

**MINUTES OF THE EXTRAORDINARY CABINET MEETING
HELD AT 10:00AM, ON
MONDAY, 23 JULY 2018
COUNCIL CHAMBER, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Holdich (Chair), Councillor Ayres, Councillor Cereste, Councillor Fitzgerald, Councillor Hiller, Councillor Lamb, Councillor Smith, and Councillor Walsh

Cabinet Advisors Present: Councillor Allen and Councillor Fuller

20. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Seaton.

21. DECLARATIONS OF INTEREST

No declarations of interest were received.

22. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

23. APPROVAL OF FUTURE ARRANGEMENTS FOR THE EXISTING ENTERPRISE MANAGED SERVICES CONTRACT*

The Cabinet received a report in relation to the future arrangements for the existing Enterprise Managed Services (EMS) contract.

The purpose of this report was to seek approval from Cabinet to formally create the Company to operate all services currently performed under the EMS/Amey contract. Approval was also sought to extend the contract with EMS/Amey by five months at a cost of £810,000 to facilitate such a transfer of services.

The Cabinet Member for Waste and Street Scene introduced the report and advised that the Council had come to agreement with Amey that this was to be the future of the service. It was considered that with significant changes necessary for Local Authorities in the future that this was a new way of doing business. The setting up of a Local Authority Trading Company would allow the delivery of the service to be more flexible.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- As the Council was the sole shareholder, all profits from the company would be returned to the Council as dividends and would then be used to reinvest in the company. It was advised that the company could not make a loss due to the rules and procedures surrounding the company.
- It was confirmed that current Amey employees would be TUPED to the company under their existing terms and conditions.

- Cabinet praised the highlighting of implications on children in care, users of parks and open spaces, and transport users. It was noted that under the new company model apprenticeships and training opportunities would be offered, allowing young people access into the business area.
- It was confirmed that James Collingridge would continue to manage the Amey contract.
- In response to a query around the terms of the set up loan it was advised that the agreement was required to put in place the facility to make a loan. The detail of the loan itself would depend on whether the Council bought new vehicles or continued to lease the existing vehicles.
- The need to operation the company like to the standards of any other external company was highlighted. It was further noted that the company would require sufficient working capital to deliver the service without Council assistance. This would assured through the setting up of an Company Board that did not include any of the Council's executive directors.
- It was advised that selling the company at some point in the future would be possible, as the company would be owned by the Council.
- It was noted that this projected presented an exciting opportunity to reclaim quality, control and flexibility and install pride back within the community.

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

1. Authorise officers to create a Local Authority Trading Company (Company), noting the Business case prepared in support of this decision.
2. Authorise officers to provide through that Company all services currently performed under the 2011 EMS/Amey contract and any other services considered as part of the Business Plan.
3. Authorise an extension to the current contract with EMS/Amey from the current contract termination date of 31 August 2018 to 1 February 2019 at an additional cost of £810,000.
4. Authorise a loan facility from Peterborough City Council of up to £1.75million (at state aid compliant interest rates and market terms) to the Company to provide working capital and cover start-up costs:
 - Vehicles and plant (if required) - £1m
 - Acquisition of ICT equipment & software - £100k
 - Consultancy to prepare for go-live - £75k
 - Stationery, marketing, website & contingency - £75k
 - Running costs (if required) - £500k.
5. Delegate authority to the Chief Executive, in consultation with statutory officers as necessary, any decision relating to:
 - Appointment and transfer of staff to the Company;
 - Budget and financial matters necessary to support the business but with annual budget approval sought through the normal budget process.
6. Delegate authority to the Director of Governance in consultation with the Director of Resources and relevant Service Director authority to make decisions and enter into legal agreements necessary to effect the set up and future operation of the Company including:

- Appointment of Officers to the Company Board of Directors from incorporation;
- The agreement between Company and Council for discharging responsibilities and monitoring of performance;
- Appointment of Independent or Member representation to the Interim Board;
- Agreement of Articles of Association and shareholder agreement;
- Services and Asset Purchase Agreements;
- Leases and other property documentation;
- Secondment arrangements, pension provision and other employment matters.

7. That the Leader of the Council in consultation with the Cabinet Member for Waste & Street Scene and Service Director for Environment and Economy approve the Company name.

REASONS FOR THE DECISION

The decision sought to transfer all services currently performed by Amey under the EMS/Amey contract to the Council's own Local Authority Company.

ALTERNATIVE OPTIONS CONSIDERED

Alternative options had previously been considered by Cabinet.

24. IT IMPROVEMENT PLAN

The Cabinet received a report in relation to the IT Improvement Plan, following a referral from Cabinet on 20 November 2017.

The purpose of this report was for Cabinet to seek approval of the proposed IT Improvement Plan and the potential path being taken of convergence with Cambridgeshire County Council, especially in People and Communities, and to seek approval for its inclusion in Tranche 2 of the Budget Proposals.

The Acting Corporate Director Resources introduced the report and advised that the operating context for the Council had change drastically since the previous Strategy was agreed in 2014. The Council was now working more closely with Cambridgeshire County Council and this presented an ideal opportunity to share systems and practices to increase productivity. In order to move forward investment would be required to deliver an affective IT Strategy.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- Concerns were raised, that in altering systems, the Council would be opening up an opportunity for all the issues that can arising with IT. It was advised that this would be avoided through full investment and careful monitoring.
- It was confirmed that the numerous files the Council currently held in Google Doc format would be able to be transferred to the Microsoft 365 format.
- Serco would be commissioned to convert these documents to Microsoft.
- It was confirmed that staff and Members would still be able to continue using their existing equipment and, following a query around the quality of Wi-Fi in certain areas, it was advised that this was currently under investigation.

- Staff would be shown how the new software worked.
- In relation to the cost of the change of systems, it was advised that this would require approximately £1.2 million of investment.

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

1. Approve the proposed IT Improvement Plan and the potential path being taken of convergence with Cambridgeshire County Council, especially in People and Communities;
2. Approve the inclusion in Tranche 2 of the Budget Proposals a series of short term decisions, dependent on robust business cases, in order to improve the service. This will incur additional expenditure/ investment of up to £1.120m.

REASONS FOR THE DECISION

With the Council requiring to update its IT strategy, moving to more agile ways of working, and delivering more services in partnership with Cambridgeshire County Council there was the requirement for the convergence of systems and processes. This paper set out the first steps in this process.

ALTERNATIVE OPTIONS CONSIDERED

Do nothing – resulting in the Council running an in-efficient IT service, not delivering for its customers.

Formulate its own strategy and route-map – whilst this would be very Peterborough centric, it would not address the IT issues and strategy required for the joint service delivery model being implemented with the County Council and finally to formulate a joint strategy with the County Council.

25. PERMANENCY SERVICE AND ARRANGEMENTS FOR REGIONAL ADOPTION

The Cabinet received a report in relation to the Permanency Service and arrangements for regional adoption at the request of the Cabinet for Children's Services.

The purpose of the report was to inform Cabinet about increased numbers of children and young people in care in Peterborough which, while remaining below the average of similar local authorities, resulted in significant budget pressures. The report also provided brief details of proposals to develop a Regional Adoption Agency, which was an expectation of the Department for Education affecting all top tier local authorities in England.

The Cabinet Member for Children's Services introduced the report and advised at the beginning of the financial year the placement budget had been handed to TACT. It was emphasised that once a child was placed in care, Councillors became their corporate parents. The Council's aim was to place as many children as possible within the Peterborough boundary and reduce the numbers in third party residential households. To do so resources had been invested to ensure that TACT officers were properly skilled.

In the time following the transfer of this budget the level of children in care had increased, reflecting the national trend. To combat this the service had moved to a family safeguarding model, however this model was still in its infancy. It was considered that TACT required additional funding and additional adult practitioners.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- There was no simple answer as to why there was an increase in children entering care. It was noted that the authorities were now much faster at recognising the impact of harm on children, which may have accounted for some of the increase.
- It was suggested that the impact from the family safeguarding model would be visible within the next 6 to 12 months.
- It was advised that residential places were more expensive as they often dealt with children with more complex needs. Therefore, while small in number the staffing required was significant.
- Following a query around establishing other contractual relationships it was confirmed that this would be difficult, however, work was undertaken with other providers. It was suggested that the best option was for TACT to continue to recruit and support care providers.
- TACT was regularly inspected by OFSTED and it was confirmed that the Council had access to all of TACT's records.
- Suggestion was made as to whether TACT's share of the savings made could be a further incentive for the partnership working. This was confirmed, as the head room for savings with the current agreement had gone and a new benchmark for savings would need to be re-established.

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

1. Note the budget pressures associated with the cost of children in care placements and the request for a supplementary budget of up to £3.9m this year and for inclusion of future years requirements in Tranche 2 of 2019/20 Medium Term Financial Strategy process;
2. Agree in principle to exploring the variation to the contract for the Permanency Service contract with TACT, in line with due governance processes;
3. Note the proposed arrangements relating to the development of a Regional Adoption Agency in partnership with Cambridgeshire and in line with government requirements.

REASONS FOR THE DECISION

There was a legal requirement for local authorities to provide sufficient numbers of placements for children in care, and where possible, for the great majority of these to be within or close to the local authority area. The current arrangements with TACT offered the best opportunity to satisfy this sufficiency strategy.

From a financial perspective, the responsibility for meeting placement costs remained with the local authority except in such circumstances where costs had increased because TACT had not delivered the full requirement of the contract.

Current and projected numbers of children in care in Peterborough meant that the budget transferred to TACT was not sufficient to meet placement costs. The partnership with TACT, by offering the greatest likelihood of achieving increased recruitment of our own carers, also provided the best opportunity for the Council to minimise unit placement costs while improving local placement choice for its children and young people.

The development of Regional Adoption Agencies is a Government requirement and the agreement to deliver this based on a partnership between Peterborough and Cambridgeshire offered a model that was in line with current direction of travel for both authorities. Bringing adoption services together in this way also offered the opportunity for benefits in the recruitment of adopters and matching of children.

ALTERNATIVE OPTIONS CONSIDERED

There was little alternative other than to meet increased placement costs. In order to ensure that the Council continued to benefit from the model underpinning the Permanency Service, a contract variation that recognised the reality of higher numbers of children in care and reinstates the principle behind the savings share was required.

The development of the Regional Adoption Agency also required variation of the contract with TACT, and the commencement of a joint procurement exercise with Cambridgeshire.

26. BUDGET CONTROL REPORT MAY 2018

The Cabinet received a Budgetary Control report for May 2018 following discussion by the Corporate Management Team.

The purpose of this report was for Cabinet to initiate and consider financial strategy and budget proposals in order to set a balanced budget for the forthcoming financial year. The report provided Cabinet with an update of the May 2018 Budgetary Control position.

The Acting Corporate Director Resources introduced the report and advised that the report set out the current position and highlighted key risk areas. As the report covered two months' worth of data the figures were slightly more normalised. The overspend forecast was currently £4.4 million with pressures evident in children's services, city management and IT services. The reserves position had decreased in order to mitigate the present budgetary position.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- In the previous financial year the Council underspent by £7 million. This underspend was moved into a 'capacity reserve' to ensure that savings were in place for one off issues.
- It was advised that measures were already in place to mitigate a certain level of overspend. Local Authorities tended to predict an overspend at the beginning of the financial year that would reduce throughout the year. Early mitigation measures were seen as a positive for budget control.
- Concern was raised in relation to the reduction of the Revenue Support Grant from £55 million to £10 million. It was advised that grant for Peterborough was judged at a level 2 or 3 years behind the current growth for the area, which added extra pressure on the budget controls. Plans were, however, already in place to try to combat this.

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

1. The Budgetary Control position for 2018/19 at May 2018 includes a £4.904m overspend position on the revenue budget.

2. The Key variance analysis and explanations, is highlighted in Appendix A to the report.
3. The estimated reserves position for 2018/19 outlined in Appendix B to the report.
4. The Risks highlighted within the Budget are highlighted in Appendix C to the report.

REASONS FOR THE DECISION

The report updated Cabinet on the May 2018 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered.

Chairman
10:00am – 11.02 am
23 July 2018

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