

CABINET

TUESDAY 19 APRIL 2022
10.00 AM

Engine Shed - Sandmartin House
Contact – philippa.turvey@peterborough.gov.uk, 01733 452460

AGENDA

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Scrutiny Committee Representatives
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**MINUTES OF THE CABINET MEETING
HELD AT 10:00AM, ON
MONDAY 14 MARCH 2022
SAND MARTIN HOUSE, PETERBOROUGH**

Cabinet Members Present: Councillor Fitzgerald (Chair, Councillor Steve Allen, Councillor Ayres (virtually), Councillor Cereste, Councillor Coles, Councillor Hiller, Councillor Simons, Councillor Walsh

Cabinet Advisor Present: Councillor Bashir, Councillor Bisby (virtually), Councillor Howard (virtually), Councillor Gul Nawaz

60. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

61. DECLARATIONS OF INTEREST

No declarations of interest were received.

62. MINUTES OF THE CABINET MEETINGS HELD ON 21 FEBRUARY 2022

The minutes of the Budget Cabinet meeting held on 21 February 2022 were agreed as a true and accurate record.

63. PETITIONS TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

64. 2022 COUNCIL CLIMATE CHANGE ACTION PLAN

The Cabinet received a report in relation to the Council's 2022 Climate Change Action Plan.

The purpose of this report was to seek Cabinet endorsement of the Council Climate Change Action Plan and to recommend the Action Plan to Council for adoption.

The Cabinet Member for Waste, Street Scene and the Environment introduced the report and reiterated the Council's plan to reach net zero carbon by 2030. It was noted that the Council's carbon impact had reduced by 28% since 2018. The proposed action plan contained 25 commitments developed by the Cross Party Working Group, and the Cabinet Member was confident that all the commitments were achievable. There were no additional financial requirements associated with the proposals.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members noted that the Council's electricity usage had decreased over the past 12 months, though with increased gas emissions due to increased ventilation.
- The Carbon Literacy Training was praised, and Members were advised that this would be provided to all new and existing Councillors following the election.

Councillor Howard joined the meeting at this point.

Cabinet Members continued to debate the report as follows:

- Members discussed the benefits of preventative measure versus offsetting action. It was considered that, in order to assist in impacting global levels of carbon emissions, all possible action should be taken to reduce emissions before any offsetting action was taken.
- It was advised that work was being undertaken with the Council's procurement team to introduce the consideration of carbon impact when entering into contracts.
- Members noted that Skanska were leading the way with the use of HVO fuel.
- Members were advised that the Climate Change Partnership Group comprised local business and organisations to co-develop the Peterborough Climate Commitment, which the Council had signed up to. It was further noted that Peterborough had been selected by central Government as a pilot city for a Local Area Energy Plan, which would assist in bringing forward projects to move the city towards carbon net zero.
- Consideration was given to the impact of the COVID-19 lockdown on emission levels, particularly in relation to Council employees working from home.
- Members questioned the security of supply for HVO fuel and were advised that this was managed through an external provider. If the Council wished to purchase the fuel directly a procurement exercise would be required.
- It was advised that the Council continue to embrace active travel arrangements, with the reintroduction of e-bikes throughout the city. It was noted that the energy crisis currently being experience was expected to be long-lasting, as so supporting residents in fuel-poverty would be key.
- Members noted that funding had been available to work with schools in the area to improve their carbon impact. Further work was planning for other Council buildings which would require funding.
- It was advised that the Council was currently in the recruitment process for a position to help support schools and colleges with the development of carbon management plans.
- It was further advised that funding was available for landlords that would cover two-thirds of the installation costs for work to increase the energy efficiency of homes.

Cabinet considered the report and **RESOLVED** to:

1. Endorse the Council Climate Change Action Plan and recommend to Council that it adopts the Council Climate Change Action Plan.
2. Recommend to Council that delegation be given to the Executive Director for Place and Economy to undertake any presentational, factual or other minor amendments to the documents associated with this report prior to publication, provided such amendments do not materially amend the content of the documents.

REASONS FOR THE DECISION

The Council had previously committed to the actions of preparing an updated Council Climate Change Action Plan.

The document for consideration had been developed by officers, working with the Climate Change Working Group, and had taken account of reasonable and viable options for the council to cut its carbon emissions.

ALTERNATIVE OPTIONS CONSIDERED

The option of not preparing a Council Change Action Plan was dismissed, because Council had already committed in principle to its preparation. Alternative content within the Action Plan could have been prepared and recommended, which could have committed more, less or different projects to reduce the council's carbon emissions. However, in order to start to reduce our emissions to net-zero by 2030, yet take account of the resources available, the content of the action plan was deemed a reasonable and practical set of actions for the next 12 months.

MONITORING ITEMS

65. BUDGET CONTROL REPORT JANUARY 2022

The Cabinet received a report in relation to the Budget Control Report for January 2022.

The purpose of this report was to provide Cabinet with the forecast outturn for 2021/22 as at the January 2022 budgetary control position.

The Cabinet Member for Finance introduced the report and advised that the Council continue to forecast a breakeven position with a small use of reserves. The assumption continued to be that no use of capitalisation funds would be required. All directorates, apart from Public Health, were reporting underspends. The collection of business rates remained an ongoing challenge. It was further advised that discretionary assistance was still available for those not eligible for the mandatory council tax rebate.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was noted that the position was encouraging for the future, however the Council still had a significant amount of work to do, particularly in relation to protecting reserves.
- It was considered key to actively respond to the Budget Control Reports throughout the year and take decisive action where needed.
- Members acknowledged that the anticipated negative impact of the winter months on the budget position had not materialised.
- It was advised that the Moratorium had been essential to improve the Council's position over a short period of time, however, more long-term plans would need implementing for the future.

Cabinet considered the report and **RESOLVED** to note:

1. The budgetary control position for 2021/22 at 31 January 2022 was a forecast break-even, however the use of £0.741m of reserves underpinned the corporate financing position of the Council.

2. The key variance analysis and explanations were contained in Appendix A.
3. The Council's reserves position, as outlined within Appendix B.
4. The Council's capital financial performance as outlined in Appendix C.
5. The Council's performance with respect to Business Rates (NNDR) and Council Tax Collection, as outlined within Appendix D.

REASONS FOR THE DECISION

To ensure that Cabinet are up to date on the forecast outturn for 2021/22 as at the January 2022 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

66. OUTCOME OF PETITIONS

The Cabinet received a report in relation to petitions received by the Council.

The purpose of this report was to update Cabinet on the progress being made in response to petitions submitted to the Council.

Cabinet considered the report and **RESOLVED** to note the actions taken in respect of petitions.

REASONS FOR THE DECISION

As the petitions presented in the report had been dealt with by Cabinet Members or officers, it was appropriate that the action taken was reported to Cabinet.

ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

Chairman
10.00am to 10.46am
14 March 2022

CABINET	AGENDA ITEM No. 5
19 April 2022	PUBLIC REPORT

Report of:	Matthew Gladstone, Chief Executive	
Cabinet Member(s) responsible:	Councillor Wayne Fitzgerald, Leader of the Council	
Contact Officer(s):	Matthew Gladstone, Chief Executive Officer	

SUSTAINABLE FUTURE CITY COUNCIL STRATEGY – DIRECTION OF TRAVEL

RECOMMENDATIONS	
FROM: Matthew Gladstone, Chief Executive	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Endorse the Direction of Travel for the ‘<i>Sustainable Future City Council Strategy</i>’ and the continuation of developing the strategy and plans further. 2. Notes that this document is considered ‘live’ and will be subject to further updates as the Council formalises its requirements. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a request from Cllr Fitzgerald, Leader of the City Council.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, ‘*To promote the Council’s corporate and key strategies and Peterborough’s Community Strategy and approve strategies and cross-cutting programmes not included within the Council’s major policy and budget framework.*’
- 2.2 The purpose of this report is to provide Members, Corporate Leadership and the wider organisation an overview of the current position and the challenges faced by Peterborough City Council and a range of approaches that will be taken to develop the future direction, culture and target operating model for a sustainable future city.
- 2.3 This document aims to start the discussion on new business models, culture, ways of working and target operating model. Specific reports will come back to CLT/Cabinet for consideration.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 Peterborough City Council is amongst a number of councils which is facing significant financial pressures. In 2020 the Council requested additional financial support from the government due to the challenges faced. In addition a number of external reviews were undertaken by the Local Government Association, CIPFA and the Department of Levelling Up, Housing and Communities (DHLUC). The reports identified a number of issues which require urgent attention regarding financial sustainability, governance and culture. The Council has also been placed on the first step of external intervention through the form of ongoing scrutiny from DHLUC which is expected to continue until sufficient progress has been made.
- 4.2 In response, the Council has acted swiftly through the appointment of a new Chief Executive solely focused on the city compared to the shared arrangement with Cambridgeshire County Council. An improvement panel has been created made up of a high calibre team of current and previous Chief Executives and financial experts. It is to be commended to see the collaborative approach being taken by the Council working with a range of networks across central and local government.
- 4.3 The financial gap faced by the Council is in the region of £17million in 2022/23 with a further gap of approximately £4million for 2023/24 and onwards. The Council has not needed to seek government financial help and nor is it expecting to in the future. The Council has a robust set of savings proposals, albeit tactical in nature, which are in place to achieve a balanced budget for 2022/23.
- 4.4 The size of the task is significant and is fully recognised by the politicians and senior team. Similarly, cross political working is evidenced through the creation of a Financial Sustainability Working Group to help challenge and exchanges ideas and contributions around the budget. A strengthened audit committee has been created with an independent chair and members together with more support through the scrutiny system.

5. INITIAL IMPRESSIONS AND BACKGROUND

- 5.1 Peterborough City Council is amongst a number of councils which is facing significant financial pressures. In 2020 the Council requested additional financial support from the government due to the challenges faced. In addition, a number of external reviews were undertaken by the Local Government Association, CIPFA and the Department of Levelling Up, Housing and Communities (DHLUC). The reports identified a number of issues which require urgent attention regarding financial sustainability, governance and culture. The Council has also been placed on the first step of external intervention through the form of ongoing scrutiny from DHLUC which is expected to continue until sufficient progress has been made.
- 5.2 A robust improvement plan, focussed on the next 6 months, is in place which has identified a number of areas for urgent attention. A real strength is the lack of defensiveness around the position the Council finds itself in. There appears to be a good sense of self awareness and where issues are being identified there is a strong appetite to fix the issues. The Council is also reaching out for support and fully recognises the need to change.
- 5.3 Drawing upon the improvement plan, five initial priorities have been identified and communicated by the Chief Executive and these will be developed further as part of this work in designing a sustainable future council strategy:

Budget	Getting a grip of the finances as top priority and ensuring delivery of robust savings plans to deliver a balanced budget for 2022/23
Vision and priorities	Setting a future direction for the city with partners and outlining what the role of the Council is in its delivery. Alignment of finances, human resources and <u>decision making</u> key
Organisational resilience and capacity	Taking stock of leadership and managerial capacity and structures across the organisation and reset following the intense 2 years of Covid pandemic. Define new target operating model for the Council
Governance and Culture	Looking at the way we do things in the Council including the formal decisions and governance but also the softer aspects around communications, <u>engagement</u> and systems of working
Economic growth	Maximising the impact of growth for all communities which is delivered in a more sustainable and inclusive way. Peterborough is a city of opportunity

- 5.4 Whilst there are real signs of improvement and confidence within the organisation, it is very important to be aware of some of the issues which need addressing. Many of these are long standing, cultural and linked to the organisational structure and capacity.
- 5.5 The Council has recently started consultation on a new corporate strategy. This is positive and needs to build on the work from the place summit last year and wider discussions around the region in terms of the evolving integrated care and health system and also better clarity on priorities at the combined authority for Peterborough and Cambridgeshire. However, there is very little evidence of a history of robust service financial and workforce planning. Neither is there any real sense of performance and programme management and organisational oversight of achievements and outcomes for residents, the community and businesses.
- 5.6 It is clear organisational capacity and the narrative around this is still seen as a priority for urgent attention. Capacity in some areas has been stripped back too far such as around health and safety, workforce development, economic development and performance. Many managers will talk around the lack of capacity to do new things. The primary focus on statutory provision is something many councils have done but it is also important to look at where the Council wants to drive value and invest in key areas aligned to its corporate priorities. Best value is not just about lowest cost. Getting an organisational wide focus on total resources and not just savings is key (commercial companies and members, effective commissioning/strong centre and procurement and how these arrangements are managed).
- 5.7 The staffing levels are often quoted as approximately 1200 and initial impressions looks very small for a unitary council. The generation over several years of numerous external contracts and arm's length organisations, many of which are 100% owned or largely controlled by the Council, disguises the true scale and breadth of the Council's activities. Many of these contracts are being looked at urgently which is right but major questions exist around value for money and the effectiveness of governance arrangements and organisational oversight. The role of elected members on the commercial boards has been identified by the improvement panel as an area for urgent attention.
- 5.8 Over the last few years, the Council has not had an executive senior team solely focussed on Peterborough. The shared services model with Cambridgeshire needs looking at urgently. A new Corporate Leadership Team has been formed with a stronger focus on the city, however, a high proportion of directorate roles have elements of shared services. Understanding what is right for the city is key and in ensuring there is capacity to help achieve our ambitions.

- 5.9 Decision making needs attention. The constitution is robust and regularly updated with good support from a governance team. Formal decision making is often made at Cabinet Member level which supports quick and effective decisions. Decision making is quite silo based across the organisation with little organisational oversight and missed opportunities to consider how various decisions help to address the socio-economic challenges the Council faces. Some confusion exists around key decisions and what needs to be presented to Cabinet particularly where wider implications exist for political portfolios or directorates. The s151 officer is regularly presented with reports for signing off without any context or consideration at leadership team. Helping to shift the focus from the budget to other cross cutting agendas relevant at Cabinet level such as levelling up agenda, health inequality, early help and prevention will be important.
- 5.20 As part of the intervention process the Council is required to actively consider the pros and cons of moving to a 4 yearly system of elections. This process will start after the elections in 2022 and will require external facilitation and careful in-depth assessment. It is important the Council approaches this with an open mind and willing to learn from other places.
- 5.21 Communications support appears strong, both internally and externally. The team are agile and willing to adapt to rapidly changing situations. They recognise the need to be more proactive and work with the media and messaging and they need support from all directors to enable this to happen.
- 5.22 Covid has been a major focus for the city. New ways of working and the agility to move resources quickly to help support the more vulnerable has to be praised and maintained. Now that major incident status has been stood down it is essential for the Council to stop and reflect. It is not simply returning to the way we all used to work but hanging onto the positive aspects and continually seeking new ways of working. Our external environment in which local government operates is constantly evolving and similar to the commercial sector the organisation can never stop adapting how it works.
- 5.23 Peterborough is a great city. It is very welcoming, up for change and has some excellent officers and members serving the community. These are exciting times ahead and the Council has a real opportunity to shift its focus to the future and reset the whole organisation around a new ambitious vision and priorities supported by a new business model for a sustainable future council.

6. LOOKING AHEAD TO A MORE FINANCIALLY RESILIENT COUNCIL

- 6.1 The Council has a number of firm foundations in place for supporting a balanced budget for 2022/23. A number of key lines of enquiry have been developed and it is clear there needs to be a strong grip by the senior team and politicians around delivery. A monthly assessment of progress is essential. The next six months are critical in demonstrating progress and realising these efficiencies. This is not a job for finance but a council wide collective effort.
- 6.2 Taken in the context of wider government agendas it is very evident that departmental savings and silo-based approaches to service reductions will not deliver a sustainable council for future years. The organisation needs to be more agile and have the ability to respond to changing agendas and also opportunities as they present themselves. Global events are having an increasing impact on government and funding such as energy prices, the financial markets, levels of inflation, social care pressures and the changing nature of urban centres. The future funding for local government is far from clear and opportunities from agendas like levelling up are important but still lack detail. A thorough understanding of risk and threat and understanding our resilience as a Council and how we work with the community has been tested to the full during the last two years during the pandemic.
- 6.3 A robust 3-year financial plan is essential which underpins this work. The annual budget process is openly recognised as too restrictive and does not enable managers to plan longer term or even to focus on what is really important. The system is too reactive bouncing from one issue to the next. The medium-term financial plan needs to include the following characteristics:

- **Outcome focussed** – driven and aligned by the development of the corporate strategy as agreed by the politicians
- **Base budget driven** – a bottom-up approach is key looking at how to deliver services
- **One ‘council team’** – cross team working and working with the community and partners to plan how services and outcomes can be achieved by working differently
- **Service and financial planning** – robust plans for every service which are developed and agreed each year but including a focus on the MTFP. Quality assured and culture of check and challenge across Directors is vital.

6.4 What is required is a totally different approach which challenges and changes how the council does its business in the future.

7. A NEW BUSINESS MODEL AND WAYS OF WORKING FOR THE COUNCIL

7.1 The development of a new corporate strategy and priorities for the Council is a priority. This aims to provide collective focus for the whole organisation but it is only one aspect for a sustainable future council. A new business model needs to look at what sort of organisation do we want to be, including key elements such as:

- **Behaviours and values:** what common values do people adhere to. Staff and members at all levels need to live these behaviours every day;
- **Risk taking:** recognise that we want our staff and teams to continue to innovate and learn from best practice but acknowledging that mistakes may occur. Learning is just as important;
- **Data analytics** – more evidence and data driven in developing new approaches and encouraging innovation and new ways of working driven by data insight;
- **Customer and outcome focussed:** local government is there to serve a diverse range of needs and communities. Asking the question are we really making a difference and adding value;
- **Collaborative:** working in partnership is so essential for helping to tackle cross cutting societal challenges like climate change, homelessness and health inequality;
- **Leadership at every level:** everyone has a role to play and we need to help develop our workforce to have the confidence and ability to make the decision at the right level and knowing when to lead and step forward or let others take the lead.

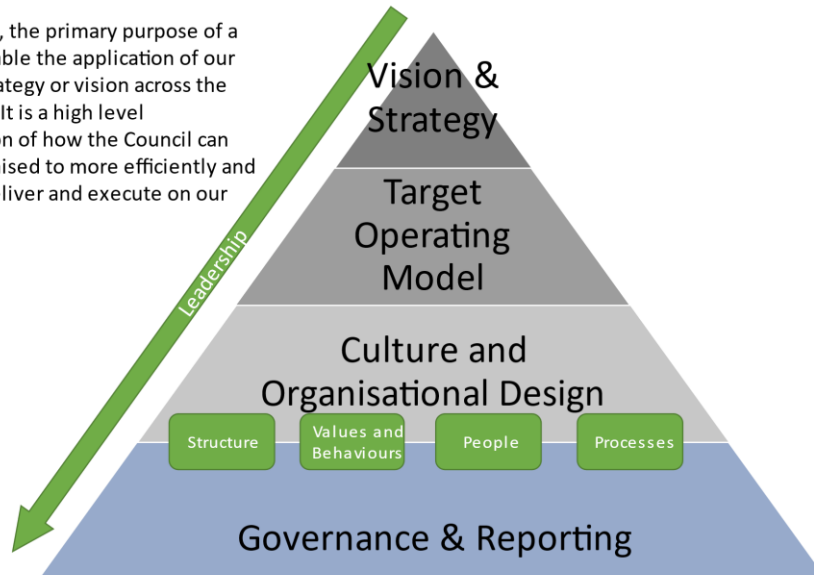
7.2 The new business model for the Council aims to be built around two key components:

1. **Strong corporate centre:** a data driven approach to our strategy development and decision making looking ahead to future demand and needs for Peterborough and its communities. This is about core services like finance/HR/legal and governance ensuring services are well supported in terms of systems, advice, processes to enable the most efficient delivery.
2. **Business units:** the creation of new business units bringing together key functions which make sense to the public and the customer. These units will be driven by customer need and intelligence and a base budget review approach adopted to establish what resources are needed for investment. Business plans will set out priorities in line with the corporate strategy, show where investment is needed and equally what areas can be disinvested or delivered differently.

7.3 The development of a new target operating model is referenced in the Council’s improvement plan. This is not simply about looking at the normal spans of control, management structures and design principles. It has to examine the behaviours and values we want in the future and also the culture, systems and processes as shown below. The Council will need to be agile in responding in challenges but also planning much better in designing and delivering services needed to achieve the outcomes set out in the corporate strategy.

Target Operating Model (TOM) at a glance

As illustrated, the primary purpose of a TOM is to enable the application of our corporate strategy or vision across the organisation. It is a high level representation of how the Council can best be organised to more efficiently and effectively deliver and execute on our strategy.



8. NEXT STEPS

- 8.1 There are a number of steps in the process for designing and developing a sustainable future council model for Peterborough. It is important to acknowledge the time needed to do this and recognise this is not a quick fix and simply about redesigning structures. Cultural change takes time and a two-year planning horizon is envisaged as recognised in the Council's improvement plan.
- 8.2 Further detail of the strategy and approach will develop over time and further specific reports brought to Members for consideration such as the development of the medium term 3-year financial plan, the council senior team, corporate strategy and performance culture.
- 8.3 In simple terms the following illustrates the task in hand:
- 1) Moving from Strategy to Delivery (while creating motivated and productive teams):**
 - a. Vision, Purpose, Values & Mission
 - b. Operating Model(s)
 - c. Corporate Plan, and one that drives:
 - i. Service Delivery Plans
 - ii. Performance Management Framework
 - iii. New programmes (or the amalgamation of existing ones)
 - 2) Governance & Grip (It's not just about trust but about knowing what is happening):**
 - a. Review and establish effective governance arrangements (corporately and for programmes)
 - b. Review (Health Checks) of existing programmes and alignment to the Corporate Strategy and MTFP
 - c. A central Delivery Unit that will act as your "Special Ops Centre" and is linked to a Chief Execs team
 - d. Commercial Delivery Vehicles (are they providing real value and what options exist going forward)
 - 3) People & Culture (bringing people along your journey):**
 - a. Shape of the Workforce and Corporate Core
 - b. Workforce Development and Planning
 - c. Base budget reviews including check and challenge to develop business units
 - d. Effective communication incl. member services (engagement, expectation management and reporting)

9. REPORTING & GOVERNANCE

9.1 This work will be developed and reported at a variety of levels. Building upon existing structures supported by some additional capacity in some key areas:

Members	<ul style="list-style-type: none"> • Regular reporting through to Cabinet, Scrutiny and Full Council • Improvement panel reporting every six months to the Council • Financial sustainability group could be widened to include improvement plan work to aid cross party working • Audit committee with a strong focus on corporate governance and performance effectiveness
Corporate Leadership Team	<ul style="list-style-type: none"> • Meeting weekly as a team, including time for development work • Executive Directors and corporate directors to drive the strategy
Extended Leadership Team	<ul style="list-style-type: none"> • Direct reports to Executive Directors and Corporate Directors. • Monthly network and development sessions – TEAM Peterborough culture
Manager Forum	<ul style="list-style-type: none"> • Useful forum to ensure managers onboard and involved in the co-design of this work
Staff conversations	<ul style="list-style-type: none"> • Every 2 weeks – regular communication and engagement across the organisation from CX and CLT and beyond. Regular and concise and <u>two way</u> engagement essential

9.2 A Chief Executive Delivery Unit will be created to help support the development of this strategy and the delivery of the improvement plan. This will be made up of key secondees from a range of areas including HR/Organisational development, communications, engagement, finance, performance and data. A programme lead is also envisaged to help the Chief Executive, Members and Corporate Leadership Team drive the development of a new business model for a sustainable future council. External support will be obtained where needed including ongoing support through the improvement panel members.

10. IMPLICATIONS

Financial Implications

10.1 The Council's financial strategy and Medium Term Financial Plan (MTFP) will naturally flow from this work and will be detailed in subsequent reports. There are no immediate additional financial costs arising from the recommendations in this report at this stage and can be delivered via existing resources and capital receipts.

Legal Implications

10.2 There will be areas for consideration around decision making, governance, engagement and the constitution. Proposals will be brought back for consultation.

Equalities Implications

10.3 None

Carbon Impact Assessment

10.4 None

11. BACKGROUND DOCUMENTS

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

11.1 None

12. APPENDICES

12.1 None

CABINET	AGENDA ITEM No. 6
19 April 2022	PUBLIC REPORT

Report of:	Cecilie Booth, Corporate Director, Resources	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet member for Finance	
Contact Officer(s):	Cecilie Booth, Corporate Director, Resources	Tel. 452520

PETERBOROUGH SUSTAINABLE COUNCIL – REVIEW OF THE BUDGET SETTING PROCESS

RECOMMENDATIONS	
FROM: Cecilie Booth, Corporate Director, Resources	Deadline date: N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The areas proposed for improvement following discussion of the budget setting process at FSWG on 15th March 2022. 2. The legal requirements for setting a balance budget. 3. The new proposed process for the Council budget setting meeting. 4. The proposed timetable for developing the Medium Term Financial Strategy and Budget setting process for 2023/24 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following discussion by the Corporate Leadership Team (CLT).

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, *'To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.'*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND INTRODUCTION

- 4.1 The 2022/23 budget was approved by Council on 2nd March 2022 by a narrow margin of 1 vote. The budget setting process and member involvement was subsequently discussed at the Financial Sustainability Working Group (FSWG) on 15th March 2022 to assess how the process can be improved for future years. The following areas for improvement were identified and discussed:

- The annual budget must flow from the CEO's vision for a Sustainable Peterborough and the MTFS.
- Members must accept the importance of setting a balanced budget within the statutory timeframe or propose an alternative budget if there is not overall political support for the budget presented by the Executive. It is not a viable option to just vote against it with no alternative, there are significant legal and financial risks of not agreeing a balanced budget within the statutory deadline.
- The budget setting process and the budget report must be presented in a format easily understood by all members.
- Is there too much focus on the savings?
- We should deliver user friendly and effective workshops / training
- The budget and the Council Tax resolution are presented in two separate reports. As it is not possible to approve the Council Tax resolution without an agreed budget, consideration should be given to include the Council Tax resolution as an appendix to the Budget Setting report.
- Risks - consider how this is presented. E.g. budget savings are RAG rated to indicate the risk of delivery, however, some members understood the RAG ratings to reflect risks to people rather than to delivery.
- The usefulness of the Financial Sustainability Working Group (FSWG) as a forum - how could we engage with group leaders and members even more? Terms of Reference will be updated.
- Timing and frequency of FSWG meetings / cancelled meetings
- Distribution of FSWG papers – all papers should be issued via Democratic Services, and the frequency of meetings should allow sufficient time for reports to be prepared and circulated.

- 4.2
- Date of the Budget Setting meeting - aim for around 20th February

The outcomes of the above discussions are covered within this report, in consultation with the Independent Improvement Panel (IIP). Advice and guidance from the IIP is taken on board throughout this process.

5. LEGAL REQUIREMENTS FOR SETTING A BALANCED BUDGET

- 5.1 The Council has a duty under section 30(6) Local Government Finance Act 1982 to set a lawful budget in a timely manner.
- 5.2 Members have a fiduciary duty to Council Tax payers, which means they have a duty to facilitate the setting of a lawful budget; a process that requires flexibility and compromise. Failure to set a lawful budget in time may lead to a loss of revenue, significant additional administrative costs, as well as reputational damage and potential intervention from the Secretary of State under section 15 Local Government Act 1999.
- 5.3 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. Failure to set a budget within the deadline does not, in itself, invalidate the budget, however, such delay may have significant financial, administrative and legal implications, including potential individual liability of any Member who contributed to the failure to set a budget. Section 66 of the 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or "standing" may apply for judicial review.
- 5.4 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken. Section 25 also requires the Council's Chief Financial Officer to make a report to

Full Council when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions on the Executive's budget proposals and any alternative proposals. Any decision that ignores this professional advice, including the implications of delay, is potentially challengeable.

In addition, Section 114 of the 1988 Act states that if the Council has failed to set a balanced budget by the statutory deadline, expenditure would be unlawful and there would be a need for the Chief Financial Officer to issue a notice under the Act.

6. THE COUNCIL BUDGET SETTING MEETING – PROPOSED NEW PROCESS

6.1 A review of the Constitution and Standing Orders has commenced, including the budget setting process to ensure the Council is able to set a balanced budget within the statutory deadline. External legal advice will be obtained if required. The following approach is suggested:

The Council Budget Setting Meeting should be brought forward to around 20th February of each year to set the budget for the forthcoming year. Several members have commented that the Budget Setting report is too long and too detailed, and therefore difficult to read and digest. To address this, a short and user-friendly Executive Summary will be presented within the report, drawing out the key issues for members' consideration. Better use of graphs and diagrams will be included within the report.

At the Council Budget Setting meeting, the Executive submits to the Council its revenue budget which include all the costs of services, other than those charged to capital, and income from all sources. This will include any proposals to add to or use revenue reserves and any precepts from other authorities (e.g. Police).

6.2 The Executive will propose its recommendations relating to the above matters to the Council, which if seconded, will be debated by Full Council and voted upon. The Council may:

- a. Adopt the Executive's proposals; or
- b. Amend them in accordance with the provisions set out below; or
- c. Refer them back to the Executive for further consideration.

6.3 Budget amendments - any Elected Member may put forward any amendments to the Executive's budget proposal. However, Members should not put forward proposals that would mean setting an unlawful / deficit budget, and they must take Officer advice to ensure their proposals are in order. To this end any proposed amendments must be evaluated by the Chief Financial Officer, to determine the service, financial and legal implications of implementing the amended proposals. The amended proposals are required to be submitted to the Chief Financial Officer, via the Democratic Services Manager by no later than 12 noon 10 clear working days before the Council Budget Setting Meeting, excluding the date of the meeting itself. Any proposed amendment to any matter on the Council Meeting Agenda, other than the budget, which would have, or would be likely to have, a significant effect on the Executive's proposed budget, must also be submitted to the Chief Finance Officer by no later than 12 noon 10 clear working days before the Council, excluding the date of the meeting itself.

6.4 The amended proposals will be considered by the Chief Financial Officer by no later than 12 noon 5 clear working days before the day of the Council meeting, excluding the day of the meeting itself. The Chief Financial Officer will confirm the legality and impact of all proposed amendments. Any that in the Chief Financial Officer's opinion are unlawful shall be rejected. The Chief Financial Officer will share all amended proposals, together with Finance sign off and comments, with the

Chief Executive and Monitoring Officer by 5pm 5 clear working days before the day of the Council meeting, excluding the day of the meeting itself.

6.5 All proposed amendments will be shared with all Elected Members, by email, by the Chief Financial Officer by 12 noon 3 clear working days before the Council meeting, excluding the day of the meeting itself. Following a period for negotiation, any minor amendments to proposed amendments, will be allowed up to 9am on the day of the meeting, provided they do not have substantial impact and are agreed with the Chief Financial Officer. By noon on the day of the Council meeting Democratic Services Officers will circulate copies of all remaining proposed amendments to all Members of the Council, by email, in case any have been withdrawn. At the Council meeting, the Chairman will refuse to accept any proposals for amendment that have not been through the above process, and signed off as being lawful proposals by the Council's Chief Financial Officer

7 PETERBOROUGH CITY COUNCIL SETTING THE SCENE FOR THE MEDIUM TERM FINANCIAL STRATEGY AND THE 2023/24 BUDGET SETTING PROCESS

7.1 The CEO has prepared a paper on his vision for a Sustainable Council going forward, setting out his vision and values for PCC. This paper provides the overarching strategy, and all new and existing strategies and policies will flow from this.

7.2 A full review of the remit, usefulness and attendance at FSWG will be undertaken, and the Terms of Reference will be updated accordingly. Going forward, a full schedule of monthly FSWG meetings for the year will be set, including deadlines for issuing papers, to coincide with the overall MTFs and 2023/24 budget setting draft timetable, as set out in Section 5 below. Papers should be issued by Democratic Services rather than by finance officers, and the agenda should provide sufficient time for consultation deadlines, report writing etc.

7.3 An external provider will provide financial awareness and budgetary training for all new and existing members. The training will be delivered in summer and will provide the following:

- an explanation of local government finance,
- the role of the S151 officer
- the role of elected members in finance,
- an explanation of the budget, financial sustainability and control measures and the importance of meeting statutory requirements for setting a balanced budget by the statutory deadline. And the financial and legal implications of failure to do so.
- The preparation of an alternative budget and the way opposition members can work with the finance team

7.4 The Council Budget Setting (S25) report and the Council Tax resolution report will be combined; the Council Tax resolution will be included as an appendix to the Budget Setting report rather than a standalone separate report.

8. PROPOSED TIMETABLE FOR THE MTFs AND BUDGET SETTING 2023/24

8.1 The proposed timetable set out below will enable the first Council Tax collection date to be brought forward from 15th April to 1st April, which will improve cashflow and collection rates for the rest of the financial year. The draft timetable may be subject to changes as and when the MTFs, service reviews and budget setting process develops.

Meeting	Date
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FSWG – MTFS update and outline budget setting plans for discussion	13.4.22
MTFS Development	April-July 2022
CPF	30.5.22
FSWG	1.6.22
CPF	27.6.22
FSWG	29.6.22
Member training – budget setting and financial awareness	June / July 2022
Joint Scrutiny – MTFS update	TBC July 2022
Cabinet – MTFS update	11.07.22
CPF	1.8.22
FSWG	3.8.22
CPF	6.9.22
FSWG	7.9.22
Budget consultation	August / September 2022
Joint Scrutiny – MTFS update	TBC September 2022
Cabinet – MTFS update	19.09.22
CPF	26.9.22
FSWG	28.9.22
CPF	17.10.22
FSWG	19.10.22
CPF	28.11.22
FSWG	30.11.22
CPF	19.12.22
FSWG	21.12 22
Publish Draft Budget Report following Provisional Local Government Settlement	December 2022
Consultation on the Budget 2023/24	January 2023
Cabinet	09.01.23
CPF	16.1.23
FSWG	18.1.23
Joint Scrutiny- Budget	22.01.23
Cabinet – final budget report (excluding Fire & Police precepts- which will be reported in advance of Council)	13.2.23
CPF	13.2.23
FSWG	15.2.23
Council- Budget Setting meeting, including: <ul style="list-style-type: none"> • Council Tax Resolution • Revenue and Capital Budgets • Section 25 Statement 	22.2.23

CPF- Cabinet Policy Forum

FSWG- Financial Sustainability Working Group

9. CONCLUSIONS

- 9.1 The statutory requirements for setting a balanced budget in a timely manner is set out in Section 2 above.
- 9.2 The budget setting timetable is set out in Section 8, with the Council Budget Setting meeting brought forward to 22nd February 2023.
- 9.3 The 2023/24 budget will flow from the Medium Term Financial Strategy and the CEO's vision for a Sustainable Council.

- 9.4 The remit of the FSWG will be reviewed and the Terms of Reference will be updated accordingly.
- 9.5 Training and workshops will be provided for members
- 9.6 If required, the finance team will work with opposition members to prepare an alternative budget.
- 9.7 The submission and consideration for Budget Amendments is set out in Section 6.
- 9.8 Future budget reports will be presented in a more user friendly format, including an Executive Summary setting out the key issues.