

**MINUTES OF THE BUDGET CABINET MEETING
HELD AT 10:00AM, ON
MONDAY 25 OCTOBER 2021
SAND MARTIN HOUSE, PETERBOROUGH**

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

Cabinet Advisor Present: Councillor Bashir, Councillor Bisby, Councillor Howard

18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cereste, Councillor Gul Nawaz and Councillor Ayres.

19. DECLARATIONS OF INTEREST

There were no declarations of interest received.

20. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

21. UNIVERSITY FUNDING AND FINANCE INTERIM UPDATE

The Cabinet received a report in relation to the funding for the Peterborough University project, and an interim finance update.

The purpose of this report was to provide an update on the university project and built upon previous decision making, particularly Cabinet approval in September 2020 for the formation of a special venture vehicle between partners and, a March 2020 CMDN authorising (in principle) the transfer of land and to enter the required legal agreements.

The Cabinet Member for Strategic Planning and Commercial Strategy and Investments introduced the report and advised that, if the recommendations were approved by Cabinet, the new car park could be built by December 2022, though grant and capital funding. This would be an interim arrangement for approximately five years, with an outline planning application being drawn up for later phases, to include a car parking strategy.

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

- Members were advised that the recommendations regularised the work happening with the university, and what would be happening in the next few months.

- It was noted that phase 1 and 2 of the development would be delivered in September 2022, with the car park to be delivered within the year in December 2022.
- Members were advised that during the submission of outline planning permission for later phases, it was determined that the Regional Pool site would be more suited to a university building than a car park.
- Peterborough Limited had been and would continue to be engaged through the process.
- Members considered that a successful university would require and attract growth in the embankment area, and sustainable travel and parking would need to be provided.
- It was further noted that access to the pool entrance from the car park would include a new footpath with lighting and security, and would contribute to the reduction of anti-social behaviour.

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

- 1) Authorise the Council to enter the Getting Building Fund (GBF) Grant agreement with the Cambridgeshire and Peterborough Combined Authority (CPCA) to provide a new surface car park supporting regional pool customers and free up spaces for university use as set out at paragraph 4.18
- 2) Recommend to Council, the re-allocation of the capital programme budget for University Access / Slip Roads to deliver the car park by December 2022, utilising Getting Building Funding Grant, and £500k of council match funding
- 3) Delegate authority to the Corporate Director Resources and the Director of Law & Governance and Monitoring Officer to negotiate and agree commercial terms with Peterborough Limited and PropCo 2 to lease spaces on PCC's regional pool car park;
- 4) Approve the development of an Her Majesty's Treasury (HMT) 5 case business case for development of Phase 3 of the university for subsequent consideration by Cabinet
- 5) Approve the instruction of a red book valuation for land at Bishop's Road for university Phase 3.

In the event of a successful Levelling Up Fund (LUF) bid for university Phase 3, delegate authority to the Executive Director for Place and Economy and the Corporate Director Resources to;

- 6) Approve the business case set out at recommendation 5 capping PCC capital contribution to the project at £20m in line with the bid submitted to MHCLG 3
- 7) Note the governance arrangements proposed to govern the build of university Phase 3 as set out at Appendix 3
- 8) Enter into the Levelling Up Fund grant agreement with MHCLG
- 9) Approve the development of a Subscription Agreement between the Combined Authority and Peterborough City Council for the capital investment into the development of Phase 3 and the land required and delegate to the Executive Director of Place and Economy and Corporate Director Resources, in consultation with Cabinet Member for Strategic Planning, Commercial Strategy and Investments and the Cabinet Member for Children's Services, Education, Skills and the University authority to negotiate and complete the Subscription Agreement;
- 10) Approve the commitment to invest the £20M capital grant into the Phase 3 build and draw down the funding to mobilise the activities and milestones identified

within the Business Case to achieve the completion of university Phase 3 teaching building by end March 2024.

- 11) Approve transfer of a single further phase of land for university Phase 3 subject to relevant shares being allocated in favour of PCC in PropCo, planning permission, final independent red book land valuation and, adhering to all other legal and other necessary statutory obligations and consents as required.
- 12) To put a motion to the Board of Prop Co to increase the number of PCC directors and in so doing increase the degree of control of the company
- 13) Subject to recommendation 12, approve the nomination of Emma Gee, Assistant Director Growth and Regeneration, as an additional director on PropCo Board to reflect PCC increased shareholding in PropCo 1.

REASONS FOR THE DECISION

This cabinet paper built upon previous university programme decision making including a March 2020 CMDN, September 2020 cabinet paper and a June 2021 CMDN. Given its ongoing development ambitions, the university programme would be the subject of further governance and decision-making papers as it developed and achieved its vision for the city in the coming years.

ALTERNATIVE OPTIONS CONSIDERED

The Council could choose not to accept the grant funding for the car park which in turn would allow the university to satisfactorily discharge planning conditions thereby not permitting occupation of the building. This would bring reputational, political and financial risk to the university programme, partners CPCA, ARU and council directly (as landowner and planning authority). Given this, the option to do nothing was discounted at the outset.

The Council could not accept LUF funding for Phase 3 of the university denying £20m investment into the city as well as partner match funding of £6m. This would mean the university would be limited to a single teaching and R&D building stunting its growth and its ability to reach critical mass and attract students.

In respect of transferring the funding to PropCo 1 to deliver the university, PCC could accept the grant and choose instead to contract and deliver the building. This would not utilise the track record and capacity offered by the current delivery route which is successfully delivering against phases 1 and 2.

22. MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2024/25 - PHASE ONE

The Cabinet received a report in relation to the Medium Term Financial Strategy 2022/23 to 2024/25 Phase One.

The purpose of this report was to form part of the Council's formal Budget and Policy Framework. This required Cabinet to initiate and make proposals and update assumptions to set a balanced budget for the financial years 2022/23 - 2024/25.

The Cabinet Member for Finance introduced the report and advised that the Consultation would close at the end of November 2021, to be presented to Council in December 2021. The Council had a budget gap of £26.8 million, with £9 million worth of savings identified in the phase 1 outline plans. It was considered that challenging decisions would need to be taken, with proposals being developed through the working group, including the sale of assets, the reduction of the capital programme, a review of expenditure, and a review of the Council's contracts.

The Cabinet Member further advised that the capitulation direction received from Government had been reduced, as the Council was now in a break even position. The Council had still been able to transform and deliver services, even as core funding had been reduced. Peterborough City Council was below the average unitary authority in terms of spending power. It was advised that if the Council was unable to deliver a sustainable budget, then Government intervention would be likely in early 2022.

The Cabinet Member highlighted the work undertaken to improve the Capital Programme position, drew Cabinet's attention to the Section 151 Officer's Robustness Statement, and emphasised the importance of the Council maintaining control of its own destiny.

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

- Members were advised that initial conversations with Government had been picked up through the phase 1 budget proposals, with a significant work to move to sustainability.
- It was noted that Government's Autumn Budget Statement was expected on Wednesday 27 October 2021, though the full detail would not be available until December.
- In relation to tax collection, Members were advised that return rates were marginally above target. The key issue anticipated was the number of individuals moving on to Council Tax support.
- Business rate collection was below target, mainly due to delays in payment from the hospitality and leisure sector.
- Members noted that the pressures in phase 2 would be related to adult social care cost and demand, costs in children's social care, culture and leisure costs, parking, COVID restricted services and housing demand.
- It was advised that £10.5million of COVID-19 reserves could be used to reduce the level of capitalisation direction funding required from Government.
- Members considered that steps were being taken towards a sustainable budget, however, there were still millions of pounds to save. It was considered to be vital that the Council remain in control of its own finances, without intervention required from Government.

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

1. The Phase One budget proposals as outlined in Appendix B as the basis for public consultation.
2. The updated budget assumptions, to be incorporated within the Medium-Term Financial Strategy 2022/23 – 2024/25. These are outlined in sections 5.
3. The revised capital programme outlined in section 5 and referencing Appendix C.
4. The Medium-Term Financial Strategy 2022/23 to 2024/25 - Phase One, as set out in the body of the report and the following appendices:
 - Appendix A – 2022/23-2024/25 MTFs Detailed Budget Position Phase One
 - Appendix B – Phase One Budget Consultation Document
 - Appendix C – Capital Programme Schemes 2022/23-2024/25
 - Appendix D – Financial Risk Register
 - Appendix E – Equality Impact Assessments
 - Appendix F – Carbon Impact Assessments

Cabinet **RESOLVED** to note:

5. The strategic financial approach taken by the Council outlined in section 4 of this report.
6. The forecast reserves position, and the provisional statutory advice of the Chief Finance Officer outlined in section 6, The Robustness Statement for Phase One.

REASONS FOR THE DECISION

The Council must set a lawful and balanced budget. The approach outlined in the report worked towards this requirement.

ALTERNATIVE OPTIONS CONSIDERED

No alternative option had been considered as the Cabinet was responsible under the constitution for initiating budget proposals and the Council was statutorily obliged to set a lawful and balanced budget by 11 March annually.

MONITORING ITEMS

23. BUDGET CONTROL REPORT AUGUST 2021

The Cabinet received a report in relation to the budget control report for August 2021.

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

The Cabinet Member for Finance introduced the report and advised that the overall budget position at August 2021 was break even. Departmentally there was a predicted underspend of £3.8million. There were a number of variances to note, as set out in the report.

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

- Members were advised that work continued to be carried out to ensure that the Capital Programme was at a deliverable level, over a period of 3 to 4 years.
- Peterborough was an area of high growth, with part of the process of budget control being reprioritisation and linking objectives.
- Officers were looking at how the work of the council was being delivered, as this had significantly changed in the past 22 months.

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

1. The budgetary control position for 2021/22 at 31 August 2021 is a forecast breakeven position.
2. The key variance analysis and explanations are contained in Appendix A.
3. The Council's performance with respect to Business Rates(NNDR) and Council Tax Collection, as outlined within section 6.
4. The Council's reserves position, as outlined within Appendix B.
5. The Council's Capital performance as outlined in Appendix C.

Cabinet **RESOLVED** to approve:

6. Capital Budget virements as outlined in Appendix C, these include:

- a. £0.034m - Westcombe Engineering Machinery Investment (Funded by Invest to Save)
- b. £0.178m - Capital Funding to build Mausoleum at Fletton and Eastfield Cemeteries(Funded by Invest to Save)

Cabinet **RESOLVED** to recommend to Council for approval:

7. Capital Budget Virements as outlined in Appendix C, these include:
 - a. £1.577m - Clare Lodge Refurbishment and Safety works (Third Party Funding)
 - b. £1.500m - Contribution to the Highways Agency for the A14 improvement scheme, the payment to take place as equal payments of £60k a year for 25 years from 2020/21 (Funded from Community Infrastructure Levy)
8. Revenue budget virement, in respect of the revised use of the Capitalisation Direction as outlined in section 5.5.

REASONS FOR THE DECISION

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

ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

Chairman
10.00am to 10.35am
25 October 2021