

GROWTH, RESOURCES AND COMMUNITIES SCRUTINY COMMITTEE	AGENDA ITEM No. 5
7 MARCH 2023	PUBLIC REPORT

Report of:	Executive Director of Corporate Services and S151 Officer and Director of Law & Governance and Monitoring Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Rochelle Tapping, Director of Law & Governance and Monitoring Officer Patricia Phillipson Interim Director: Financial Services & DS151	Tel. XXXXXX

CORPORATE SERVICES PROGRESS REPORT

RECOMMENDATIONS	
FROM: <i>Cecilie Booth</i> , Executive Director of Corporate Services and S151 Officer	Deadline date: 24 February 2023
<p>It is recommended that Growth, Resources and Communities Committee:</p> <ol style="list-style-type: none"> Note the progress outlined within the report, which covers the Key service areas within Corporate services. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Growth, Resources and Communities Committee to provide a progress update from within the Corporate Service Directorate, as per the committee forward plan.

2. PURPOSE AND REASON FOR REPORT

2.1 *The purpose of this report is to update the Scrutiny Committee on the progress of items:*

Responsibilities of the Cabinet Member for Corporate Resources

RESOURCES

- Finance
- SERCO
- Commercial, Property and Procurement - includes an update on NPS (Norfolk Property Services) delivery
- Internal Audit and Insurance

CORPORATE GOVERNANCE

- Legal
- Governance

Note: although ICT and HR are functions within Corporate Resources, they come under the portfolio of the Leader of the council. Customer Services is also within the Leader of the council portfolio area, but for completeness of SERCO reporting it has also been included in this report.

2.2 This report is for the Growth, Resources and Communities Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4, Overview Scrutiny Functions, Paragraph No.2.1 Functions determined by Council:

- 10. Strategic Financial Planning
- 11. Partnership and Shared Services

2.3 Finance, Governance and other services included with the Corporate Service Directorate form a key part of how the Council works, serves and enables. For that reason, this can be linked to supporting all four of the Councils priorities, however they are strongly geared towards enabling the Council to deliver on the following priority:

- Supported by a Sustainable Future City Council - adjust how we work, serve, and enable, informed by strong data and insight capability, and led by a culture of strong leadership.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	NA
Date for relevant Council meeting	NA	Date for submission to Government Dept. <i>(Please specify which Government Dept.)</i>	NA

4. BACKGROUND AND KEY ISSUES

4.1 *Insert the body of the report in this section, using relevant sub-headings as appropriate, e.g. section 4.1; 4.2 etc. for ease of reference.*

RESOURCES

Finance

Budget 2023/24 & Medium-Term Financial Strategy (MTFS) 2023/26

A balanced budget has been prepared for the 2023/24 financial year, along with a three year forward looking MTFS. The budget report was approved by Cabinet on 13 February and presented to, and approved by, Council on 22 February. The budget position is summarised as follows:

	2023/24	2024/25	2025/26
People Services	111,121	116,889	120,413
Corporate Services	67,724	74,337	76,195
Place & Economy	24,093	26,048	27,211

Public Health	(304)	(332)	(332)
Total Net Revenue Expenditure	202,634	216,943	223,487
Funding	(202,634)	(216,411)	(222,403)
Estimated Budget Gap	(0)	532	1,084

Although a balanced revenue budget has been achieved, the Council now needs to deliver the savings and transformation plans outlined within the budget, in addition to managing a number of risks, such as:

- Increased inflation above assumptions
- Increased energy costs above inflation
- Increased demand on services.
- Uncertainty relating to continued one-year settlements and pending funding and social care reforms

These risks will be monitored and managed carefully and reported to members in the quarterly Budgetary Control Reports (BCR), via the newly established Priority Portfolio Board. This new officer led board has been established to report, monitor, and deliver the programme of change required to achieve the aims and objectives of the Sustainable Future City Council priority.

The Sustainable Council Portfolio Board is one of four new Priority Boards that have been established for each of the four Council priorities. In addition to the above they will drive the design, planning and delivery of new transformation and savings. As an initial step, all Heads of Service are currently preparing Service Delivery Plans, which will focus on business-as-usual improvement initiatives, MTFS savings initiatives as well as the city priorities and outcomes.

Savings Plan 2022/23

For the 2022/23 financial year, a Savings Board was established to monitor a savings tracker of £16.7m. The savings were RAG rated and the savings, except approximately £350,000 procurement savings, have now been delivered. Work is progressing to achieve the complete target by the end of the financial year.

This process emphasised the need to ensure that 2023/24 transformation and savings plans are robust, and delivery continues to be tracked throughout the year which will be through the recently formed Portfolio Board for Sustainable Council. Progress will be reported to officers and members via the monthly and quarterly Budgetary Control Reports (BCR).

Budget Monitoring 2022/23

The finance team, in conjunction with Service Directors and Budget Managers, prepare monthly Budgetary Control Reports (BCRs), which are reported to the Corporate Leadership Team (CLT) monthly and to Cabinet quarterly. The BCR provides information on income and expenditure to date and a year-end forecast. Forecasts are realistic and prudent, but not projecting worst case scenario.

The Council's overall financial position is owned corporately, and if a forecast overspend is projected, remedial action is taken. This may mean that savings are identified in other areas to off-set an overall overspend. In addition, we will maximise grant / external funding or other income or delay expenditure to the following financial year. If the BCR projects an unmanageable overspend, a moratorium may be implemented until the end of the financial year.

At the end of quarter 3 (December 2022) the forecast outturn position was on overspend of £0.8m, an improvement on the £1m overspend reported at the end of quarter 2. The following table outlines the forecast outturn position by directorate:

Directorate	Budget £000	Forecast £000	Variance £000	Overall Status
Chief Executives	341	319	(22)	Underspend
Legal & Governance	4,323	4,396	73	Overspend
Place & Economy	27,836	27,338	(498)	Underspend
People Services	97,457	100,044	2,587	Overspend
Public Health	(178)	(178)	0	On Budget
Corporate Services	27,218	26,988	(230)	Underspend
Capital Financing	28,479	27,287	(1,192)	Underspend
Total Expenditure	185,476	186,194	719	Overspend
Financing (inc. Reserves)	(185,476)	(185,369)	107	Overspend
Net Overspend	(0)	826	826	Overspend

The key variances outlined within this report include:

Favourable (savings):

- Capital Financing- £1.2m because of reducing the capital programme expenditure and investment income achieved from investing our surplus cash balances.
- Waste & Energy- £2.6m due to several factors including compensation income received relating to the Energy Recovery Facility, additional income from the sale of materials and a saving on the Energy Performance Contract schemes.

Pressures:

- Social Care- net £1.6m pressure across Children's and Adults Social Care. Although actions have been put in place to mitigate some of the pressures there is a noticeable rise in the need for adult social care packages and children's placements. In addition, a pressure has materialised due to an Ofsted inspection at Clare Lodge.
- Housing- £0.8m due to increased demand for temporary accommodation, including the short-term use of bed and breakfast accommodation.
- Culture & Leisure- £0.8m due to delayed implementation of savings.
- Home to School Transport- £0.8m arising due to rising demand.

The full details are available in the December 2022 BCR, available here ([item 10](#))

Capital Programme- 2022/23-2025/26

Current year 2022/23

The approved Capital Programme for 2022/23 was £125.2m. This included an expectation that the Council would continue to review the Capital Programme and funding options to a position where borrowing would be incurred only where absolutely necessary. A detailed review was undertaken in the first part of the year, focusing on those schemes and projects where corporate resources (borrowing or use of capital receipts) would be required.

Following this review the Capital Programme has been reprofiled, with regular monitoring continuing after to reflect spend to date and the estimated spend for the remainder of the year and beyond. The table below reflects the moving position since the start of the year:

Expenditure	Change	Forecast
	£m	£m

Approved Capital Programme 2022/23*	0	125.2
Slippage from 2021/22	9.5	134.7
Revised Budget (Post Capital Reduction Exercise)	(52.7) *	82.0
Forecast Outturn at September 22	(27.6)	54.4
Forecast Outturn at December 22	1.3	55.7

*includes £22m in relation to the IFRS16- leases accounting change which will now take place in 2024/25, excludes the target reduction.

It is intended that the £55.7m Capital expenditure will be funded by grant income or capital receipts.

Capital Strategy 2023-2026

The Council recognises it needs to invest in the city to encourage economic development, provide vital Council services and improve the way it works, it therefore has ambitions for a significant Capital and Transformation Programme. However, it is also recognised the need to reduce the current level of debt and the resulting ongoing cost of borrowing which puts a strain on the revenue budget. The MTFs assumes that capital receipts, third party funding and appropriate reserves will be used to fund the programme. New borrowing will only be used where absolutely necessary over the next three years (other than refinancing of maturing loans). The following table summarises the Capital Programme for 2023/24:

Capital & Transformational Bids 2023/24		£
Bids to date for 2023/24	4	82,541,32
Funded by:		
Third Party Funding		63,473,441
Corporate Resources		13,432,446
Transformation Funding - Reserve		5,635,437
		82,541,324

The Council has established a process for receiving and reviewing requests for funding and inclusion in the Capital and Transformation Programme. There is a two-stage process in place where bids are reviewed initially by the Capital Review Group, a multi-disciplinary team, and then considered by the Capital Board. The Capital Board reviews each project to ensure that the business case is robust, the proposed scheme / project meets corporate objectives and funding is secured. Further prioritisation is undertaken to assess urgency as well as reprofiling of those schemes requiring corporate resource to minimise any borrowing requirement if in excess of capital receipts and third-party funding. All bids are assessed against 'Our City Priorities,' and only schemes and projects that meet our priorities will be included in the Capital and Transformation Programme.

The full Capital Strategy 2023/26 can be viewed [here](#).

Treasury Management and Prudential Indicator requirements

As part of the budget setting process, the Council must approve a Treasury Management Strategy Statement (TMSS) and a mid-year update report as a minimum. The TMSS sets out the Council's borrowing limits to fund capital expenditure, and how and where to invest surplus funds. The Treasury Management Strategy is reviewed by the Audit Committee and approved by Full Council.

Finance Staffing Restructure

There has been a full review of the Finance Department structure, and a rigorous two stage interview process for candidates for the Posts of Service Director Financial Management and Service Director Corporate Finance (both Deputy s.151 posts) has just been completed with two successful appointments. Further work is in progress to complete the restructure.

SERCO

Current Position

Serco continues to deliver a number of key services for the Council including Business Support, Business Transformation and Service Improvement, Customer Services and Shared Transactional Services.

Serco is working closely with the Council to better understand what is required from the partnership now and moving forward. The original contract was written in 2011 and work is being undertaken to effectively update this to meet current needs. Governance arrangements are in place and a number of workshops have taken place to help determine how the services can best be transformed.

Overall performance has remained very good across all service areas with all key performance indicators being met.

Council Tax and Business Rates collection continues to be challenging this year, although collection rates for both remain on target as we approach the final weeks of the year. A robust as possible approach is being taken to collect monies owed to the Council whilst also trying to be support those households and businesses struggling to pay due to the cost-of-living challenge.

Following the decision to remove the security presence from the Town Hall and Sand Martin House reception areas, work has almost concluded to ensure revised risk assessments and escalation processes are in place and front-line staff have received additional conflict management training. The security presence will no longer operate in the reception areas from 1 March 2023.

A number of system problems have been experienced following the Capita to Cloud migration of the Revenues & Benefits system that have impacted on performance in STS and Customer Services. These continue to be managed with support from ICT.

The government announced two further energy support schemes and whilst the majority of the administration of the new schemes will be undertaken centrally by BEIS (now DESNZ) they have requested support from local authorities to undertake certain checks and make the payments. Final guidance for the Energy Bills Support Scheme Alternative Funding scheme (EBSS AF) is due to be received very shortly with the scheme due to go live on 27 January. They will also be providing draft guidance for the other new energy support scheme (Alternative Fuel Payment Alternative Funding scheme – AFP AF) that is due to go live on the same date. The EBSS AF scheme has been designed to make payments to households across the country who have not already automatically received the £400 Energy Bills Support Scheme which most households will be receiving directly from their energy suppliers in monthly instalments of £66/£67. The AFP AF is intended to help households that use fuel other than gas to heat their homes and cannot be paid automatically by their electricity supplier.

Key Successes

In 2022 the Business Rates team was successful in winning the Institute of Revenues, Rating & Valuation (IRRV) national award for the 'Most Improved Team of the Year'.

The Customer Services team retained the nationally recognised and externally assessed Customer Service Excellence accreditation in 2022. The service is fully compliant with all 57 criteria used for the assessment and 24 of which are recorded as being exceeded and known as Performance Plus. When first assessed 14 years ago only five were recorded as Performance Plus.

Social Value

Serco continue to support the local community in a number of ways including:

Manor Drive Solutions is a team within Business Support with the primary aim of finding staff to fill temporary roles. As well as succeeding in this aim the team have also enabled many residents to join or re-join the work environment initially through temporary roles prior to taking permanent positions either with Serco, PCC, or other employers.

Serco continue to employ and support apprentices to undertake a range of qualifications, including several staff undertaking professional qualifications related to the work they undertake.

The Serco Foundation has provided charitable donations to two local charities, Little Miracles and Young Lives. It has also made grants to individual members of staff in urgent need.

Commercial, Property and Procurement include (an update on NPS delivery)

Property

The team previously delivering Estate Management Services via an outsourced contract with NPS has now transitioned into the Council's Asset and Property Team. Some team members have transferred directly into similar posts, and recruitment to new Service Heads roles will commence shortly.

It has been agreed that the future of the Community Asset Transfer Programme will be reviewed after the Locality Assets Review has taken place. The Locality Assets Review started in February 2023 and an initial report on findings is due back in March.

A review of the Medesham Homes Joint Venture has been undertaken by CIPFA (Chartered Institute of Public Finance and Accountancy), making recommendations on how the Council can best move forward to deliver key housing related priorities. Work in progress includes a specific review on Bretton Court.

Following Cabinet approval, negotiations are now underway with the various interested parties (tenants) to bring forward the disposal of the selected Smallholdings Sites.

The Peterscourt Serviced Office is now on the market for sale, generating a strong level of interest from prospective purchasers. The marketing of surplus space at Sand Martin House to let has also commenced and an offer has been accepted on part of the office accommodation. The level of interest in the remaining space is strong, other offers are expected.

The Council are also in discussions with CPCA (Cambridgeshire and Peterborough Combined Authority) to sell the Nursery Lane Depot currently occupied by Peterborough Ltd for use as a Bus Station for Electric Buses. The Purchase is subject to grant funding and is time bound. We are currently trying to determine if sufficient land can be carved out for sale without detrimentally impacting the current uses.

Procurement

The Procurement Team successfully transferred from Serco to the Council in November 2022, and the transition has been very smooth. We now have Senior Category Managers taking responsibility to act as the key point of contact for each of the Council's Directorates, working closely with the services.

The Procurement Team has introduced an Annual Procurement Forward Plan and process and the draft plan has been shared with Directorates with a view to discuss priorities for the coming 12 to 18 months.

Amendments to the Constitution to set the limit at £25,000 (increased from £5,000) where more than one written quote is required to direct award to a supplier, has reduced the number of exemptions and further reductions are expected following specific procurements regarding temporary and interim staff and for Apprenticeships and Training.

The "No PO No Pay" Policy has been re-launched and compliance will be monitored and reported upon. Suppliers that submit invoices without a valid purchase order will have the invoice returned and asked to provide a valid purchase order to receive payment.

Discussions are underway between the Procurement Team and Legal Services to streamline procurement and deliver the service more efficiently. This will include wider framework contracts aligned to new process mapping and related efficiencies, leading to greater efficiency across the Council.

Internal Audit and Insurance

Internal Audit provides support to Audit Committee to increase its scrutiny and governance challenge of the organisation. While resources have been stretched, efforts have been taken to boost staffing levels. There is a shortage of internal auditors across Cambridgeshire and in the region and a project team has been set up to consider an arrangement of pooled resources to improve resilience.

Several non-audit activities have realigned within PCC (Risk Management from October 2022; corporate complaints stage 2 reviews from February 2023). This has freed up some resource for audit purposes.

The Internal Audit Plan, progress reports and the annual IA Opinion are submitted in line with committee deadlines.

Investigations

As services reopened following Covid-19, there has been continued work with the DWP (Department of Work and Pensions) as part of joint working to protect the public purse. Initiatives by Enforcement has seen an increase in the number of alleged blue badge misuse.

Insurance

A tender exercise commenced in August 2022, with the aim to go live with a new contract from 1st April 2023. This covered all aspects of Council business and included two new insurance areas we have not had cover for – Crime and Cyber. The tenders are currently being evaluated.

CORPORATE GOVERNANCE

Legal

The Director of Legal & Governance has been in post since November 2022 and work has commenced to transform the service. Red Quadrant, specialists in public service transformation, will lead a review of Legal Services due in February 2023. This will support the transformation work required for the department. The review will look at options for delivery of legal services and recommend the most appropriate design for the service.

A recent interim appointment has been made, fulfilling the role of Head of Service and Deputy Monitoring Officer (DMO). This postholder will support the service, leading on operational matters, complex cases, and deputising for the Monitoring Officer. Six hour weekly DMO support continues to be provided via an arrangement with Fenland District Council. This arrangement will also be reviewed as part of the wider review of legal services.

Governance

There are several reviews currently ongoing in relation to the Council's governance arrangements which include: -

- a review of the Council's Model of Governance by the Constitution and Ethics Committee Governance Review Working Group;
- a review of the Council's internal governance structure and decision-making processes, supported by the Corporate Delivery Unit, and
- an intended review of the Council's scrutiny procedures, supported by the CFGS (Centre for Governance and Scrutiny) and the LGA (Local Government Association).

All the above reviews will be amalgamated, with recommendations implemented and fed into a review of the constitution. It is intended that the review of the constitution will commence in March 2023, with the first step of engagement with staff. A fully revised constitution is scheduled to be in place from 2024.

5. CONSULTATION

5.1 Not Applicable – Progress report, item for information.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Not Applicable – Progress report, item for information.

7. REASON FOR THE RECOMMENDATION

7.1 Not Applicable – Progress report, item for information.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Not Applicable – Progress report, item for information.

9. IMPLICATIONS

Financial Implications

9.1 Not Applicable – Progress report, item for information.

Legal Implications

9.2 Not Applicable – Progress report, item for information.

Equalities Implications

9.3 Not Applicable – Progress report, item for information.

9.5 **Carbon Impact Assessment-** Not Applicable – Progress report, item for information.

10. BACKGROUND DOCUMENTS

10.1 None

11. APPENDICES

11.1 None