

CABINET	AGENDA ITEM No. 4
11 JULY 2022	PUBLIC REPORT

Report of:	Matt Gladstone, Chief Executive	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald, Leader of the council	
Contact Officer(s):	Jens Gemmel von Döllinger, Sustainable Future City Council Director	Tel.

FIRST INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL REPORT

RECOMMENDATIONS	
FROM: <i>Matt Gladstone – Chief Executive</i>	Deadline date: July 2022
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Considers the first report of the Independent Improvement and Assurance Panel and agrees with the action to be taken as a result. 2. Will request the Growth, Resources and Communities Scrutiny Community to review the report, Cabinet's response to it and the progress being made with the delivery of the Improvement Plan. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following Full Council on 22 June 2022.

2. PURPOSE AND REASON FOR REPORT

2.1 Improvement Panel Comments:

The Council established the Peterborough City Council Independent Improvement and Assurance Panel (PCCIAP) on 16 December 2021, and updated the terms of reference of the panel to report to the Council on a six monthly basis. This report provides the Panel's first six monthly review of the work of the Council against the previously agreed Improvement Plan and the recommendations of the independent reports commissioned by the Department of Levelling Up, Housing and Communities.

PCC Response:

We accept and welcome the Improvement Panel's findings and will implement its' recommendations in full. We will continue to use the panel as a sounding board for matters related to the future sustainability of our city and its' administration.

3. BACKGROUND AND KEY ISSUES

3.1 Improvement Panel Comments:

On the 30th June 2021, the DLUHC announced an external assurance review of the Council's financial position and its wider governance arrangements. Government decisions on further exceptional financial support, and on any statutory interventions that might be necessary, would be informed by those reviews. The financial review was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the governance review was undertaken by Andrew Flockhart. The governance review reported in September 2021, and CIPFA reported on the finance review in November 2021. Both reviews set out detailed findings, including

conclusions, evidence and methodology used, and included recommendations for the future. Importantly, the governance review recommended non-statutory action. The Minister of State for Equalities and Levelling up Communities then wrote to the Council when the reports were published saying that, although she still had concerns, she agreed with the findings and that with the right support the Council should be able to respond to the challenges it faced.

2.2 Improvement Panel Comments:

The PCC IIAP operates in the context of the statutory intervention framework of powers given to the Secretary of State in the Local Government Act 1999. The independent panel is at the lowest level of external intervention, it does not take any decision making away from the Council. The threat of some level of statutory intervention remains if there is any faltering in implementation of the improvement plan recommendations. Council officers and members of the Panel meet monthly with DLUHC officials to discuss the City Councils progress.

3. **INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL**

3.1 Improvement Panel Comments:

The purpose of the Panel as approved by Council is to:

- Provide external advice, challenge and expertise to Peterborough City Council in driving forward the development and delivery of their Improvement Plan;
- Provide assurance to the Secretary of State of Peterborough City Council's progress on delivery of their Improvement Plan;
- Provide six monthly reports to the Council on the progress of the delivery of the Improvement Plan.

3.2 Improvement Panel Comments:

The Improvement Plan approved at Council on 21st December 2021 is a critical document, as the Panel will be holding the Council to account on the delivery of this plan, and on the extent to which the plan is meeting the recommendations, actions and outcomes envisaged in the finance and governance review reports.

3.3 Improvement Panel Comments:

The Councils Improvement Plan has three Improvement Themes as follows: -

- “Theme 1: Financial Sustainability. The recovery and improvement of Peterborough relies on us setting a balanced budget in 2022/23, delivering on our savings and transformation plans, delivering sharper focus on collective and individual fiscal responsibility and accountability ensuring that we deliver on our priorities. This will mean taking bold decisions to turn off the things that are no longer “core/can't afford” as we constantly challenge ourselves on how we spend every penny of the Council's money.
- Theme 2: Service Reviews. The Council has initiated a series of service deep dives starting in Adult's and Children's Services and Housing, we will continue this programme of review into mid-2023. The reviews will generate options and recommendations for doing things differently. We will manage these reviews using an agile approach so that we can agree and deliver changes as new opportunities and alternative ways of working present themselves. The Council has to have the ability to make change happen more rapidly.
- Theme 3: Governance and Culture: This section describes how we will manage the Improvement Plan with the support of the Improvement Panel and associated partners. We will refresh our Corporate Strategy and key policies. We will adopt stronger fiscal delivery disciplines where personal accountability will be at the heart of our new ethos. We will change the organisation if we are clear on what has to change, by when and to what standard.”

The IIAP operates as a collective body, bringing all of the expertise of the Panel to the challenges facing the Council. Four of the panel members lead on individual areas that are intertwined across the three themes of the Improvement Plan. This report covers those four lead areas of Finance/

Transformation/ Assets, Contracts and Companies/ Governance and provides the Panels view on the progress in the last six months. The latest position on the Improvement plan is attached at Appendix A.

4. CURRENT PCC IIAP VIEW ON THE CITY COUNCIL IMPROVEMENT PLAN PROGRESS

4.1 Financial Sustainability

Improvement Panel Comments:

There has been good cooperation from Council staff with the Panels Finance lead since the panel was appointed in December 2021. There has been regular contact and the Senior Finance staff have sought and taken on board advice, comment and challenge on the Finance proposals and their draft reports.

4.1.1 CIPFA Recommendations

Improvement Panel Comments:

The CIPFA report to the Council in November 2021 contained a number of recommendations on which the Council had to implement immediate action. These have been substantially completed or have been overtaken by events. The CIPFA recommendations were by definition short term and the Council now needs to focus on medium and long term issues in terms of service delivery remodelling and operating models to attain long term financial stability. The full set of recommendations, together with an up to date officer commentary, is attached at Appendix B.

4.1.2 2021/2022 Outturn and 2022/2023 Budget

Improvement Panel Comments:

As a first step the Council has approved a balanced budget for 2022/23 without the need for a capitalisation direction in either 2021/22 or 2022/23. The initial indications on the 2021/22 outturn position will be a revenue underspend of circa £4 million which will improve the Council's reserves position. The delivery of a balanced budget in 2022/23 is dependent upon the delivery of the agreed savings plan. As at mid May £ 7.972 million out of £16.673 million has been delivered, leaving £8.701 million to be implemented of which £0.83 million is regarded as unlikely to be achieved. A further £3.92 million is regarded as at high risk and the procurement related savings are particularly at risk. There is therefore a high level of risk and uncertainty in the achievement of the agreed savings plan with some 28% of identified savings proposals being identified as at least high risk.

PCC Response:

In the current financial year, we had to close a budget gap of £27m to set a balanced budget, which we were able to achieve, largely thanks to our staff's hard work and support. Much hard work remains to be able to deliver all those savings in the current year.

Looking to future years, in 2023/24 we were predicting a budget gap of around £5m, however our current modelling shows that gap has now widened to £9.5m, largely down to rapidly rising rates of inflation.

This information has become public, as part of a report submitted to the Joint Scrutiny Committee on 5 July. You can read the agenda [here](#) (agenda item 4).

In 2024/25 this budget gap is estimated to rise to £12.9m, and then to £15.1m in 2025/26. To be able to make these predictions our finance team has conducted sensitivity analysis and made a number of assumptions, including rising inflation, which currently stands at 9%– the highest it's been in 40 years, increasing demand for services, a 3% pay award for staff and risk in delivering previously agreed savings.

This modelling allows us to plan so that we can work well in advance to reduce budget gaps in future years and links with what we said we would do in the Improvement Plan with the

development of the Target Operating Model. Through this strategic planning, allocation of money will focus on outcomes rather than where resources sit in the organisation.

We ended the last financial year with a £4.5m underspend which has enabled the council to increase its general reserve balance by £1.3m to £7.3m, a positive step as it increases the amount of money we have for unforeseen events and helps strengthen our financial resilience – one of the issues CIPFA identified as a weakness.

An additional £3.2m has also been added to an inflation reserve which now stands at £4.7m, established to mitigate the financial risk resulting from rising rates of inflation.

However, these reserves are one-off funds and can help in the short-term, but ultimately we should be better managing our increasing pressures so we don't need to use reserves.

4.1.3 **Savings Board**

Improvement Panel Comments:

The Council has set up a savings board to monitor the delivery of the savings and to provide a level of challenge where delivery is either delayed or doubtful. This internal challenge needs to be extremely robust as the non-delivery of savings will place in doubt the Council's ability to achieve its objective of being financially stable from 2024. As a direct result of the level of uncertainty, the Council must consider alternative plans to find cashable savings where delivery of the original proposals is in doubt. Officers have started the process of identifying suitable substitute or alternate actions.

PCC Response:

We are driving forward savings proposals in the current year and developing plans to meet the £9.5m forecast budget gap in 2023/24 rising to £15.1m by 2025/26. This will require input from all levels of the organisation. Over the summer months, we will further tighten the governance and reporting for our savings programme and will bring back an update on progress to cabinet in due course.

- Funding remains flat as per SR2022, with increases in Council Tax and NNDR built in to forecast
- Risk on the delivery of 2022/23 savings plans- £4.4m
- Inflation pressures of 10% by end of 2022 have been built into forecast, driving up costs (£4.7m inflation risk reserve also available to mitigate immediate exposure)
- Cost of Debt financing equates to 16% of NRE with interest rates expecting to rise.
- Demand led budgets. ASC & CSC represent 56% of NRE
- Therefore, a total of 72% of our NRE is tied up in demand led services and debt costs.
- Further risks exist as a result of the Social Care Reforms & Fair Cost of Care

4.1.4 **Revenue Controls**

Improvement Panel Comments:

The Council has maintained a high level of control on revenue expenditure, these controls will be required to be continued for the foreseeable future to enable non essential spending to be identified (and further curtailed if necessary) and to enable a culture of budget responsibility to take root and grow within the Council.

4.1.5 **Medium Term Financial Strategy**

Improvement Panel Comments:

The Council is in the early stages of preparing a medium term financial strategy (MTFS), which will include a number of key dates by which specific stages of the budget process will need to be completed. It is extremely important that this timetable is adhered to. The MTFS will require significant input from service heads across the whole Council, and will require a view to be taken on the likely level of savings that can be achieved over the medium term in respect of service redesign. In common with all other Local Authorities, the Council faces a particular difficulty in establishing that view as at present it is difficult to predict with any degree of accuracy the likely

budget gap for future years - due to uncertainty over inflation , the level of government support for 2023/2024 and the likely referendum limit for council tax for that year. In the absence of certainty, the Council will need to plan on a range of scenarios and produce corresponding proposals accordingly.

PCC Response:

A Programme Director (Sustainable Future City Council Director) has joined the Council to lead on the design, mobilisation and implementation of a number of transformation programmes and which will be structured around our emerging priorities and themes.

The Council is aware that due to its challenging financial circumstances, it needs to find a balance between delivering short, medium and long-term budget options to ensure the current year and 2023/24 is balanced. In addition to delivering a Medium Term Financial Strategy (MTFS), work has already commenced on the MTFS and the development of budget savings to ensure the Council remains within its financial envelope. The detailed design phase of our transformation programmes will start in September 2022, the scope of which will include service redesign (operating models) and finalising future service budget requirements.

Outline business cases including programme plans and budgets will be brought back to Cabinet for consultation and decision. The shaping of the Council's MTFS will form the backbone of these plans so that our corporate strategy and proposed changes can be delivered within a reduced financial envelope, over the medium and long term.

4.1.6 **Capital Finance**

Improvement Panel Comments:

The financing of the Capital programme has been an area of considerable concern for the Council. The need to service borrowing to fund the Capital programme reduces the Council's ability to spend on day to day services. The Council has already decided, for the immediate future, not to fund new capital schemes from borrowing but to use other resources such as grant and capital receipts. This means that difficult decisions will need to be made in prioritising capital project expenditure. The gap between the current capital programme and available non borrowing resources is in the region of £16 million. Schemes will have to be deferred or dropped out of the programme. Until that process is completed and the current funding gap addressed, the present moratorium on all new schemes will need to be maintained.

PCC Response:

Following the report published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on behalf of DLUHC into the Councils financial position, a moratorium on Capital spend was implemented in 2021/22, and the revised Capital Strategy was approved to guide the way for revising the Capital Programme in accordance with the key objectives within the Improvement Plan.

Work is progressing on reducing the 2022/23 Capital Programme to ensure that no new borrowing is incurred, and that funding is only through the sales of assets or grant funded. The removal of borrowing in the current year is needed in order to deliver the £0.75m revenue saving that has been included within the budget.

The detailed capital financing modelling is anticipated to be completed over the summer months and given that the performance of the capital programme was £33m for 2021/22 compared to the budget of £79m a forecast underspend is expected.

4.2 Medium to Long Term Transformation

Improvement Panel Comments:

There has been good contact and interaction with the Panels Transformation lead since the Panel was established, particularly with the Chief Executive.

As indicated in the Appendix to this report, CIPFA have assisted with a number of current service reviews. The Council is, however, also turning its attention to longer term financial and service delivery sustainability. This includes reviewing opportunities to deliver additional income, drive efficiency and in other ways reduce cost by adopting a longer term transformation perspective. The Panel welcomes this development. Not only does it enable the Council to think creatively about how it may balance its books over the medium term, but it also provides a vehicle for communicating a positive change to the organisation, to partners and the community. This work is in its early stage of and it is important that it is encouraged, sustained, nurtured and appropriately governed. The Chief Executive has brought into his team an experienced transformation director who is creating a Council transformation capacity. Their work is starting to build an internal understanding of where opportunities might exist for change and improvement. Early hypotheses being explored include the potential to exploit the commercial opportunities of growth, early intervention and prevention, customer service and wider modernisation and other opportunities for business process improvement. There are clearly close links to the development of the Medium Term Financial Strategy, the Corporate Strategy and review of contracts. The Panel will help to ensure that these connections continue to be made and exploited. Early indications on both intent and interaction across the Council are positive.

PCC Response:

We have started to articulate what our response to the City's challenges will need to look like. Our revised corporate strategy is the start of this process and will address a number of challenges the Council faces and the opportunities presented to us by the City (our City Priorities).

We are in the process of building a CEXs delivery unit team to design, test and agree with Cabinet a strategy for leadership, on the design and organisation of Peterborough so that it can deliver the administration's long-term vision for the City and its priority outcomes, a strategy and plan that invests into the City's future while creating the foundations of a sustainable future city council and that will address:

- 1) Challenges and Opportunities - why we believe there are opportunities that can address the challenges we face and what it means in practice to benefit from these opportunities.
- 2) A new model of leadership and service delivery - the changes we need to make inside the Council.
- 3) A new approach to officer governance - how we give Members and wider stakeholders confidence that we will deliver what we say we will deliver.
- 4) Making it happen – a comprehensive set of Business Cases, Org Design Structures and Plans that underpin a timely implementation of our proposals.

Cabinet and the wider member community will get early sight of our plans and we will seek cross-party engagement and support as the details of our proposals and plans develop.

4.2.1 **Assets, Contracts and Companies**

Improvement Panel Comments:

Although it was originally envisaged that actions under these workstreams would be addressed in the first six months of the Improvement Plan it has become clearer that they are dependent on the outcomes of the internal and CIPFA reviews that have been concentrating on the more pressing issues of governance, bringing revenue and capital budgets under control and of service redesign. The Panel therefore understand and accept that they are running behind issues that were of more immediate concern.

PCC Response:

There is a dependency on all CIPFA reviews to be completed by the end of July. The reviews will then feed into the more detailed design of our programmes from September onwards. This will

ensure that any recommendations from the reviews will be taken forward in a structured manner and delivered at pace.

4.2.2 **External review reports**

Improvement Panel Comments:

Despite the unavoidable slow start, progress has been made in each of these areas and draft reports have been issued to officers by CIPFA on Norfolk Property Services Ltd (NPS) and the Peterborough Improvement Partnership (PIP). These reports have not yet been shared with the lead Panel member. The next six monthly report of the Panel will therefore be able to comment on these reports, and subsequent actions taken. It is understood that a report on the Council's relationship with Serco is expected shortly by the Council, and the Panel would also welcome early sight of that report when it is completed.

Overall, management have put effort both into understanding the nature of these relationships and the risks that they pose to the Council as well as seeking to gain a degree of client control over strategy and operations of these companies. However, the burden of this is focussed on the Chief Finance Officer and it remains unclear how reform of these relationships will be managed over the two forthcoming years given the complexity of decision making and the considerable workload in bringing functions in-house or delivering improved governance.

In consideration of how it will undertake the 'shareholder' role, the Council has talked with other authorities and produced draft proposals for member consideration on future arrangements. Steps have been taken to embed good practice such as in limiting the role of members on companies and Joint Venture undertakings to reduce the likelihood and impacts of potential conflicts of interests and limitations on objectivity.

On NPS, we understand that CIPFA are recommending that 12 months' notice is given on the JV which will necessitate further consideration of alternative in-house delivery options to address the lack of a strong client function and combine overall responsibility for property issues including asset valuations, a robust asset management strategy and crucially a disposals strategy to support the reduction in overall levels of debt.

On PIP, the Council had distanced itself to the point of the Partnership taking its own governance, operational and financial decisions and the Council failing to appreciate the risks involved including those associated with offshoring. This needs to be urgently addressed and the CIPFA report is likely to recommend significant reform which the Chief Executive has indicated will be supported.

On Serco, the Council is making positive moves to build relationships with Serco management to explore options for terminating the £10m per annum arrangement providing a range of critical service. The Council may wish to talk with Birmingham City Council about their approach to terminating a similar arrangement with Capita in 2019.

PCC Response:

There is a dependency on all CIPFA reviews to be completed by the end of July. The reviews will then feed into the more detailed design of our programmes from September onwards. This will ensure that any recommendations from the reviews will be taken forward in a structured manner and delivered at pace.

4.2.3 **Asset Management group**

Improvement Panel Comments:

The Council has produced a capital strategy which is central to controlling capital spend and in bringing excessive levels of borrowing under control. As indicated above, considerable work is underway to reprioritise the programme against available resources.

A Capital Programme group has been established to drive the formulation of capital proposals and the management of the programme but work to establish an Asset Management group to

oversee the rationalisation of assets and the disposal of under-utilised assets needs to be accelerated. These are both critical to the formulation of the capital proposals for 2022/24 and beyond. The fully formulated plan for the continuing reduction in debt will need to be in place shortly.

PCC Response:

Work is progressing on reducing the 2022/23 Capital Programme to ensure that no new borrowing is incurred, and that funding is only through the sales of assets or grant funded. The removal of borrowing in the current year is needed in order to deliver the £0.75m revenue saving that has been included within the budget.

The minimum revenue provision detailed calculation is anticipated to be completed over the summer months and given that the performance of the capital programme was £33m for 2021/22 compared to the budget of £79m a forecast underspend is expected.

4.2.4 **Asset Management Strategy and Disposals Plan**

Improvement Panel Comments:

Looking ahead, further work is planned on setting objective decision-making criteria for capital schemes and this, together with an Asset Management Strategy and Plan and a Disposals Plan are crucial in the short term to feed the MTFs process.

4.2.5 **Capital Project management**

Improvement Panel Comments:

The Council needs to improve capital monitoring to address serious concerns over slippage (more than 50% in 2021/22) to ensure that resources are being effectively utilised to meet the Council's objectives in its Council and Service Plans.

Finally, the Council is fully aware of the potential impacts of sustained high inflation on its capital proposals but needs to codify these as part of its programme approach to ensure that it manages contingencies effectively and does not stumble into a position where commitments become greater than available resources.

PCC Response:

Revised programme management and reporting disciplines will be introduced from September (grip). To ensure on time and on budget delivery, the revised framework will tighten our focus around 6 key areas: Design, Delivery, Finance, Change, Leadership, and Risks, Issues and Dependencies.

4.2.6 Improvement Panel Comments:

In conclusion on the three key strands above, it is the view of the IIAP that the Council has made progress in the last six months towards the aim of financial sustainability, on transformation activity and on work around assets and contracting arrangements. There are, however, still significant risks to be managed. In addition, there are a number of areas of work that need to be undertaken that will involve the full engagement of all service directors and elected members in order to enable a sustainable future operating model for Peterborough post 2024.

4.3 **GOVERNANCE**

Improvement Panel Comments:

The overall governance of the City Council is a matter of concern to the Secretary of State as detailed in the letter to the Leader of the Council last year. The Council has accepted a series of recommendations which require change in its governance. The Council has started to implement these. The Panel's overall view is that the City Council is making progress with the actions on governance and cultural change. However, there is much more to do especially when it comes to putting these changes into practice. Major risks remain and the Council is not "out of the woods" yet. The Panel will continue to seek assurance that the progress underway will continue. The

handling of other items on the Council's agenda at this meeting will give an indication of the Council's commitment to genuine progress

4.3.1 **No overall control**

Improvement Panel Comments:

The results of the May 2022 local elections left the Council in an unchanged position of No Overall Control. Whilst there is a degree of continuity with the Conservative led minority administration still in place, a high degree of uncertainty remains about decision making in the Council chamber. There are no guarantees that the administration's policies will be accepted by Council. This situation reinforces the need for the engagement of all councillors in the deliberations of the Council. The onus is on the Leader and his administration to continue the efforts to engage the other parties in supporting delivery of the Improvement Plan as well as in key policy developments particularly the corporate strategy and the MTFs. Equally, the other parties in the Council chamber hold a responsibility to play their part in engaging with the administration on the many difficult issues and decisions to be made by the Council in the best interests of the community. There is probably insufficient trust between the political groups currently to support a high degree of shared understanding and cooperation in the best interest of the public. However, there is evidence of good cooperation developing between the political groups in the cross party Finance Strategy Working Group (FSWG). This is helping develop a shared understanding amongst councillors about the financial challenges the Council faces and the options that are available as solutions. The Council needs to build on this work. Good quality and timely information provided by officers in a transparent manner is essential and, if delivered, will contribute to the effective engagement of councillors of all parties in all aspects of governance including executive decision making, policy making, overview and scrutiny, and audit.

PCC Response:

In order to provide the tools for all councillors to engage, the PCC Member training programme is being strengthened. The LGA are meeting with the Director of Law & Governance to discuss how the LGA can support financially and/or with delivery and how the programme reads across into the member peer support they will be providing. This is a significant programme of support and the LGA will be allocating an LGA Programme Manager to oversee and coordinate the delivery.

Following the Growth, Resources and Communities Scrutiny reviewing the first report and Cabinet's response to the progress being made against delivery of the Improvement Plan, collective comments will be captured and the Leader will write to the Minister providing an update.

4.3.2 **Electoral arrangements**

Improvement Panel Comments:

It is vital that the Council gives proper consideration to the option of all out elections every four years. A report on this issue is presented elsewhere on the Council's agenda. A key part of this consideration is understanding why the matter is important for Peterborough. Of key concern is the creation of electoral arrangements which support and facilitate long term, strategic planning which is in the best interests of the city and is concomitant with the leadership and governance of a major city.

4.3.3 **The Chief Executive**

Improvement Panel Comments:

The appointment of a Chief Executive with sole responsibility to the Council is a key step forward. In the last few months Matt Gladstone has taken up the post, defined clear priorities and made good progress quickly in addressing these. It is clear to the Panel that he is demonstrating the kind of officer leadership which is needed by the Council at this time. A number of the issues below are being progressed by him as priorities for improving the Council's governance.

4.3.4 **Council Delegations**

Improvement Panel Comments:

The Chief Executive and the Director of Law & Governance have brought forward proposals to update these and bring them into line with best practice in other unitary councils nationally. These will, if approved by the Council, improve corporate oversight and control of key decisions, particularly in relation to financial commitments over certain levels.

4.3.5 **Executive decision making**

Improvement Panel Comments:

Similarly the Chief Executive and Director of Law & Governance have brought forward proposals to increase the corporate oversight and transparency of decisions made by the Executive, especially those made by individual members of the Cabinet. Putting these new systems into practice will improve the quality of governance overall.

4.3.6 **Audit Committee**

Improvement Panel Comments: Good progress has been made in reconfiguring the committee and, in doing so, appointing an independent chair. Progress needs to be made now in implementing a fresh approach to the committee's work and its reports to Council with a greater emphasis on the examination and identification of matters of concern.

4.3.7 **LGA Training and Support for Members**

Improvement Panel Comments:

A very good plan has been developed to support members in Peterborough. The key issues now are the delivery of the plan and the take up by Members. The onus now is on all councillors to take the opportunity to develop their skills and knowledge, and to learn ways in which they can work better and smarter for the benefit of the Council and the community. From our interactions with Members the Panel believe there is an appetite for training and development and this will be confirmed or denied by evidence of attendance and take up of the offer.

4.3.8 **Management Structures and Systems**

Improvement Panel Comments:

The Chief Executive has made progress in considering the options for the structure of the corporate management team. It is very good progress that there is now a much clearer and stronger focus on Peterborough's priorities reflected in the revised structure. Equally, the introduction of a new management led boards (procurement, savings, capital programme, improvement) has increased the focus on and rigour with which programmes of work are planned, monitored, reviewed and controlled. It is important that a corporate overview of these arrangements is maintained. It is also important that a shared culture of responsibility across the whole Leadership Team is established, especially given the current position that a great deal falls on to the triumvirate of the Chief Executive, Director of Finance and Director of Law and Governance.

4.3.9 **Resourcing Change**

Improvement Panel Comments:

As noted elsewhere in this report, while it is vital that the Council is able to address a number of immediate financial and service improvement imperatives, it is also important that it does so in a manner that is sustainable into the long term. To this end the Panel welcomes the early moves by the Chief Executive to establish some dedicated transformation and programme management capability under his direct leadership. It is important that this resource is sustained over the medium term (at least the next 12-18 months) given that it will take at least this amount of time to develop long term transformation proposals, develop the necessary business cases for change and then put in place the necessary leadership and governance arrangements to oversee delivery.

PCC Response:

We are in the process of building a CEXs delivery unit team to design, test and agree with Cabinet a strategy and plans for leadership, on the design and organisation of Peterborough so that it can deliver the administration's long-term vision for the City and its priority outcomes, a strategy and plan that invests into the City's future while creating the foundations of a sustainable future city council.

Plans that address capacity, programme governance and funding will be brought back to cabinet for consultation and agreement where these require additional investment on top of the already agreed earmarked funding for improvements.

4.4 Conclusion

Improvement Panel Comments:

The Council's commitment to the delivery of the Improvement Plan is essential for its long-term sustainability. It is the view of the IAP that the Council has made progress in the last six months towards the aim of financial sustainability, on transformation activity, on work around assets and contracting arrangements and on governance. There are, however, still significant risks to be managed. In addition, there are a number of areas of work that need to be undertaken that will involve the full engagement of, and recognition of shared responsibility for, all service directors and elected members in order to enable a sustainable future operating model for Peterborough post 2024. There is also much more to do especially when it comes to putting governance and culture change into practice, as that goes to behaviours as well as processes. Major risks remain and the Panel will continue to monitor, review and support the Council's work to deliver on the Plan.

5. CONSULTATION

5.1 The consultation strategy was approved by Council on 16 December 2021.

6. REASON FOR THE RECOMMENDATION

6.1 Reporting process in accordance with the governance review of September 2021.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 No alternative options considered.

8. IMPLICATIONS

Financial Implications

8.1 There is no change to the estimated financial implications presented to Council in December 2021.

Legal Implications

8.2 No change to previously reported.

Equalities Implications

8.3 No change to previously reported.

Carbon Impact Assessment

8.4 No change to previously reported.

Communications and Engagement

8.5 No change to previously reported.

9. BACKGROUND DOCUMENTS

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

9.1 Council report 'Financial Improvement Planning' 16 December 2021

9.2 'Governance Review: Peterborough City Council' Andrew Flockhart report 2021

10. APPENDICES

10.1 Appendix A – Improvement Plan

10.2 Appendix B – CIPFA Recommendations with Officer Commentary