national direction of travel for the transformation of adult social care – delivering personalised care provision to enable people to remain independent
  - Sustainable Community Strategy (SCS) and Local Area Agreement (LAA) – “Creating Opportunities and Tackling Inequalities”
  - Demographic context – increasing numbers of older and disabled people and increasingly complex needs
  - Financial drivers – efficiency through transformation including demand transformation, prevention and collaboration across the public sector (the strategy and goals are only achievable with this focus given rising demand and costs and reducing availability of public finance)
- 1.4 Major outcomes to be delivered over the next three five years include (these are a synthesis of the agreed outcomes within the SCS, LAA and the NHS Peterborough (NHSP) Strategic Plan):
- Increased personalisation, choice and control through the introduction of Individual Budgets and self-directed support (LAA and NHSP goal)
  - Increasing the number of vulnerable people who are supported to live independently (LAA)
  - Increased support to carers (LAA local and NHSP goal)
  - Better support to older people to live independently (LAA local) – improve and maintain the health and independence of older people (NHSP goal)
  - Increasing the number of people with mental health problems in employment (LAA local)
  - Enable inclusion for those with mental illness and learning disability (NHSP goal)
  - Protect people from abuse, discrimination and harassment (SCS) and ensure services safeguard the vulnerable (NHSP goal)
  - Ensure modern and responsive services are provided for people with disabilities (NHSP goal)

- 1.5 The Joint Strategic Needs Assessment (JSNA) drove the selection of key outcomes within the SCS, LAA and NHSP Strategic Plan. Performance data has also influenced the selection including a need to focus on improving the safeguarding of vulnerable adults following an inspection in January 2009. The key outcome (self-directed support) is aligned to “Putting People First” which requires all Directors of Adult social Services to ensure choice and control through Individual Budgets by March 2011.
- 1.6 The outcomes are rooted in the national Outcome Framework for adult social care which sets out seven outcomes to be achieved through effective commissioning, use of resources and leadership – improved health and well-being, quality of life, choice and control, economic well-being, making a positive contribution, personal dignity and respect, freedom from discrimination and harassment). Stakeholder engagement and partnership working are fundamental to this agenda.
- 1.7 Key deliverables for NHS Peterborough under this annual accountability agreement are:
- Ensuring that safeguarding standards are met and that performance on the ‘dignity and respect’ outcome is increased to at least ‘adequate’
  - Ensuring the delivery of self-directed support in order that the Local Area Agreement target is met and that performance on the choice and control outcome increases to at least ‘performing well’
  - Ensuring the delivery of outcomes overall sufficient to achieve a rating of at least ‘performing well’ overall
  - Delivering efficiencies within the pooled budget to achieve the targets set in relation to adult social care
- 1.8 The PCT’s strategic plan identifies the following key areas of focus for health and social care delivery over the next four years:

Promoting Healthy Lifestyles:

- Reduce smokers
- Reduce obesity
- Reduce under 18 conceptions and improve sexual health
- Reduce the harm from drug and alcohol misuse

Reducing Health Inequalities:

- Reduce mortality from heart disease and Stroke
- Reduce mortality from cancer
- Reduce mortality from Chronic Obstructive Pulmonary Disease
- Reduce infant mortality

Supporting Vulnerable People:

- Safeguard the vulnerable
- Improve the health and wellbeing of older people
- Support people with mental illness and learning disability
- Support carers
- Support people with disabilities

Improving Access:

- Personalisation, choice and control

- Care closer to home
- Quality and access to GP and Dentists
- Maternity care

## 2. FINANCIAL ARRANGEMENTS

### 2.1 The pooled fund

	<b>2010-11</b>	<b>2009 - 2010</b>	<b>2008 - 2009</b>
The Council (PCC)	£38,123,000	£37,124,000	£35,295,000
Peterborough PCT		£180,499,000	£177,482,000
<b>TOTAL</b>		<b>£217,623,000</b>	<b>£212,777,000</b>

The Council's proposed figure of £38,123,000 is net of assumed income from charges and other sources, capital charges and Area Based Grant.

### 2.2 Charges for Social Care Services

The PCT operates and administers Peterborough City Council's charging policy for non-residential social care services (referred to as the Fairer Charging policy) on behalf of the Council, but it cannot vary the level of charges.

There are no changes to the charging policy to be implemented in 2010/11. The government has indicated an intention to remove charging for social care for people with high levels of care needs within 2010/11. Guidance is awaited on the criteria which will be applied to identify those with high care needs in order to calculate what the potential reduction revenue may be.

### 2.3 Eligibility Criteria

The PCT operates and administers the eligibility criteria for adult social care services (within the Fair Access to Care framework) on behalf of Peterborough City Council. Eligibility for services is currently set at the level of "high moderate". It will remain at this level for 2010/11. This notes an intention to maintain the eligibility threshold and reflects partners' wishes to continue to support vulnerable people through preventative approaches whenever possible.

### 2.4 Medium Term Financial Arrangements

Indicative contributions to the pooled fund for 2011/12 and 2012/13 by the City Council are £37,655,000 and £37,934,000 respectively. These figures are net of assumed income from charges and other sources, capital charges and Area Based Grant.

### 2.5 Capital

The capital programme includes the following items for Adult Social Care:

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Improving information management	54,000	54,000	
Aids and adaptations	250,000	250,000	165,000
Minor works programme	60,000	60,000	
Social Exclusion Unit (Mental Health)	102,000	102,000	
Replace RAISE client record system	435,000		
Electronic Call Monitoring System	20,000		
Replacement of residential homes		3,000,000	3,000,000
<b>Total</b>	<b>921,000</b>	<b>3,466,000</b>	<b>3,165,000</b>

### **3. GENERAL COMMITMENTS AND DEVELOPMENTS FOR ALL SERVICE USERS**

Major supporting service developments to be delivered in 2010/11

As part of the drive for improvements to efficiency and quality, the PCT will take forward work programmes to enhance the following strategic, infrastructure and support functions. Details and timeframes can be found in Appendix 1.

#### **3.1 Work Programme: contract documentation, negotiation and provider management**

Independent and voluntary sector contracts, supporting people to live as independently as possible. Incorporates domiciliary care, nursing and residential care and supported living.

Key milestones 2010/11 – to be confirmed.

#### **3.2 Work programme: refreshing the JSNA for Peterborough**

Refreshing the Joint Strategic Needs Assessment and reviewing its presentational format to make it a live and searchable product.

Key milestones 2010/11:

- Stakeholder engagement and project groups establishment – April 2010
- Data collection, analysis and commentary completed – Dec 2010
- New JSNA published and communicated to stakeholders – January 2011

#### **3.3 Work programme: quality management**

Developing and implementing quality systems and processes across our commissioned and contracted services, responding to complaints, incidents, PALS, research and development and refreshing and developing quality policies.

Key milestones 2010/11:

- Quality systems and processes embedded in all areas of commissioned or Contracted services April 2010
- Quality monitoring meetings carried out for all contracted & commissioned services – March 2011.

#### **3.4 Information Governance and IG toolkit**



Developing and following practices relating to data security and integrity and responding to breaches of data security.

Key milestones 2010/11:

- All staff trained in information governance March 2011.
- Compliance with national information governance toolkit March 2011.

### 3.5 Communications and engagement

To provide local people with good quality information on the choices available and thereby support individual empowerment. To signpost local people to the range of services available. To ensure the systematic involvement of local people in planning and decision making processes. To foster a culture of good two-way communications with stakeholders. To encourage feedback from patients, service users and other stakeholders to improve the range of quality of services.

Key milestones 2010/11:

- Intranet redeveloped – November 2010.
- Review of information provided to local people July 2010.

### 3.6 Producing social care returns and completing self assessment

Compliance with statutory returns requirements and timetables. Completion of national indicators reporting to the council. Production of robust evidence of delivery of outcomes ensuring best possible quality assessment for adult social care.

Key milestones 2010/11:

- Submission of year end statutory returns – May 2010.
- Sign off of self assessment, submission to CQC and presentation to public boards – June 2010.
- Collection of evidence for 2010/11 assessment – March 2011.

### 3.7 Implementation and planning for replacement system for electronic social care record

As above.

Key milestones for 2010/11:

- PID produced April 2010.
- Tender process commences July 2010.

### 3.8 Performance management, performance accelerator and establishing links to council's performance systems

To ensure that a robust performance management framework is fully operational and that all relevant staff are proficient in the use of the Trust's performance management software (performance accelerator) and that there are adequate feeds of information into the council's performance management system (performance plus).

Key milestones 2010/11:

- Monthly updates produced for all national indicators and passed to the council's performance plus system – May 2010 onwards.

- Quarterly summary and exception reporting to Scrutiny Committee – July 2010 onwards.

### 3.9 Ongoing fiscal management

Ongoing and regular maintenance and reporting activities carried out by the finance team. Includes monthly Board reporting to both the PCT Board and Partnership Governance Group, annual and interim accounts and monitoring returns to SHA. This also includes the regular tasks carried out within finance eg treasury management, meetings with managers, liaison with Peterborough City Council re funding items, etc.

Key milestones 2010/11:

- Statutory finance returns completed.
- Ongoing financial reporting to SHA and other external agencies completed.
- Corporate governance issues regarding the ongoing stewardship of public finances complied with.

### 3.10 Savings, efficiencies and QIPP

To identify areas of spend where efficiencies and savings can be achieved across both health and adult social care. To take plans forward and monitor and measure savings and efficiencies achieved.

What is the outcome of completing this work:

- Financial balance achieved.
- Care pathways improved.
- Efficiency of services improved.
- Cash releasing efficiencies available for reinvestment.

### 3.11 Improving value for money in adult social care – including projects around older people's residential homes, learning disability and day opportunities

Deliver agreed efficiency savings for adult social care. Reduce inefficiency in current service provision. Improve choice. Improve quality of services.

Key milestones 2010/11: to be added.

### 3.12 Contribution to CAA use of resources assessment

Robust collection of evidence for the use of resources assessment to increase score to three.

Key milestones 2010/11:

- Workshops held for each KLOE to identify relevant evidence and outcomes – October 2010.
- Draft self assessment for reporting to January Audit Committee – January 2011.
- Audit visit for formal assessment – February 2011.

### 3.13 Transformation of adult social care

Deliver "Putting People First".

Key milestones 2010/11:

- Full delivery of implementation plan by March 2011.

#### **4.0 Major developments relating to Promoting Healthy Lifestyles to be delivered in 2010/11**

- 4.1 It is estimated that over 10,000 people aged between 16 and 59 years in Peterborough have used an illicit drug in the last year, with 46% of these aged 16 to 24 years.
- 4.2 There are on average 525 hospital admissions per year in Peterborough where drug misuse or drug poisoning are included in the reason for admission.
- 4.3 Alcohol misuse has a significant impact on the health of adults in Peterborough. Alcohol attributable hospital admission rates for Peterborough are significantly worse than the East of England region or England average at 1,252, with an average of 74 alcohol related deaths a year.
- 4.4 The incidence of alcohol related criminal behaviour is also significantly worse than the East of England regional or England average. The highest admission rates for alcohol specific conditions are seen in people aged 35 to 64 years. Recent years have seen a significant increase in the number of alcohol-related hospital admissions both in the UK and in Peterborough, with the most common cause for admission being mental and behavioural disorders due to alcohol consumption, followed by alcoholic liver disease and the toxic effect of alcohol. Males have a greater reduction in their life expectancy than females due to alcohol related conditions, with males having over double the rate of females.
- 4.5 The following developments impacting on adult social care delivery will be taken forward in 2010/11 – work plans can be found at Appendix 1.

Alcohol and drug misuse

Develop alcohol strategy and action plan. Reduce substance misuse and the harm associated.

Key milestones for 2010/11:

- Development and delivery of action plan July 2010.
- Reduce admissions to hospital related to alcohol March 2011.

#### **5.0 Major developments relating to reducing health inequalities to be delivered in 2010/11.**

- 5.1 In Peterborough coronary heart disease is the major cause of premature mortality and therefore a major contributor to the lower life expectancy experienced compared to similar cities (Office for National Statistics cluster) and nationally. The premature mortality rate from coronary heart disease experienced by the Peterborough population is one of the highest for both males and females in its Office for National Statistics cluster.
- 5.2 Over 50% of all deaths are caused by either circulatory or respiratory diseases or cancers. Detailed analysis by the London Health Observatory has identified the conditions that contribute significantly to the health inequalities experienced by the

Peterborough population. These data definitively identify the priority disease areas and populations which need to be addressed.

- 5.3 Peterborough has an 8% higher death rate from coronary heart disease than England and Wales.
- 5.4 The following developments impacting on adult social care delivery will be taken forward in 2010/1.

Long term conditions x 3 – CHD/COPD/Stroke – including prevention and early intervention – education and awareness

Redesign of care pathways and appropriate re-commissioning of services.

Key milestones 2010/11:

- Designated stroke centres including TIA clinics and 24/7 thrombolysis – May 2010.
- Delivery of outcomes identified for ring fenced stroke funding March 2011.

## **6.0 Major developments relating to supporting vulnerable people to be delivered in 2010/11**

- 6.1 The Adult Safeguarding policy and procedures are overseen by Peterborough Adult Safeguarding Board, a multi-agency partnership. All agencies working with vulnerable adults are required to report concerns.
- 6.2 Adult safeguarding alerts have shown a consistent increase since 2002. In 2008 there were 651 reports of possible abuse, just over half (346) relating to people aged 65 and over. 412 alerts related to women and 27 to people from black and minority ethnic communities. The most common place for abuse to have taken place was in people's own homes (265 alerts).
- 6.3 We continue to work to ensure that the requirements outlined in 'No Secrets' and the Association of Directors for Adult Social Services standards on protecting Vulnerable Adults are fully implemented.
- 6.4 Population projections over the next 10–15 years point to a significant growth of older people in Peterborough ( See Figure 4). The fastest growing section of the Peterborough population, those aged 85+, has already seen a marked increase in numbers. Research suggests that this will lead to significant growth in conditions commonly associated with older people such as dementia, depression and frailty.
- 6.5 In addition to the growing older population, there will be an increasing diversity of needs, arising in part from the increasing number of older people from minority ethnic communities. As already evidenced, there is also a high level of health inequality between wards in the city.
- 6.6 In Peterborough, 3,443 people received a community based care package during 2006/07; this is approximately 15% of the older population. A further 478 people received support in residential or nursing accommodation, while an additional 1400 people received grant funded preventative support.
- 6.7 There are an estimated 17,774 people aged 16-64 with mental health problems in Peterborough, based on the Mental Health National Service Framework prevalence

estimates. Data collection on actual treatment and prevalence has historically been poor, and we are working with service providers to ensure that this improves.

- 6.10 Learning disability is the most common form of disability in Britain affecting around 1.2 million people. It is estimated that there are 339 people in the Peterborough resident population aged 15- 64 with profound learning disability, and a further 3803 with mild to moderate learning disability. Some people live relatively independently, hold down jobs and have busy social lives. At the other extreme, where people have profound and multiple disabilities, round-the-clock support is necessary.
- 6.11 There are significant spending pressures on social care and NHS budgets for learning disabilities across all local authorities and primary care trusts. The reasons for these pressures (all of which Peterborough faces) include:
- significantly increased numbers of learning disabled people, children and adults in the population.
  - children surviving into adulthood with major disabilities and complex needs.
  - adults are living longer and surviving into older age.
  - capacity of family carers to care for the extent and diversity of needs is limited.
  - significant increases in the costs of specialist services for people with high dependency.
  - complex needs and challenging behaviour.
- 6.12 Approximately 10% of the population of Peterborough provide unpaid care to family members, friends and neighbours - their role and contribution to society and the people they care for needs to be recognised and valued. Without unpaid carers, formal services would be unable to cope with demand.
- 6.13 Locally, the 2001 Census identified that:
- nearly 15,000 people in Peterborough viewed themselves as carers (around 10% of the local population and consistent with national estimates)
  - 3000 people were caring for more than 50 hours per week.
  - nearly 480 children 18 or under are providing care.
  - Approximately 3225 adult carers are currently known to support agencies. Of these: 36% of carers are aged 65 and over (5% are aged 85 and over).
  - 38% of those cared for have a physical disability and 35% of their carers are aged 65 and over.
  - 14% of those cared for have a learning disability and 32% of their carers are aged 65 and over.
- 6.14 According to the January 2007 school census, 4.04% of pupils in Peterborough had a statement of special educational needs. This compared to the England average of 2.9% (January 2006). In 2008, ten young people with learning disabilities made the transition to adult services, equating to approximately 2.5% of the existing number known to adult services. Prevalence rates would suggest there will be approximately 57 children aged 10-19 years with IQs of less than 50 coming through the education system at present.
- 6.15 We maintain a register of people with sensory impairments and 388 people with sensory impairments were supported by community based social care services in 2008, covering 26.1% of those registered.

The following developments impacting on adult social care delivery will be taken forward in 2010/11.

- 6.17 Older people/commissioning plans/health and wellbeing/employment and volunteering
- Activity relating to improving and maintaining the health and independence of older people.
- Key milestones 2010/11:
- Completion of one care home reconfiguration.
- 6.18 Carers – including information and advice, assessment, support and wellbeing employment
- Implementing the carers' strategy.
- Key milestones 2010/11:
- Improve the identification of carers – December 2010.
  - Improve the quality of services for all carers – December 2010.
  - Evaluate the emergency respite service by January 2010 and market opportunities to tender for full service – September 2010.
  - Ensure carers have access to, and benefit fully from, the planned expansion of direct payments and the introduction of individual budgets programme – October 2010.
  - Raise awareness of carers rights and provide clear routes to accurate and timely information/advice including guidance on safeguarding – November 2010.
- 6.19 Commissioning plans for physical disability and sensory support – modern responsive services
- To follow.
- 6.20 Community based and peer delivered support options for people with long term support needs and carers
- To follow.
- 6.21 Rehabilitation services
- To follow.
- 6.22 Older people's mental health services – baseline and review, accommodation, dementia strategy
- Develop and implement a strategy for OPMH including the implementation of the national dementia strategy.
- Key milestones 2010/11: to follow.
- 6.23 Safeguarding vulnerable adults
- Ensuring that vulnerable people are safeguarded from abuse.
- Key milestones 2010/11:
- Fully deliver on the safeguarding action plan produced following the CQC inspection – March 2011.

6.24 Mental health including wellbeing and prevention and employment and accommodation

Delivery of the mental health strategy.

Key milestones 2010/11:

Re-commission primary care services – March 2011.

6.25 Learning disability – carers support, employment, settled accommodation, transitions, education

Implement the Strategic Plan in relation to learning disability based on implementation of "Valuing People".

Key milestones 2010/11:

- Implement new service models – April 2010.

**7.0 Major developments relating to Improving Access to be delivered in 2010-11**

7.1 In England, 15.4 million people have a long term condition. Long term conditions are common and affect approximately 1 in 3 people. With a resident population of 168,000, this equates to 56,000 people in Peterborough.

7.2 The latest evidence continues to support the clear messages about long-term conditions:

- People with long term conditions can be intensive users of health and adult social care services, including community services, urgent and planned acute care services
- Numbers are predicted to increase due to factors such as an ageing population and certain lifestyle choices that people make
- Ill health among the working population poses a major challenge to health and adult social care commissioners and providers

7.3 There are huge benefits to the population and financial savings to be made if health and adult social care communities effectively engage with individuals, enabling them to take responsibility for their own health and well being. Identifying those at risk is critical, as is supporting them with the right information, advice and care to effectively manage their long term conditions.

7.4 We know that, nationally, 50% of deaths occur in hospital when most people would like to die at home, and most have had multiple admissions, spending up to a month in hospital in the year before they die.

7.5 We also know that, in Peterborough, certain ethnic or socially disadvantaged communities do not routinely access health or adult social care services towards the end of life.

7.6 Effective support and care in their daily lives for people with long term conditions, as well as effective intermediate care services, are crucial in order to avert crisis admissions to hospital. Emergency admissions have grown in the last two years.

7.7 The following developments impacting on adult social care delivery will be taken forward in 2010/11 – work plans can be found at Appendix 1.

7.8 Self directed support – personalisation, choice and control

Implementation of national policy for adoption of self directed services in the social care process involving statutory, tactical and operational service redesign.

Key milestones 2010/11:

- Improve individual budgets and care management systems and processes – April 2010.
- Develop Access Information Centre (AIC) Stage 2 – October 2010.

7.9 Accommodation for older people – support options

Contracting, commissioning and developing partnerships to review existing accommodation and improving accommodation for older people living in Peterborough.

Key milestones 2010/11:

- Extra care housing target provision (400 by 2011) – February 2011.
- Completed PCS care home reconfiguration – March 2011.

7.10 End of life

To deliver the End of Life Care Strategy and improve services for palliative care.

Key milestones 2010/11:

- Increase the number of people identified for the Gold Standards Framework (GSF), Liverpool Care Pathway (LCP) and Preferred Place of Care (PPoC) in order to provide care closer to home, raise awareness of EoL issues and guarantee better access to services.
- Review and re-commissioning/re-provide palliative care services by a range of providers, in a range of settings.
- Implement Marie Curie "Delivering Choice" programme.

7.11 Unplanned care (service redesign)

Care closer to home – falls, intermediate care, ambulatory conditions and the use of Telecare and assistive technology.

Key milestones 2010/11:

- A range of patients with the 19 ambulatory care conditions will be treated closer to home.
- Fallers without the clinical need for attendance at A&E will be diverted to more appropriate support and preventative services.
- Intermediate care services will be operating at an optimum level within their current resource envelope.
- Assistive technologies and Telecare will be implemented to provide high quality, cost effective and timely intervention and support for patients in their own homes.





## 8. PERFORMANCE INDICATORS

The attached table summarises the targets set for adult social care in 2010/11. These schedules may be subject to change following out turns for 2009-10 being received in June 2010.

National Indicators								
Ref	Measure Title	Responsible Officer	Baseline Figure	2010/11 Target	2011/12 Target	2012/13 Target	Rationale for targets	LAA Outcome
NI125	Achieving independence for older people through rehabilitation/intermediate care PSA 18	Alison Reid	85%	85%	85%	Not yet set	Current performance is above England Average – targetted to remain so.	
NI 127	Self reported experience of social care users PSA 19	Aidan Fallon	58%	Not yet set	Not yet set	Not yet set	Awaiting confirmation of this years survey theme and client group.	
NI 130	Social Care clients receiving Self Directed Support (Direct Payments and Individual Budgets)DH DSO	Alison Reid	238.57	3815 (60%)	Not yet set	Not yet set	Target agreed with Department of Health for LAA. Expectation that 100 of people receiving community social care packages will receive individual budgets by March 2011	Creating opportunities and tackling inequalities
NI 131	Delayed transfers of care from hospitals per 100,000 of the population DH DSO	Alison Reid	7.53	5.9	5.1	Not yet set	Plan is to reduce mental health delays and maintain acute delays at the low baseline levels.	
NI 132	Timeliness of social care assessment DH DSO	Denise Radley	73.7%	87%	90%	Not yet set	Targetted improvement up to top quartile by 2010/11 from low baseline.	
NI 133	Timeliness of social care packages DH DSO	Alison Reid	93%	95%	95%	Not yet set	Targetted improvement in line with top quartile of performance	
NI 135	Carers receiving needs assessment or review and a specific carer's service, or advice and information DH DSO	Denise Radley	35.9%	36%	Not yet set	Not yet set	2010/2011 is the target agreed with in the LAA.	Creating opportunities and tackling inequalities
NI 136	People supported to live independently through social services (all ages) PSA 18	Denise Radley	37.16	42.26	Not yet set	Not yet set	Increase modelled on demographic growth in older population and long term conditions.	

National Indicators								
Ref	Measure Title	Responsible Officer	Baseline Figure	2010/11 Target	2011/12 Target	2012/13 Target	Rationale for targets	LAA Outcome
NI 138	Satisfaction of people over 65 with both home and neighbourhood PSA 17	Aidan Fallon	85.6%	85.6%	85.6%	Not yet set	Modelled to maintain performance above the Engance Average (84.55)	
NI 139	People over 65 who say that they receive the information, assistance and support needed to exercise choice and control to live independently PSA 17	Aidan Fallon	30%	30.42%	30.42%	Not yet set	Targeted to reach the national average.	Creating opportunities and tackling inequalities
NI 140	Fair treatment by local services	Denise Radley	67.5%	69.13	70.75	Not yet set	Targeted to reach national average of 70.75	
NI 145	Adults with learning disabilities in settled accommodation PSA 16	Denise Radley	70.6%	73	75	Not yet set	Modelled to build in crease in respect o moving people on from residential care homes	
NI 146	Adults with learning disabilities in employment PSA 16	Denise Radley	6.7%	Not yet set	Not yet set	Not yet set		
NI 149	Adults in contact with secondary mental health services in settled accommodation PSA 16	Denise Radley	7.2%	Not yet set	Not yet set	Not yet set	Out turn for 2008-09 was low due to missing data. Full data set due from mental health trust in October 2009. Targets can then be set.	
NI 150	Adults in contact with secondary mental health services in employment PSA 16	Denise Radley	0.65%	26%	50%	Not yet set	Targets originally those set in the first round of LAA – under recnegotiation in round 2. For 2008-09 employment staus was only reported for 256 clients from the 3098 clients known. 20 of those were in paid employment.	Creating opportunities and tackling inequalities

Local Indicators									
Ref	Measure Title	NI this refers to	Responsible Officer	Baseline Figure	2010/11 Target	2011/12 Target	2012/13 Target	Rationale for targets	LAA Outcome
C72	Older People admitted to residential care per 10,000 of the population.aged65+	NI 136	Jessica Slater	75.98	79	79	Not yet set	Low levels of residential admissions are evidence of intensive support packages in the community being provided as an alternative.	
C73	Adults under 65 admitted to residential care per 10,000 pop aged 18-64.	NI 136 / NI 149 / NI 145	Jessica Slater	1.47	1.1	1.1	Not yet set	Low levels of residential admissions are evidence of intensive support packages in the community being provided as an alternative. Also evidence of higher rates of adults with Learning disabilities and mental health problems in settled accomodation	
D40	Percentage of clients receiving a review in 12 months	NI 130	Karen Wadham	75.98%	80%	85%	Not yet set	A proxy indicator to montior capacity for introduction of indiviudal budgets.	Creating opportunities and tackling inequalities
D54	Percentage of items of equipment and adaptations delivered in 7 working days	NI 133	Jessica Slater	96%	96%	96%	Not yet set	Links to NI 133 – wiating times for care packages as a high proportion of service users receive equipment as part of their package of services.	
E47	Ethncity of older people receiving assessment	NI 140	Jessica Slater	2.11	1.8	Not yet set	Not yet set		
E48	Ethnicity of older people receiving services following assessment	NI 140	Jessica Slater	0.98	1.0	1.0	Not yet set		

Ref	Measure Title	2010/11 Targets				Rationale for targets	LAA Outcome
		Quarter One	Quarter Two	Quarter Three	Year End		
NI 125	Achieving independence for older people through rehabilitation/intermediate care PSA 18	85%	85%	85%	85%	This target seeks to maintain performance at the current level	
NI 127	Self reported experience of social care users PSA 19	na	na	na	na	This indicator will be via the annual satisfaction survey. The PCT's Quality Group will take an overview on overall satisfaction levels – feed by a range of quality indicators and data	
NI 130	Social Care clients receiving Self Directed Support (Direct Payments and Individual Budgets)DH DSO	2939	3231	3523	3815	The target sets a staged increase between the targetted 2009-10 out turn and the targetted 2010-11 out turn.	Creating opportunities and tackling inequalities
NI 131	Delayed transfers of care from hospital per 100,000 of the population DH DSO	5.9	5.9	5.9	5.9	This is a rolling average per week	
NI 132	Timeliness of social care assessment	87%	87%	87%	87%		
NI 133	Timeliness of social care packages	95%	95%	95%	95%		
NI 135	Carers receiving needs assessment or review and a specific carers service or advice and information	36%	36%	36%	36%		Creating opportunities and tackling inequalities
NI 136	People supported to live independently through social services	42.26	42.26	42.26	42.26		

Forecasting performance on National Indicators							
Ref	Measure Title	2010/11 Targets				Rationale for targets	LAA Outcome
		Quarter One	Quarter Two	Quarter Three	Year End		
NI 138	Satisfaction of people over 65 with home and neighbourhood	na	na	na	na	This indicator will be monitored via the Councils' Citizens Panel survey.	
NI 139	People over 65 who say that they receive information and assistance and support needed to exercise choice and control to live independently	na	na	na	na	This indicator will be monitored via the Councils' Citizens Panel survey.	Creating opportunities and tackling inequalities
NI 140	Fair treatment by local services	na	na	na	na	This indicator will be monitored via the Councils' Citizens Panel survey.	
NI 145	Adults with Learning Disabilities in settled accommodation	71.2%	71.8%	72.4%	73%		
NI 146	Adults with learning disabilities in employment	na	na	na	na		
NI 149	Adults in contact with secondary mental health services in settled accommodation	na	na	na	na		
NI 150	Adults in contact with secondary mental health services in employment.	na	na	na	na		Creating opportunities and tackling inequalities

