

Medium-Term Financial Strategy Proposals Document from Cabinet

January 2012

**STRICTLY EMBARGOED UNTIL
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1. INTRODUCTION

This is a comprehensive document setting out, as far as is possible, the Cabinet's continued proposals to meet the challenges of the Government's Spending Review first outlined in October 2010.

As expected, funding from Central Government – the Local Government Provisional Formula Grant which was announced in early December – was £5.6 million lower than last year. The council will receive just over £74 million pounds from the Department of Communities and Local Government. This grant, alongside your council tax, funds the services we provide. These figures present another challenge for the council over how services can be delivered for the years ahead with shrinking resources.

This document aims to be open and transparent over proposed spending plans and is published at this time to give residents, partner organisations, businesses and other interested parties the chance to give their comments. It sets out all of the savings, efficiencies, and service reductions while also balancing the need to continue to invest in plans which will provide the city with continued growth.

2. CONTEXT AND OVERVIEW

When the Government's Spending Review was revealed in October 2010, it meant unprecedented cuts in public sector spending, including the money given to local authorities to run services. As a result, councils were told they would receive an overall reduction in funding of 28 per cent over four years. It was also established that the cuts would be "front-ended" meaning that authorities would face greater reductions in the first year than over the following three. In addition, in his recent Autumn statement, the Chancellor announced that the current economic outlook means that this squeeze on public sector expenditure is likely to continue beyond the period originally outlined.

In the budget documents last year, the council put in place extensive plans to deal with the initial grant reduction. This is now the second year of the four year cycle. As already mentioned, the Government settlement given to Peterborough has been – as expected – £5.6 million lower than the previous 12 months. Included in that figure is £2.5 million which is given to other authorities as part of the Government's "claw back" scheme. The system is a complex one and is based on giving money to authorities based on their size and current population, but the claw back scheme then caps grant reductions, meaning grant from Peterborough is passed to other councils. Given that Peterborough has expanded rapidly over the last decade and that the next census is expected to show a large population rise, there are plans to appeal this reduction in funding.

Our strong financial management has placed the council in a strong position to deal with the national challenges. Cabinet has been involved in detailed meetings, examining every line of expenditure in the authority's budget.

Peterborough City Council continues to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the fifth lowest council tax. In the last financial year there was no increase in council tax in Peterborough.

Information gained during the consultation process last year clearly guided thinking surrounding the delivery of services. The Cabinet again extends the invitation for people who live and work in Peterborough to comment on the proposals set out in this document, the scale of the reductions we face, and to feedback ideas on delivering continued future growth.

3. PRIORITIES

The Cabinet has been working on these proposals for some time. It has based its work on the following principles, actions and priorities:

- Continuing to reduce costs and bureaucracy by robustly pursuing its efficiency agenda through the business transformation programme and other council departments.
- Further reducing its dependence on consultancy where it is appropriate to do so and up-skilling its own workforce.
- Considering other ways of delivering the best services to our residents that place less of a financial burden on the tax payer including working with voluntary organisations and businesses to secure value for money and improvements in performance.
- Reviewing all the buildings the council owns and uses and ensuring they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.
- Continuing to secure savings by ensuring services provide the best value for money for our residents.
- Exploring new ways to maximise our income generation.
- Only making reductions in services where there is still not enough money available to deliver them when other savings have been accounted for.

The proposals put forward in this paper maintain our commitment to:

- Improving educational attainment and skills for our children and young people. A key part of this vision is bringing established universities to deliver courses to students in Peterborough. It will enable people to study a wider choice of higher education courses without having to leave the city.
- Safeguarding children and vulnerable adults.
- Growth, regeneration and economic development of the city to bring new investment and jobs.
- The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments.
- Delivering services at a neighbourhood level.
- Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

4. COST INCREASES

At the same time that the council is experiencing unprecedented reductions in funding, we are also experiencing significant cost increases. The council has a range of statutory duties to provide services, and if demand for these services increases the council has a legal duty to provide them.

This paper outlines all the cost increases we are facing and need to fund. Some of the most significant are also outlined below:

4.1 Adult Social Care

Significant pressures have been placed on adult social care services nationwide, largely due to people living longer and developing more complex needs. Peterborough is no exception. This considerable increase in the demand for services has had a major impact on our budget plans for future years.

Over the last six months, the council and NHS Peterborough (NHSP) have brought in additional resources to assess the scale of the issue. The council has a statutory duty to meet the needs of the elderly and vulnerable and, with the partnership agreement with NHSP coming to an end in February 2012, the council will take over the direct running of services.

The financial pressure for adult social care for 2011-12 is currently forecast to be around £9m. This will continue into 2012-13, offset by any revised plans for delivery of savings which are set out below. A more detailed explanation of the pressures facing adult social care provision and the proposals set out by the council to tackle the provision of services can be found in Appendix 3 – Service Implications (Investment/Reductions) – Adult Social Care.

4.2 Children's Services

In order to address some of the challenges identified within an Ofsted Safeguarding inspection of August 2011, a number of areas within children's social care have been reviewed to ensure a safe, sustainable service is provided.

The number of "looked after children" currently exceeds 325. The current budget for 2011/12 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system.

However, it is expected as Peterborough continues to grow demographically, that the numbers of children in care and the complexity of their needs will continue to increase. This is reflected through an estimated five per cent change year-on-year in the cost of supporting these most vulnerable children.

One of the key weaknesses identified in the inspection was around the casework numbers each social worker held. The number of social workers required to support the department's activity was last reviewed in 2006 and can no longer support the number - or complexity of cases - currently being held by workers. Proposed investment will enable further social workers to be recruited.

4.3 Capital Financing

The council remains fully committed to the growth, regeneration and economic development of the city to bring new investment and jobs. To support this, and to provide the necessary infrastructure to drive forward growth and provide the services that additional residents require, this budget includes a significant capital investment programme.

New investment is included in each section of the report, and the full capital programme can be found in the Medium Term Financial Strategy (MTFS). Examples of where we will be investing include the following:

- Affordable housing - £16m over the next five years
- Transport Infrastructure - £5.5m per year
- Junction 1-2 Fletton parkway - £13m
- Childrens - £73m next year, includes:
 - Primary programme – provision of places
 - Secondary schools
- Waste strategy
- Invest to save – developing schemes that will save the council money, such as in renewable energy schemes

4.4 Overall impact of pressures on the budget position

These pressures, combined with the reduction in grant the council is facing, create a budget gap that has to be tackled. This gap is outlined below:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Budget gap after grant reductions and pressures	-17,324	-22,823	-35,266	-42,302	-47,459

The next section outlines how we will tackle these budget gaps to deliver a balanced, sustainable budget.

5. PROPOSALS TO CLOSE THE GAP

The majority of this consultation document outlines the Cabinet proposals for how we will tackle these budget gaps to deliver a balanced sustainable budget. These proposals demonstrate the Cabinet's commitment to the principles, actions and priorities set out in Section 3 which are to protect, as far as possible, front-line services and its vision for the city through reducing bureaucracy and costs, and improving efficiency to ensure value for money.

5.1 Department proposals

Each appendix outlines the proposals in detail for each department, but in summary these are:

Children's Services

These savings proposals focus on reviewing back office functions, how grants are used and how complex childcare packages are provided with the NHS. The department will also deliver the restructure outlined in last year's budget proposals.

Operations

A review of the directorate is being considered. This will include the majority of services across the department, including community cohesion, neighbourhoods, planning and emergency planning. Opportunities to increase income through selling services such as CCTV, care and repair and trading standards will also be implemented

Adult Social Care

The council intends to apply its successful business transformation approach to these services (working with Serco on business cases for savings and efficiency). Key to these plans is support and intervention, such as "re-ablement" to reduce the need for services in the future. The provision of services will also be reviewed to ensure it provides suitable, effective and efficient care. It is expected that these plans will deliver savings of £4.1m in 2012-13, rising to £7.3m in three year's time to reduce the overall pressure.

Chief Executive's

The department will deliver a range of efficiencies, including income generation, across the chief executive's office, legal and governance and communications. The resources of the growth function will be aligned to the key growth priorities being progressed.

Strategic Resources

The departmental budget includes the costs of the services delivered in partnership, including Vivacity (leisure and culture) and Enterprise Peterborough (street cleansing, parks and open spaces and waste collection). The council will work with these partners to develop proposals to reduce the cost of these services.

The department will also work with Serco and the rest of the council to deliver an organisation-wide transformation programme. This is outlined in more detail in the next section.

5.2 Efficiency and business transformation

The council's business transformation team together with service departments have delivered year-on-year annual savings. In summary, savings were reported in the scrutiny review in this area. The overall transformation programme has been delivering savings since 2006. The cumulative repeatable savings (excluding one-off savings delivered in each year) achieved over this period are:

<i>Year</i>	<i>Cumulative Total Savings</i>
2007/2008	£5.779m
2008/2009	£12.987m
2009/2010	£21.649m
2010/2011	£27.735m
2011/2012	£29.158m

The cumulative savings figures shown above are all recurring savings. That means we do not now need to take additional cost to achieve them in future years so the return on investment improves significantly every year.

The team has transferred to Serco under the strategic partnership, and will work alongside colleagues in Serco and the council to deliver a transformation programme over the lifetime of that partnership. This programme will review all areas of the council to see where services can be provided more effectively and efficiently, leading to improved services for residents as well as financial savings.

5.3 Property Rationalisation

The council occupies a large number of buildings throughout the city. The council continually reviews all the buildings it owns and uses to ensure they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of.

This process will continue as part of this budget round. The council has identified £36m of potential disposals over the next ten years.

The efficient use of property will be based on the following key principles:

- Maximise the use of the town hall for civic, democratic and office accommodation uses
- Outside of the town hall, seek to rationalise accommodation used across the city, including plans to centralise in a modern, energy efficient property. Ideally this will act as a catalyst for growth in the city

5.4 Income and Fees and Charges

The council will continue to exhaust all opportunities to gain further income. In many cases this will be because we are selling more services.

In some cases it will be necessary to increase the level of fees and charges. We try to keep this to a minimum. We have identified some of the larger and more sensitive increases in fees and charges later in this document in the appendices, under the individual service areas.

These include changes to charges to residents parking permits and implementing the charging policy in adult social care originally approved in last year's budget.

6. IMPLICATIONS FOR COUNCIL TAX

Council tax bills are made up of council charges and charges from other public bodies to fund their services. The remainder of the bill paid by Peterborough residents funds police, fire and parish councils

Peterborough City Council continues to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the fifth lowest council tax (some £114 per year lower than the average, and £335 lower than the highest). In the last financial year there was no increase in council tax in Peterborough.

We were able to freeze council tax as our prudent budget plans enabled us to take advantage of the grant offered by the Government for this purpose as we kept our council tax increases below 2.5 per cent. Last year this was worth £1.5 million to Peterborough which is now part of the council's budget for the next four years. In four years the council will need to make savings to cover the fact that this grant will stop.

There has been a lot of publicity surrounding the Government's plans to offer grants to freeze council tax again. However, the Government's offer for 2012/2013 is different. This time the offer of funding to councils that freeze council tax is a one-off grant, and will only be provided for one year. Councils that accept the grant will be left with a shortfall in funding in every year after this one. For Peterborough that would be over £8m over five years. Councils would have to make up this shortfall through further savings and cuts or higher increases in council tax.

If the authority decided to take the Government's offer and froze council tax again, it would take four years - and increases in council tax of at least 3.5 per cent in subsequent years - to make up the shortfall. There is also a risk that the Government could impose a capping limit of less than 3.5 per cent which would mean a longer period to make up the shortfall.

The Cabinet recognises these are challenging times for council taxpayers but after careful consideration believes the best option is to decline the Government's offer and, instead, increase council tax by 2.95 per cent for 2012/2013. This means the authority would not have to increase council tax by at least 3.5 per cent in subsequent years and not have to put in place the kinds of cuts in services that taking the Government's grant offer would prompt.

This increase equates to £32 for a Band D property per year, and would mean that council tax in Peterborough would remain one of the lowest in the country. For people in receipt of council tax benefit, this increase will be fully funded from increased benefit entitlement.

We believe this proposal strikes the right balance between investing in our city, delivering efficiencies and keeping council tax as low as we can. We look forward to receiving the views of our residents before we make the final decision.

7. OVERALL BUDGET POSITION

The introductory sections have so far outlined the following:

- The impact of grant reductions on the council's finances
- The pressures the council is facing
- The overall budget gap that these two issues create
- The savings proposals to close the gap
- The implications for council tax

All of these issues combine to form our overall budget position. The impact of our savings proposals, compared to the gap outlined in section 4 above are outlined below:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Budget gap from section 4 above	-17,324	-22,823	-35,266	-42,302	-47,459
Efficiencies	10,631	17,373	20,917	21,117	20,563
Additional Income	1,862	3,718	3,771	4,266	4,761
Service Reductions	1,244	2,444	2,474	2,505	2,537
Terms and Conditions	0	666	666	666	666
Corporate Contingency	1,000	1,000	1,000	1,000	1,000
Deficit	-2,587		-6,438	-12,748	-17,932
Less : use of reserves	2,587		2,378		
Surplus		2,378			
Less : Transfer to reserves		-2,378			
Cumulative position	0	0	-4,060	-12,748	-17,932

Whilst the council has made significant savings proposals for 2012-13, we have not been able to close the budget gap we face completely. We consider that further savings would have an unacceptable impact on services. As such we intend to use some of our reserves to balance the budget in that year.

In 2013-14, we are able to bring forward and deliver further savings that will move the council to having a budget surplus. We will use this surplus to help us tackle the challenges in 2014-15.

As a result we have been able to reduce the gap in 2014-15 to £4m. This is much smaller than the gap we had in this year in the last MTFS, and shows good progress in tackling the financial challenges ahead.

Beyond this the council has developed a business plan that forecasts ten years ahead and provides the council with a baseline to plan for the future of the city. Further details are included in the MTFS.

**APPENDIX 1 -
SERVICE IMPLICATIONS (INVESTMENTS / REDUCTIONS) – CHILDREN’S SERVICES**

Children’s services is responsible for overseeing and providing services for families and children in Peterborough. Our vision is that all children and young people in Peterborough have the right to be safe, to be healthy and happy and to be given the opportunity to achieve their aspirations.

The department is divided into three service areas:

- Education and Resources
- Safeguarding Families and Communities
- Commissioning and Early Intervention

(i) Education and Resources

This division supports schools and colleges to provide the best possible education for children and young people. It covers school improvement, special educational needs, skills agenda, Universities@Peterborough project, school place planning and asset management. The division also provides a range of support services across the department including finance, performance and project management.

(ii) Safeguarding - Family and Communities

This division is responsible for protecting Peterborough’s most vulnerable children and families, including those who need protection from significant harm, young offenders and children in care. The service also recruits and supports foster carers and adoptive parents.

(iii) Commissioning and Early Intervention

This division is responsible for leading on strategic commissioning, partnerships and early intervention. The service commissions all external residential and independent fostering agency placements and manages all the in-house residential units. It also covers the youth service, Connexions and play.

The overall cost of the children’s services department to the council is £26.2m.

The proposals below have increased the department’s spend by £3m. However, prior years savings agreed in previous budget setting rounds are £4.4m creating a net reduction within the department’s budget of £1.4m from 2011/12.

SAVINGS – REVENUE

Clare Lodge

Current budget = £2.9m (gross)

Clare Lodge is the leading national provider of secure placements for young women in the UK. The unit has 16 beds with placements sold to other authorities throughout England. In 2010/11 and early in 2011/12, the financial pressures on local authorities saw the number of referrals from other authorities decline.

However, since the summer, the numbers of referrals have increase significantly and it is expected through better efficiency and marketing, profits will increase by £100k per annum.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Clare Lodge – increasing occupancy	100	100	100	100	100

Continuing Care

Current budget = circa £1.3m

The complexity of needs for particular children in the city can at times require a multi-agency response with organisations such as the NHS and the Police providing support for children and their families.

These needs generally arise from congenital conditions, long-term deteriorating conditions, accidents or the after effects of serious illness or injury.

Under the National Framework for Children and Young People's Continuing Care, there is a requirement upon the NHS to assess the needs of this group of children needs and deliver bespoke packages of care for them.

There are a number of care packages that children's services department is currently financially supporting and it is expected that once further assessments are complete, these cases may become the financial responsibility of the NHS rather than children's services

In addition, a number of cases will move from being funded by children's services to being funded by the adult social care department.

Overall, it's anticipated that a budget saving of around £200k will be forthcoming.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Continuing Care	200	200	200	200	200

Review of Back Office Functions/Austerity Measures

A major reorganisation of back office functions will continue to ensure savings are made to protect frontline delivery. However, the structure will be regularly reviewed to ensure the department provides effective support to front line staff.

Austerity measures have been put in place to examine support budgets in children's services for the likes of ICT, stationery, vehicle mileage payments and room hire. These will deliver a saving of £100k.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Review of Back Office Functions	200	200	200	200	200
Austerity Measures	100	100	100	100	100

Review of grant expenditure

Current budget = £21m

Children's services still receive a significant amount of funding from grants paid direct to the local authority principally from the Dedicated Schools Grant and the Early Intervention Grant. It is proposed to review how this money could support activities currently funded by council resources. A full review will be undertaken to examine the impact all externally-funded services currently have on improving outcomes for children and young people.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Review of Grant Expenditure	150	150	150	150	150

INVESTMENT – CAPITAL

School Place Planning

The local authority is responsible for ensuring that there are sufficient school places within its area to meet the needs of the population. Local authorities are also responsible for providing transport where children have to access schools which are some distance from their home. The council has some clear objectives in terms of school place planning:

- Local places for local children with the aim to meet parental preferences for catchment schools.
- High quality learning environments, high educational outcomes
- Avoiding significant changes to catchment areas
- Limited and temporary use only of mobile accommodation.

Peterborough has seen exceptional growth in children in recent years due to a number of issues:

- Birth rates have increased by 30 per cent in the last five years (2005 – 2010) in comparison to only 12 per cent nationally
- Migration continues, local, regional and international. There are now 96 distinct languages in schools
- The economic stability and in some sectors growth in employment has stopped people leaving the city unlike in many other cities in the UK
- The success of our schools both in terms of Ofsted ratings and standards has attracted students from other local authorities

The significant pressures are within the primary phase where the number of four year olds in the city has risen from 2,165 in 2006 to an expected 3,013 in 2013. This has meant significant investment is required to meet basic numbers issues.

The capital programme for schools has grown hugely in recent years. This bid provides additional funding of around £7m to support further projects over the next five years. As well as meeting the authority's statutory requirement for delivering school places, the funding signals the council's commitment to education and investment in schools.

It is proposed that the consolidated capital programme will undertake the following:

Existing/Proposed Scheme	Description
All Saints Primary	The Diocese of Peterborough will build a new primary school for ages four to 11 to replace the junior school (ages 7 to 11), which will provide an additional 180 schools places by September 2013.
Enlargement of the Beeches Primary School	Replacement and expansion of existing school, which will create an extra 210 school places by September 2012.
Welland Primary School	Replacement and expansion of existing school, which will create an extra 210 school places by September 2012.
St Michaels – Stanground South	The Diocese of Ely will build a new primary school, which will provide an additional 210 schools places by September 2012.
Longthorpe	Addressing the poor suitability and condition of teaching spaces, lighting and corridors. (Funded by government grant)
Condition Works/Asset Maintenance Programme	Programme of planned capital maintenance, which is reviewed and refreshed annually for Schools, Children's Centres and Pupil Referral Services. This will ensure that all sites are kept at a sufficient standard and meet all Health and Safety Requirements. Including rewiring, boiler replacement, pipe work refreshment, roofing, replacing mobile classrooms.
Eye Primary School	Expansion of existing school building to create an additional 84 school places by September 2012.

Discovery Primary	Two phase school expansion for five additional classrooms create 210 additional places by September 2013 and also a covered courtyard and boiler replacement.
Paston Ridings Primary	Expansion of existing school building to create an additional 210 school places by September 2012 and the replacement of the boiler.
Hampton College	Expansion of existing schools building to construct a two storey buildings and a gym which will create 550 new school places.
City of Peterborough Academy (Secondary)	Refurbishment of closed Hereward college to reopen as a free school. The Free School bid has been agreed by the Department for Education.
City of Peterborough Academy (Special School)	A new build is proposed for the former Hereward College site to open a 90 place autistic school. It is hoped this could be opened in the existing buildings in September 2012 with the new build complete in September 2013.
Hampton Community Primary	Creation of a new primary school which will create 420 new school places by September 2013 and also the provision of community facilities (library & sports facilities).
Heltwate Special School	Expansion of existing school site to build four new classrooms which will create 30 (approx) special school places by September 2012.
Abbotsmede	Expansion of existing school site to build two new classrooms which will create 105 school places by September 2012.
Thomas Deacon Academy	Thomas Deacon Academy will extend its age range to take 360 KS2 (junior) pupils through the construction of a new building by September 2013.
West Town Primary	Replace existing school which has some significant suitability and condition issues with a larger school creating an additional 105 places.
Queens Drive	Expansion of existing school by 60 places to match the capacity at the proposed new Junior School at Thomas Deacon Academy.
Expansion to places in Bretton (Primary)	Creation of a further 210 places through extending/re-utilising space in existing schools.
Newark Hill	Continue development of school in light of recent temporary expansion of space.
Expansion to places in the Ortons (Primary)	Create an additional 260 places in the Ortons area through extensions to existing schools.
PE1 / City Centre provision	Potential provision for a further 800 places within the central area of the city to meet increasing demand. A number of sites are currently under feasibility review.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Schools Capital Programme (including additional funding)	72,911	20,270	14,494	6,458	3,458

INVESTMENT – REVENUE

Social Care

Current budget = £16.3m

In order to address some of the challenges identified within an Ofsted Safeguarding inspection (August 2011), a number of areas within children social care have been reviewed to ensure a safe, sustainable service is provided.

The number of looked after children currently exceeds 325. The current budget for 2011/12 was set assuming a maximum number of 300. Funding is therefore required to provide for the children that have now entered the care system.

However, it is expected as Peterborough continues to grow demographically, that the numbers of children in care and the complexity of their needs will continue to increase. This is reflected through an estimated five per cent change year-on-year in the cost of supporting these most vulnerable children.

One of the key weaknesses identified in the inspection was around the casework numbers each social worker held. The number of social workers required to support the department's activity was last reviewed in 2006 and can no longer support the number - or complexity of cases - currently being held by workers. The proposed investment will enable further social workers to be recruited.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Placement costs	1,687	1,544	1,352	1210	1,068
Demography	260	358	418	618	715
Staffing Requirements	1,100	1,100	1,100	1,100	1,100

Transport

Current budget = £2.5m

The budget for home to school transport is under significant pressure due to the need to transport more mainstream school pupils as a result of a lack of school places within particular areas of the city.

Although birth rates continue to increase, the council's plans will see more local places being created and the need for transport reduced.

The recent review of the home to school transport policy will remove the discretionary elements of the transport policy. It will come into force in September 2012.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Home to School Transport (mainstream)	204	200	189	172	133

Vulnerable 2 year old supported nursery places

The Government is planning to introduce supported nursery places for some vulnerable two year olds. It is expected that this proposal will be funded by Government grant.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vulnerable two year old supported nursery places	235	402	402	402	402

APPENDIX 2

SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – OPERATIONS

The operations directorate oversees most of the council's front-line services from building and maintaining the city's roads to running major events such as the annual Perkins Great Eastern Run.

Services include:

(i) Planning, transport and engineering service

Whether you are an individual wanting to build an extension on your home or a multi-million pound developer, our surveyors, planners and other technical teams will work with you to turn your plans into reality.

From repairing and maintaining existing roads to building new ones, this department is responsible for planning the future of transport in Peterborough and its surrounding villages.

(ii) Neighbourhood services

Brings together all of those services who are working down your street to improve the whole of our community. From the neighbourhood managers who deal with resolving issues such as anti-social behaviour to licensing enforcement staff who make sure businesses are operating within the law.

(iii) Commercial operations

Looks after your city centre from CCTV cameras, overseeing bus services and car parks to running events such as the Perkins Great Eastern Run, the Olympic Torch celebration on 3 July 2012, the annual Christmas lights switch on and a wide variety of street markets. They also ensure that the city is ready and able to deal with a major emergency and supports city-wide business and tourism.

The overall revenue cost of the operations directorate is £20.4m.

The revenue proposals below reduces that spend by £1m by 2016/17

The gross budget for operations is £36.2

The proposed capital budget for 2012/13 is £19.4m

SAVINGS - REVENUE

Restructure of services within Operations

A review of the directorate is being considered which may result in some staffing reductions in order that we may work differently and more efficiently.

The community cohesion work has continued to develop over the past year with much stronger participation from the voluntary sector. It is therefore intended to alter and reduce the number of grants provided. The prevention of violent extremism work nationally has also shifted to a more police focused approach and in order to support this we will make the appropriate changes to our delivery.

There is a fundamental review of the work conducted by children's services and neighbourhoods which will deliver more efficient and effective services. This will be achieved by seeking to integrate neighbourhood and locality services into a single service resulting in efficiencies.

The emergency planning office at Lynchwood will be closed saving utility and rates costs. The staff will be relocated into existing buildings. The work conducted by the team will be reviewed and delivered differently across a number of departments within operations. An example of this could be items of emergency planning work being delivered within the planning department.

The planning department will conduct a review of its enforcement work with a view to delivering a more effective service utilising skills across the whole department.

After the successful introduction of a voluntary school crossing patrol at one school, it is proposed to offer the training and equipment to all schools wishing to participate in the voluntary programme.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Community Cohesion	250	250	250	250	250
Restructure of Neighbourhoods with Children's Services	250	250	250	250	250
Emergency Planning office	204	204	204	204	204
Planning Department	57	57	57	57	57
School crossing services	43	43	43	43	43

Parking permits and additional income through the selling of services

It is proposed the price of parking permits should be increased in line with increased enforcement patrols.

The council's CCTV system is now so comprehensive businesses can be offered 24-hour security monitoring.

Improvements to the services offered by the care and repair team are proposed. The team identifies how the homes of the elderly and the disabled could be upgraded to help increase living standards.

The trading standards team has been set new targets. For every illegal trader successfully prosecuted, a proportion of the criminal's financial assets are given to the local authority to help fund future activities.

It is also proposed that sales of the authority's building control consultancy to private firms is improved to generate new income.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Increase cost of residents' first parking permit by £5 for 2012/13. Further increases of £5 for first permit in 2013/2014 and 2014/2015 will follow. Cost of residents' other annual parking permits to remain unchanged.	6	15	23	23	23
CCTV services - diversify and sell service to others	75	75	75	75	75
Care And Repair - diversify and sell service to others	100	100	100	100	100
Trading Standards increased income target from proceeds of crime and other areas	50	50	50	50	50
Building Control Consultancy Services	15	15	15	15	15

Christmas Park and Ride

It is proposed to end the Christmas Park and Ride service because of the success of city centre car parks and lack of take up in the service.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Remove Christmas Park and Ride	34	34	34	34	34

Safety camera partnership

The council currently contributes £130k to the Cambridgeshire Safety Camera Partnership. It is intended to remove this sum but to continue working with the partnership to support the police who can now charge for speed awareness courses. There is no anticipated reduction in service or removal of safety cameras.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Reduction in safety camera partnership funding	130	130	130	130	130

Destination and Travel Choice Centres

New sales targets are proposed to improve income and reduce overall running costs

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Destination and Travel Choice Centres	40	80	120	120	120

INVESTMENT - CAPITAL

Bridges

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Queensgate Footbridge Ramp	-	-	-	-	100
Longthorpe Bridge (A1260) - pier strengthening and bearing replacement	-	-	-	-	1,200
Longthorpe Footbridge (A1260)	-	-	-	-	300
Maxey Cut Footbridge replacement	200	-	-	-	-
Nene Bridge (A1139) – bearing replacement	-	-	-	4,000	-
Orton Bridleway Bridge (A1139 - east of junction 1)	-	-	200	-	-
Replacement of Gurnard Leys Footbridge (Bretton Way) with an at grade signalised crossing	375	-	-	-	-

Public Realm and regeneration

The following are regeneration proposals for the Cabinet to consider.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Public Realm scheme to Crescent Bridge subway/main commuter link to City Centre via Cowgate - Landscaping and enhancement works.	100	-	-	-	-
Fellowes gardens regeneration This is partnership funded to the sum of £356k	712	-	-	-	-
Re-design of parking around school and shopping parade in Central Avenue, Dogsthorpe.	125	-	-	-	-

Bourges Boulevard Subway at Russell Street

The replacement of the Russell Street subway with a crossing will provide a safer route across Bourges Boulevard to Mayor's Walk for pedestrians and cyclists. Problems of anti-social behaviour and crime have occurred at the subway although some recent improvements have been made through Operation Can-do – a joint initiative between the council and the police. The scheme will bring the added benefit of slowing traffic speeds on this section of Bourges Boulevard.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Replace Bourges Boulevard Subway at Russell St with a level crossing	400	500	2	-	-

Fletton Parkway A1139 up to Junction 2

The Fletton Parkway is one of the city's major routes but the carriageway is failing and major works will need to be carried out between junctions one and two as traffic flow increases. This will include carriageway widening from the A1M junction.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Replacement of carriageway Fletton Parkway A1139 It is anticipated that some of the £13m will be funded from developer and Government bids.	-	-	50	13,000	-

Street Lighting Columns

Further funding towards existing programme

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Street Lighting column replacement programme	870	870	870	870	870

Civil Enforcement Officers vehicles

The replacement of the current fleet of vehicles. These vehicles have now reached the end of their viable life span and need to be replaced.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Civil Enforcement Officers vehicles	48	-	-	-	-

Disabled Facility Grants

This funding is to enable improved life choices for the elderly and vulnerable allowing them to remain in their own homes as self sufficient as possible. It has been recognised through the work done on the adult social care budget that a reduction in this grant, as in the previous year's budget, would merely shift the cost back on to increasing adult care funding.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Disabled Facility Grants	-	350	350	350	350

Improved Facilities at Hampton

The provision of facilities for young people in our newest township at Hampton which lacks such amenities and has seen an increase in anti-social behaviour (supported by a recent petition from 720 young people).

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Improved facilities at Hampton	100	-	-	-	-

INVESTMENT - REVENUE

Bridge maintenance

Rhubarb Bridge – 30 year-old structure is now in a very poor condition. It is proposed to spend future funding on concrete repairs, bearing and parapet replacement to ensure the bridge continues to be fit for purpose

Lincoln Road footbridge – this is the red bridge close to the junction with Marholm Road. The bridge is now in a poor state of repair so it is proposed it is removed which will save on future costs. There is a pedestrian crossing less than 70ft away which means the bridge is now rarely used.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Maintenance at Rhubarb Bridge	0	100	0	150	0
Remove Lincoln Road Footbridge	175	0	0	0	0

Street Lights

Increased maintenance proposals

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Electrical testing of street lighting columns	50	50	50	50	50
Street Light cable testing/mapping/replacement	100	100	100	100	100

Olympic Torch

The visit of the Olympic torch on 3 and 4 July 2012 will be an event which will provide Peterborough with local, national and international coverage. To ensure the celebrations can be successfully managed, funding is needed for staging the event, security and infrastructure. Vivacity will also be supporting this programme with a distinctive artistic performance and will be working with schools across the city on art work to help maintain a lasting legacy from the Olympics.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Olympic torch	93	0	0	0	0

Queen's Diamond Jubilee

The council is proposing setting aside £30,000 to support our communities in celebrating the Queen's Diamond Jubilee. Councillors will also have the opportunity to use their Community Leadership funding to help support local events.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Queen's Diamond Jubilee	30	0	0	0	0

Neighbourhoods

Extra funding is required to:

- Improve the service to identify the needs of people who require disability living facilities
- Enhance the service surrounding removal of illegal camps
- Invest further in the trial scheme working with troubled Peterborough families – in line with Government agenda.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Increase in medical assessments required relating to housing needs	15	15	15	15	15
Travellers - Management of illegal encampments	50	50	50	50	50
Family Recovery Project	100	0	0	0	0

City Centre

Proposed extra funding to improve the look of facilities for street market traders and to repeat the success of 2011 Christmas lights switch on event.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Investment in street markets – new canopies.	25	25	0	0	0
City Centre Christmas illuminations	50	50	50	50	50

Local Development

Peterborough's growth target is to build 26,000 homes by 2026. Funding is required for the expected public inquiries - and to cover fees to the planning Inspectorate - to meet those targets.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Local Development framework - Inspection cost of review of documents	0	0	0	75	75

Bio fuel feasibility study

Proposed funding is required to carry out a study within schools and council building to identify opportunities to fit bio fuel boilers.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Bio fuel feasibility study	5	0	0	0	0

APPENDIX 3 - SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – ADULT SOCIAL CARE

In July 2010 the Department of Health published the White Paper Equity and Excellence – Liberating the NHS which has become the Health and Social Care Bill. This bill sets out the Government's vision for the future of health services in England and proposes radical changes to the commissioning and management arrangements for the NHS.

Local authorities remain the statutory body responsible for adult social care, which, under the current Peterborough Partnership Agreement has been delegated to NHS Peterborough (NHSP). However, the partnership agreement with NHSP comes to an end at the end of February 2012 when the council will take back the direct running of these services. This will enable the council to work with the new local commissioning groups of GPs to integrate adult social care services with health services in these new arrangements more effectively.

Adult social care services include:

(i) Community Care Assessments, Support Planning and Reviews

We assess care needs and support people to complete self-assessments. We calculate how much money is available to meet people's needs using a resource allocation system and help people develop a plan to meet their needs. We carry out regular reviews of people's needs to ensure that their plan continues to meet their needs. We also assess the needs of carers and support them with services which give them a break from caring.

(ii) Safeguarding

We work to prevent the abuse of adults at risk and we investigate when there are concerns that someone is at risk of or has been abused or harmed. We then work with them to safeguard them from further abuse.

(iii) Learning Disability Services

We work with people with learning disabilities to support them to live independently whenever possible. We provide some day care services which aim to give people opportunities for social activities, training and support them to use services in the community. We also help people obtain employment and support them in their working life.

(iv) Services for Older People

We provide services to help older people remain independent. We commission most of these services from the independent sector. We provide some day care services and also some residential homes.

(v) Mental Health Services

We help people with mental health problems to live independently whenever possible and we also provide support around employment. We also have approved mental health practitioners who are social workers who work with people with very serious mental illness and who can, if absolutely necessary, arrange the compulsory admission into hospital under the provisions of the Mental Health Act or support people who need other very intensive mental health services.

(vi) Services for people with physical disabilities and sensory needs

We provide services to help people remain independent and get on with their lives. Some services are provided by the independent sector and voluntary organisations. We also provide some day care. We have a specialist team that supports people with sight and hearing disabilities.

(vii) Other specialist services

We provide other specialist services including the hospital social work service and a team which supports people who are living with HIV.

Adult Social Care Pressures

There has been a significant amount of recent media coverage regarding pressures in the care system which has been referred to earlier in this document. A combination of an increasingly elderly population, with people living longer, and other adults developing more complex needs, is placing significant pressure on the adult social care services. Peterborough is no exception to this, and it is clear that in the last year we have experienced significant increases in demand for our services. This impacts on our budget plans for the coming years.

It has been necessary over the summer and autumn to undertake the work to assess the scale of these pressures. Both the council and NHS Peterborough (NHSP) have brought in additional resources to get a clear picture of the position.

While the delivery of adult social care is provided by NHSP, the partnership agreement outlines how such pressures in the system should be dealt with.

The issues are outlined in more detail below:

Additional clients and increasing need

The council has a statutory duty to meet the needs of vulnerable people who require support. During the last year we have seen increases in demand for these services across all areas of our services. This includes older people, people with physical or sensory disabilities and people with learning disabilities. This takes two main forms:

- Where new clients need our services e.g. an elderly person who can no longer totally support themselves
- Increased levels of need – this is where an existing client may become more frail, or the severity of their condition increases and they need more support

The additional pressure for 2011-12 is currently forecast to be £3m. This pressure will continue into 2012-13 as these clients continue to receive services.

Savings and Efficiencies

It was flagged up in the last budget report to Cabinet that some concerns were emerging over whether the challenging savings programme for Adult Social Care could be delivered against the backdrop of this increased demand. This has proved to be the case.

Budgets have been reviewed to see if other savings proposals could be brought forward, but given the increased pressures, this has not proved possible. Where we think that savings programmes can still be delivered, and it is a question of delay in delivering them, we have built them into our plans for next year

The savings pressure for 2011-12 is currently forecast to be £3m. This will continue into 2012-13, offset by any revised plans for delivery of savings which are set out below.

Pressures from previous years

As part of the work undertaken to validate the numbers, research looked at the dates on which individual clients received their assessment and their care began. In a number of cases, these assessments took place before this financial year, and clients were already receiving care.

As the accounts are closed for previous years, there is no historical impact. However this on-going pressure continues in the current financial year. This will continue into 2012-13 as these clients continue to receive services.

Overall position

The total of these issues indicates that the pressure for 2011-12, and into 2012-13 could be £9.8m.

The council takes back these services from 1 March 2012 from NHSP. In doing so the council has reviewed the budget and the pressures set out above against the following key principles:

- **Early intervention and prevention** – in order to help people live as independently as possible and to reduce the costs of providing long term care, we will do all we can to prevent people needing our services in the first place. We will continue to invest in services that enable people to continue living independently in their own homes.
- **Re-ablement** – these are very intensive and tailored services which last for up to six weeks aimed at assisting people regain their independence and confidence following perhaps a fall or illness. There is very good evidence that these services work and in many areas more than half of people receiving re-ablement will not need ongoing services after receiving them. We aim that every new entrant to social care services would be offered a re-ablement package to ensure that they are achieving their maximum level of functioning and independence.
- **Personalised services** – if people do need ongoing social care services, for example some people with learning disabilities who may require life-time care, we will ensure that we allocate funding in a fair and clear way by allocating them individual budgets. People will then have choice and control over the services they receive – a personalised approach. Because people who continue to live in their own homes tend to do better, we will only fund residential care when absolutely necessary.

In addition, while NHSP and its delivery partner have struggled to deliver “efficiency savings”, the council intends to apply its successful business transformation approach to these services (working with Serco on business cases for savings and efficiency) in the areas set out below. These plans will deliver savings of £4.1m in 2012-13, rising to £7.3m in three year’s time to reduce the overall pressure set out above. Key to these plans is support and intervention, such as “re-ablement” to reduce the need for services in the future. It is expected that these plans will deliver savings if successfully implemented.

SAVINGS - REVENUE

Strategic review

Reduction in high cost placements: It is proposed to review those Peterborough funded residents with disabilities who are currently being supported in high cost residential placements. We want to make sure they are getting the right level of support at the right price.

Intensive community support scheme: Some people with learning disabilities are placed by Peterborough away from the city, their families and communities. Through reassessing those people’s needs we will identify those who could be provided with appropriate care and support in Peterborough. This will also deliver significant long-term savings.

Learning Disability Brokerage: We intend to establish a specialist team who will research and manage the market for learning disability care provision. They will manage the negotiation and procurement of care and support for people with complex needs, instead of leaving this to individual social workers as currently happens.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Reduction in high cost placements	200	400	400	400	400
Intensive Community Support Scheme – return out-of-city placements to more cost-effective in-city care options	250	500	750	750	750
Learning Disability Brokerage Service – control and reduction in cost of packages of new placement activity	50	100	150	150	150

Older people care homes and day centres

In recent years there has been investment in extra care housing and community support, allowing people to stay in their own homes and live independently for longer. Consequently, there is less demand for more traditional means of care. The council has promoted the development of extra care housing schemes as an alternative to residential care and this strategic direction will continue.

There is now a need to review the residential provision in Peterborough to ensure that provision is fit for purpose and whether there is the appropriate capacity to meet the changing demand and service approach. This is likely to result in the need to reduce capacity.

Day service provision will also be reviewed as individuals preferences under personal budgets move increasingly to different types of service.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Older People's Accommodation Strategy	1,200*	1,500*	1,500	1,500	1,500
Day Opportunities (Older People) - Rationalisation of provision of day services	100	100	100	100	100

* The speed at which this saving can be achieved will be dependant on the outcome of the review of capacity and demand.

Personal budgets – reviews and support

A comprehensive programme of reviews of all existing support plans and personal budgets will be undertaken to ensure that the appropriate allocation of resources have been made. Support plans will be regularly reviewed to ensure that care and support are not continued to be funded where individuals have either regained greater independence or found alternative ways of meeting their needs.

Continuing Health Care

Greater rigour will be applied to ensure that residents entitled to fully NHS funded care because of the continuing health care needs are appropriately assessed. We aim to reduce the overall costs to the council of providing care in cases where we believe there are continuing health care needs.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Support Plans - Self Directed Support	320	480	480	480	480
Continuing Health Care - review of health related needs	400	800	1,200	1,200	1,200

Charging policies

These changes were first approved in January 2011. Changes proposed will mean more equitable charging across client groups and seek to recover the full cost of services over a transitional period for day care. There will be increased hourly rates of charge for day care, respite care and home care charges for couples.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Implementation of changes to charging policy	75	155	235	415	415

Contracts, fees and monitoring

There are proposals to review a range of services currently being purchased from the independent and voluntary sector. We expect to make saving through negotiating reduced charges and in some cases ceasing to purchase some services.

There will also be a thorough examination of how much we are paying for residential and care home places, including the impact of picking up the costs of people who have previously self-funded who seek council support as their own funds are reduced.

A new system – Electronic Call Monitoring – will be required to be used by our independent domiciliary care providers which will accurately record the actual hours worked by care staff. The system will ensure providers are only paid for the service that is delivered and so reduce overall domiciliary care costs.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Contract Reviews	170	225	225	225	225
Fee levels for residential and nursing providers	200	500	750	750	750
Electronic Call Monitoring	150	395	480	480	480

Re-ablement and other initiatives

Re-ablement works to provide intensive, tailored intervention for up to six weeks. There is very good evidence these services work and in many cases success rates in excess of 50 per cent have been achieved with people requiring no on-going care support after a period of re-ablement.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Further savings including re-ablement and other initiatives	1,000	1,000	1,000	1,000	1,000

Office of Director of Adult Social Services

Saving in secretarial support to director

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
DASS office savings	4	4	4	4	4

INVESTMENT – REVENUE

Growing numbers of people – more complex needs

Each year there are growing numbers of people who need to use social care services. This is especially so for people aged 65 and over and for those people with learning disabilities.

As people are living longer the number of our residents with complex disabilities and long-term conditions continues to grow. We have projected the likely increases in the numbers of people who will need our services and have developed the adult social care budget on this basis.

Financial pressures from these rising numbers of people and more complex needs are significant.

Projections of social care need remain difficult to forecast, especially over the longer time periods that the council undertakes its financial modelling. As such we have used recent trends, and then provided for 75 per cent of this sum in the budget proposals. The remaining 25 per cent is flagged as a risk, and will be reviewed each year when the budget is refreshed. This is for all items except transitional cases where full provision is made.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Learning Disability – growth in numbers (non-transition)	346	729	1,111	1,495	2,433
Older People (including older people’s mental health services) – growth in numbers	100	206	313	419	681
Physical Disability – growth in numbers (includes no residential increases)	54	115	175	235	382
Mental Health – growth in referrals and increases in statutory work.	13	25	38	50	81
TOTAL	513	1,075	1,637	2,199	3,577

Adult social care database

The existing adult social care database will soon be no longer supported by the provider, and does not provide sufficient functionality to meet the needs of a modern service. A new system is being implemented, and there will be some additional costs of maintaining that system.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Adult social care database	40	40	40	40	40

APPENDIX 4 – SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) - CHIEF EXECUTIVE'S

The Chief Executive's Department consists of the following:

(i) **Growth Delivery Team**

This team supports the council's agenda to grow the city by 20,000 jobs and 25,500 houses by the year 2026. The team supports key projects, such as the Carbon Challenge site, Fletton Quays (also known as South Bank) and the development on the Station Quarter through the Peterborough Delivery Partnership.

(ii) **Human Resources**

This team provides human resource services to all departments, such as support on recruitment, advice on disciplinary matters, redundancy and professional development.

(iii) **Legal and Governance Services**

This team provides legal services to all council departments and governance services to support Council, Cabinet and committee meetings, civic services to the mayor and support services to councillors.

(iv) **Communications Team**

The communications team supports all council departments in providing internal and external communications advice. Their role includes promoting the council through the media including television, radio, magazines, internet sites, staff communications for up to 2,000 people, producing communications strategies for major initiatives, producing press releases, delivering marketing campaigns, the production of Your Peterborough and the management of the council's website.

The overall cost of the Chief Executive's Department to the council is £9m.

The proposals below reduce that spend by £0.4m from 2012/13.

SAVINGS - REVENUE

Reduce Cost of Chief Executive Office Current budget = £380k

The council continually reviews the cost and performance of its support function and has already delivered cost savings in the current budget. Further efficiencies enable additional savings to be made in this area.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Reduce cost of Chief Executive's Office	40	40	40	40	40

Growth and regeneration Current budget = £1.4m (1.424k)

It is intended to achieve the savings by prioritising our work on projects where substantial progress is expected over the next five years so that investment continues in projects being controlled by the council, while the authority will work more closely with the private sector to ensure the projects they are building in the city are progressed quickly. The council will also work with providers of financial products to increase their availability to residents. The council can expect some income from doing so.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Re-profile delivery of growth programme	142	142	142	142	142
Implementation of financial products scheme	0	150	200	200	200

Savings in HR service
Current budget = £1.38m

It is proposed to achieve savings in the HR service by restructuring the department, reducing the money spent on consultants and the training budget.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Savings in HR service	137	137	137	137	137

Communications
Current budget = 570k

After reducing the budget of the communications department over the last 12 months by more than £400,000, further reductions will be sought through a review of working practices and restructuring.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Reduce funding in line with restructure	45	45	45	45	45

Legal and Governance Services
Current budget = £3.7m

Considerable savings have been identified in legal and governance services involving IT upgrades, a departmental restructure, printing and postage charges, and training courses.

At the same time, the department has been set new income targets for when it completes work for other authorities and for the Blue Badge scheme which Peterborough City Council is expected to start charging for in 2012. New-style badges will be processed by the authority as part of a Government plan to end fraud in the system.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
IT Budget (Hardware)	47	47	47	47	47
IT Budget (Software)	10	10	10	10	10
Salary restructure	83	101	101	101	101
Officer and member training	23	23	23	23	23
Publications	10	10	10	10	10

Neighbourhood Council administration costs	31	31	31	31	31
Legal costs	10	10	10	10	10
Efficiency savings	33	33	33	33	33
Election postage costs	9	9	9	9	9
Printing	25	25	25	25	25
Increased income target	100	100	100	100	100
Legal – income from work for Vivacity	20	20	20	20	20
Blue Badge scheme administration	26	26	26	26	26

CAPACITY BIDS

The following are proposals for addition increases in funding for the Cabinet to discuss. Funding for Peterborough's Coroner is now the sole responsibility of the council and additional money is needed. Extra funds are also needed to pay for the administration of the Government's new Blue Badge scheme. New-style badges are to be issued to users to reduce fraud in the system. Some of this cost will be offset as approval has been granted to charge a fee for the badges.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Coroner now being wholly funded by council	90	90	90	90	90
Blue badge administration	40	40	40	40	40

REGENERATION OF THE SOUTH BANK

Over the past decade, arts and culture has made a powerful impact in promoting the growth of post-industrial cities. Experience in other areas has demonstrated that over time investment in the arts can be seen as a catalyst for growth, regeneration and therefore investment. The imperative Peterborough is to nurture growth and enable this city to reach its full potential in the same way that others have done. Positive dialogue with the Arts Council and Vivacity have helped to establish a climate within which this step change is possible and the next "step forward" is to realise the opportunity for growth and regeneration that such a collaboration can bring. Set out below is a key opportunity to bring forward physical development in the city in partnership with these organisations.

There are four key elements:

South Bank

It is proposed to carry out a feasibility study into opening a new arts centre inside one or even two Grade II listed former railways buildings in the South Bank area.

Work done so far has identified the opportunity to develop a centre with nationwide appeal, and if the project could go ahead it would add considerable further appeal to an area where the Eco-quarter and Carbon Challenge sites will be based.

This should be considered the first phase. It will identify potential uses for the railways buildings and perhaps more importantly funding opportunities that are available via both the public and private sector.

An arts organisation to improve Peterborough’s cultural offering

It is proposed to base national arts organisation, Metal, inside the Chauffeur’s Cottage, next to the Town Hall. Metal has had widespread success in creating high-quality cultural work with local communities through exhibitions, events, performances and publications. It also has a reputation for supporting and nurturing new talent. The Arts Council would provide funding for Metal to carry out its work in Peterborough.

A Creative City programme

Peterborough’s level of engagement with the arts needs to be improved. The Arts Council has a grants scheme which would allow further work to be done to build audiences. The funding would allow Peterborough to make improved links between national organisations and local groups.

Development of Peterborough Arts Festival

Last year, the Peterborough Arts Festival attracted audiences of over 60,000. Increased funding would allow the Festival to develop further. The incorporation of the Olympic Torch Festival will provide the city with a unique opportunity to raise its creative profile. Successful festivals also provide a considerable boost for local economies.

Funding

The proposals set out above will only partially be funded by the council. The whole cost of this programme over the next three years amounts to £2,371,000 of which the council will contribute £655,000.

Council funding

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Creative City (Revenue) (Capital)	275 50	150	150	0	0
Total council funding	325	150	150	0	0
Others - (Vivacity/Arts Council/ Heritage Lottery Fund)	680	533	533	0	0
Total Investment	1,005	683	683	0	0

**APPENDIX 5 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – STRATEGIC RESOURCES**

Strategic Resources consists of the following:

- Director’s office
- Corporate Services (finance and internal audit)
- Registration and bereavement services
- Peterborough-Serco Strategic Partnership (ICT, business support, shared transactional services, business transformation, procurement, customer services, finance systems, strategic property)
- Waste management and Enterprise Peterborough contract (refuse, street cleaning, parks trees and open spaces, traveller site management, building cleaning, passenger services)
- Vivacity (culture and recreation)
- Westcombe Engineering

The departmental budget is currently £46.4m, which includes the costs of the services managed from the Strategic Resources department and corporately held budgets for council wide activities such as capital financing. The proposals below reduce net cost by £1.6m.

SAVINGS - REVENUE

Efficiencies and cost reductions

All services have been targeted with a reduction in budget commensurate with reductions in the level of available funding. The following savings relate to the commissioning of services delivered through various partners.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vivacity – a review of service levels under the current contract (including library services)	100	100	100	100	100
Enterprise – a review of service levels under the current contract (including street cleansing, parks and open spaces and bus services)	420	420	420	420	420
Manor Drive Managed Service - These are savings over and above the original target from the core service provision with Serco	4	4	58	335	507
Commercial property portfolio - The Council will work with partners to review the returns it receives from its Commercial property portfolio, ensuring that those returns offer sufficient value for money against the cost of holding and maintaining those assets	116	232	232	232	232
Further Delivery of services through Serco partnership - Where possible, the Council will continue to take advantage of the strategic partnership to deliver services more efficiently	100	200	200	200	200
Client and commissioning team - Ensure that the outsourced contracts can be managed more efficiently	100	100	100	100	100

Business Transformation programme

The council's success in delivering business transformation and efficiency was outlined in the introductory efficiency section at the start of this document. Over the last four full financial years, this has delivered over £68m of savings.

The team has transferred to Serco under the strategic partnership, and will work alongside colleagues in Serco and the council to deliver a transformation programme over the lifetime of that partnership. This programme will review all areas of the council to see where services can be provided more effectively and efficiently, leading to improved services for residents as well as financial savings.

The initial estimate of the savings this will bring are outlined below

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Business transformation	1777	5854	6331	6725	6725

Other Efficiencies

Reduction in financial support costs and are expected to deliver the following savings.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Internal Audit - Review of additional income opportunities through shared services and other savings	34	34	34	34	34
External Audit - Removal of contingency sum held for additional audit work.	13	13	13	13	13
Finance - The council will review its finance function to ensure it adapts to the changes in council services from recent budget rounds, as well as ensuring it can meet the financial challenges of the future. This will include a review of whether support can be delivered more effectively across all teams, options for selling services as well as a review of all vacant positions	200	200	200	200	200

Grants to Parish Councils

The council made no reduction to the grants it made to parish councils in the current (2011-12) financial year, despite the level of grant reductions it faced. Instead it gave Parish Councils one years notice of plans to reduce grants by an amount equal to 20 per cent of all the funding it provides to Parish Councils.

As funds to the council will be reduced by more than this over the full Spending Review period, the council again needs to consider reductions in these grants. In line with the principle established last year, the council intends to give as much notice as possible, so it is suggested these do not come into effect in the coming financial year.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Parish precept payments	0	18	36	36	36

Bereavement Services

The sale of mausolea are expected to deliver the following income levels for the council over the next five years.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Bereavement services	100	100	100	100	100

Council Tax – Additional Income

It is proposed the authority looks at the number of people currently wrongly claiming a single person discount. Acting on the authority's behalf, Serco – which now manages the council's back-office functions – will cross-check credit records to identify anyone who should not be receiving a discount.

The Government is also proposing to remove a range of council tax discounts, potentially including those for residents who own a second property or an empty property.

Both schemes are expected to provide more revenue for the council.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council tax – review of eligibility single person discount	490	981	490	490	490
Council tax – removal of discounts (e.g second homes and empty properties)	0	500	500	500	500

Council Tax – benefit localisation scheme

The Government has announced that it will reduce the grant it provides to the council for council tax benefit by ten per cent from 2013-14 (the pressure from this grant reduction is shown in the pressures section of this appendix). It expects that the council will develop a local scheme to deliver this saving. Full details are not yet available, but is likely that older people in receipt of council tax benefit will be excluded from this scheme.

The budget plans assume that the council will develop this scheme in time for the 2013-14 financial year passing on reductions in benefit in line with reduced government funding.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Council tax - benefit localisation scheme –	0	1200	1230	1261	1293

Income Growth

The delivery of housing growth will lead to increased funding for the council beyond current estimates, resulting in further income shown below.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Expected growth income (new homes bonus scheme)	810	1400	1886	2381	2876

Corporate contingency

The Council has previously held a contingency of £1m as cover to meet unforeseen issues arising in the budget. It is considered that this can be used permanently to support the budget position

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Corporate contingency	1000	1000	1000	1000	1000

CAPACITY BIDS

The following are proposals for increases in budget for to reflect cost pressures and investment in services:

Waste disposal

The Waste 2020 strategy seeks to provide a sustainable solution to waste treatment, including an energy-from-waste plant, which will avoid the escalating costs of disposing of waste in landfill sites. Until such a plant is operational, the costs of disposal are set to increase significantly, due in large part to the landfill tax escalator, which will see landfill tax increase from £56 per tonne in 2011 to £80 per tonne by 2015.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Waste disposal	819	1122	1612	1859	2104

Trees and woodland strategy

The new trees and woodland strategy identifies that increased funding is required to proactively manage tree stock, including an increased inspection frequency for trees to ensure that the council's trees and woodlands are maintained in a safe condition.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Trees and woodland strategy	1000	1000	1000	1000	1000

Finance IT system licences

The necessary upgrade of the council's finance IT system is likely to bring additional on-going licence costs. This makes provision for these costs.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Finance IT system licences	50	75	75	75	75

Property management

The council uses several different buildings for its work, some owned and some leased. Proposals are due to be brought forward to consolidate the estate to ensure it remains cost effective and fit for purpose. In the meantime, investment in the existing facilities is required to ensure that the buildings are energy efficient, component failure is avoided and health and safety issues are addressed.

The property rationalisation plans outlined in the introductory section to this document will aim to ensure that such cost exposure can be managed over the longer term.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Property management	113	235	365	503	653

Materials recycling facility

The current contract for the operation of the Materials Recycling Facility is due to end in June 2013. In recognition of the costs of recycling waste, it is anticipated that the commercial terms of the following contract are likely to be less financially beneficial to the council.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Materials recycling facility	0	167	223	223	223

Council tax IT system licence

When the council implements the local scheme for council tax benefit, it will have to make changes to its IT systems. These are the on-going costs of operating the council tax IT system.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council tax IT system licence	0	30	30	30	30

Vivacity withdrawal from council's support services

After the launch of Vivacity, the council continued to provide support services for the culture and leisure trust. Now it is more established, Vivacity has decided to make it own arrangements for this support. This has reduced the level of income earned by the council.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Vivacity withdrawal from council's support services	154	157	160	163	167

Council tax – impact of reduced funding for benefits under localisation scheme

The Government is asking local authorities to develop schemes to distribute council tax benefit locally. At the same time, the amount of money for council tax benefit is being reduced by ten per cent. This will result in a pressure on local authority budgets. However, a corresponding saving will be achieved by reducing the amount of benefits awarded to council tax payers (and this is included in the earlier savings section)

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Council tax – impact of reduced funding for benefits under localisation scheme	0	1200	1230	1261	1293

Pensions increase from next three year valuation

Changes to the local government pension scheme are likely to shift the burden of cost from the employer to the employee. However, provision is made for an increase in the budget for pension costs to ensure that the council's liabilities can be met, in line with advice from the independent actuary appointed to the pension fund. This will be kept under review when the final agreement between the Government and unions is made for the Local Government Pension Scheme and along with any further advice from the actuary.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Pensions increase from next 3 year valuation	0	0	1000	2000	3000

Growth investment

The anticipated that income from the Government grant arising from the housing growth in the city, as well as some elements of the additional council tax will be partly re-invested in further growth schemes.

This will help contribute towards our growth aspirations for the medium to long-term, providing further financial benefits that will help tackle the financial challenges across our ten year business plan.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Growth investment	0	0	925	2400	4425

CAPITAL INVESTMENT

The following capital investments are proposed:

Broadband infrastructure

Match funding towards bid for high speed broadband in order to drive business investment in Peterborough.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Broadband Infrastructure	1100	2000			

Council tax base IT system

When the council implements the local scheme for council tax benefit, it will have to make changes to its IT systems. These are the costs of those changes:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Council Tax Base System	100				

Embankment running track resurfacing

The Embankment track is at the end of its usable life. If the track surface is not renewed Peterborough will not be able to host major athletic events.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Embankment Running Track resurfacing	446				

Household Recycling Centre

The council's present household recycling centre will be closed by November 2014. The authority has a statutory duty to provide one and therefore needs to provide a replacement.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Household Recycling Centre		4340			

Peterborough Serco Strategic Partnership

The savings section outlined how Serco and the council will deliver a transformation programme over the lifetime of the partnership. The business transformation programme will utilise a state of the art technology platform and new ways of interacting with customers to achieve this. Investment in this technology is required in order to deliver the savings included in the proposed budget.

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Issue					
Peterborough Serco Strategic Partnership (Business Transformation investment)	3751	922	0	99	842

Finance IT system upgrade

The council's Finance IT system makes all payments to suppliers, raises invoices for income and holds financial information. It will soon be no longer supported by the provider, and is in need of upgrading to ensure it remains fit for purpose. The project will consider whether efficiencies can be made through the development of interfaces and reducing manual re-entry of information.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Finance IT system upgrade	1000				

Regional Pool

The Regional Pool main pool and the surrounding area have not been refurbished since its construction. Major work is needed to the tiling, the tank and the wall cladding.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Regional Pool refurbishment		1113			

Central Library

The proposal is to remove existing lighting and the ventilation system, which is at the end of its useful life and uses obsolete gas refrigerant. This will be replaced with new energy efficient lighting and ventilation, improving the efficiency and environmental credentials of the building.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Central Library		758			

Bushfield Sports Centre

Bushfield Sports Centre boilers and roof covering are approximately 20 years old and at the end of their usable life. To enable the building to remain operational the roof covering and boilers will need to be replaced.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Bushfield Sports Centre	453				

Lido

Following a detailed structural report of the Lido pool tanks the ground water pressures need to be neutralised to prevent cracking to the pool slab. The main pool tanks need to be over-clad to ensure the pools can remain operational for the coming 20 years.

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Lido	562				

APPENDIX 6 – SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – STAFF IMPLICATIONS

1. Policy Changes

Our budget proposals last year included a range of changes to staff terms and conditions, including reviewing mileage rates and introducing parking charges for staff.

The council continues to keep such conditions under review, and would discuss any proposals with Trades Union representatives before further consultation.

2. Vacancy and Redundancy

During the course of the next financial year, we envisage undertaking a number of re-organisations which may result in a number of posts being made redundant. Whilst it is difficult to predict the exact number of posts affected, we believe this is likely to be in the region of 70 (which equates to roughly 60 FTE). This does not include the current restructures of education and resources, or the second and third phase of the restructure in children's services, which commenced as a result of last year's budget proposals and is currently underway. Our approach to minimising any compulsory redundancies will be the one adopted in previous years, including deleting vacant posts, redeployment of affected staff, and seeking voluntary redundancies where we are able to do so. The details of the voluntary redundancy programme are likely to be announced in January.

3. Pay Awards

The pay arrangements for the majority of council staff are subject to terms and conditions that are agreed at a national level. This includes any pay awards. In previous Medium Term Financial Plans, the council has made provision for the estimated pay awards in future years. Each year this is revisited and the estimate updated to reflect our best intelligence as to what that pay award might be. We have again undertaken this exercise, and in light of recent announcements on a public sector pay freeze, we can reduce this provision by the following amounts:

	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Updated estimate for pay award	0	666	666	666	666

**APPENDIX 7 –
SERVICE IMPLICATIONS (INVESTMENT/REDUCTIONS) – CAPITAL PROGRAMME OVERVIEW**

The council's capital investment strategy has been reviewed as a result of lower expectations of external funding from Government and related agencies. In addition there are reduced revenue monies available to fund costs of new borrowing.

As a result the funding of the capital programme has been focused around maximising external income from section 106 agreements (the agreement the council has with developers to fund community facilities), reviewing asset disposal opportunities (including those arising from the property rationalisation) and seeking new forms of private sector funding for regeneration projects.

The capital programme has been reviewed to ensure that schemes are more accurately profiled in the years that spend will take place.

We have also reviewed where investment is needed to deliver our priorities, especially in regard to delivering growth and meeting the educational needs of our children. These changes are included in the relevant directorate appendix.

The costs of the updated capital programme are summarised below:

Issue	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
Costs of inescapable capital schemes	36	80	92	108	146
Costs of essential capital schemes	267	1,253	2,106	2,822	3,446

The majority of these costs in the early years are offset by savings from re-phasing schemes. These are summarised below:

Issue	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
revenue budget saving from re-phasing capital programme	2,322	2,396	4,019	3,267	2,510

The council has also looked carefully at how it borrows to support the capital programme. Currently all borrowing is undertaken over 25 years or longer, irrespective of the lifetime of the asset it supports. The council considers that it would be sensible to undertake some borrowing over ten years to link to the asset life, and benefit from lower interest charges. Full analysis of this proposal is included in the Chief Finance Officers report in the Medium Term Financial Services. These savings are outlined below:

Issue	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
Restructure of planned borrowing	237	612	829	930	961