

GROWTH, RESOURCES AND COMMUNITIES COMMITTEE	AGENDA ITEM No. 6
30 JANUARY 2024	PUBLIC REPORT

Report of:	Matthew Gladstone, Chief Executive	
Cabinet Member(s) responsible:	Cllr Mohammed Farooq, Leader of the Council	
Contact Officer(s):	Matthew Gladstone, Chief Executive	Tel. 01733 863607

PCC RESPONSE TO THE FOURTH INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL REPORT

RECOMMENDATIONS	
FROM: Matthew Gladstone	Deadline date: N/A
<p>It is recommended that the Committee:</p> <ol style="list-style-type: none"> 1. Considers the fourth report of the Independent Improvement and Assurance Panel and agrees with the action to be taken as a result. 2. Reviews the report, PCC's response to it and the progress being made with the delivery of the Improvement Plan. 3. Endorses the report and the response PCC is taking to Cabinet. 	

1. PURPOSE AND REASON FOR REPORT

1.1 This report is submitted to the Growth, Resources and Communities Scrutiny Committee following Full Council on 6 December 2023.

1.2 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 fourth 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.

In accordance with the decisions taken in 2021 this fourth report would be the final report of the PCCIAP. In the current political position and at this point in the budget cycle, this would not be ideal. It is therefore recommended that a fifth report of the PCCIAP be received by Council at the March 2024 meeting to provide an updated overview on the budget process and the political landscape. At the meeting on 6 December Council agreed, to extend the work of the PCCIAP for a further year.

PCC Response:

The Council welcomes the panel's offer to extend support for a further year.

2. BACKGROUND AND KEY ISSUES

2.1 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 IAP 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 continue to meet 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 report.

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.

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

4.1 THEME ONE: Financial Sustainability

4.1.1 Improvement Panel Comments:

2023/24 Revenue Budget

This is the first opportunity that the panel has had this financial year to formally comment on the Council's in year financial performance. The latest report to the 13th November Cabinet showed that, as at the end of September, there was a forecast overspend of £6.4 million, largely but not totally due to Children's social care placements. In addition, in-year savings were reported as 41% (or some £6 million) being at either moderate or high risk of not being achieved. Although there is a degree of confidence from the Officer team that the overspend will be managed and savings targets will be achieved there needs to be a degree of urgency in ensuring that this happens without having a detrimental effect on plans for transformative change in future years which should assist in reducing future spending pressures.

PCC Response:

The Budgetary Control Report (BCR) up to the end of October 2023 shows that the year-end forecast has reduced to £3.8m, with plans to reduce this forecast further in the November and December BCRs. All budget holders have been requested to reduce expenditure to come in within budgets, and directorate moratoriums have been implemented in some areas. A full review of the Capital Financing Requirement (CFR) and capital financing costs is in progress; it should be noted that actual borrowing is £6m lower than at the same time last year, despite a £50m increase in the CFR from the acquisition of Sand Martin House. This has been achieved from prudent financial management and improved Treasury Management practice, in addition to additional investment income generated in this high interest environment. Further savings have been found across all services, and the in-year savings plan is now substantially delivered. Only 9% remains at moderate and 1% as high risk of not being achieved. A Council wide moratorium may be introduced in the final quarter of the financial year; however, it is important that Executive Directors and budget holders take full responsibility and ownership of their budgets, and central control will be a last resort which should ideally be avoided.

4.1.2 Improvement Panel Comments:

2024/25 and future years

The Council reports quarterly on the updated Medium Term Financial Strategy (MTFS). The latest report in November 2023 showed a budget gap of £6.2 million in 2024/25 rising to £13.8 million by 2026/27. At the time of writing, it is understood that officers have identified potential savings of £3.4 million towards the 2024/25 budget gap, but this still needs to be verified and those savings will then need to be agreed by elected members. Any shortfall together with any overspend by the end of the financial year 2023/24 will need to be a call on reserves.

The transformation workstreams identified in the MTFS paper will need to produce future long term cost reductions through new ways of working and be adequately financed whilst they are being implemented. Greater clarity is needed on both the likely costs and outcomes from these workstreams which need to be reflected in the MTFS going forward. At present the required level of clarity is not in the MTFS.

PCC Response:

Significant work has been undertaken to tackle the MTFS budget gaps, and as at 6th December, the 2024/25 budget gap has been reduced to £270k, the 25/26 gap is £3m and the 26/27 gap is now £7.5m. Detailed and robust savings plans are being prepared, these plans are subject to challenge from the finance team and comprehensive consultation with members and local tax payers.

As always, it is anticipated that any in-year budgetary overspends will have to be funded from reserves. The plan is to minimise such overspends, as set out above, or to eliminate altogether. It is a high priority for the Council to preserve and enhance levels of reserves.

The October BCR indicates that the year-end Transformation Reserve balance will be £7.6m, which at this stage is assuming the £3.8m projected overspend is funded from this reserve, i.e. worst case scenario. Plans are in place to reduce this pressure on reserves to Nil to preserve the reserve. Transformational savings will continue to be factored into the MTFS as the benefits become clearer, for example, savings from the Serco contract.

4.1.3 Improvement Panel Comments:

Capital Spend

As at the end of September the Capital programme was showing an underspend of £18 million against a programme of £149.5 million. This is a significant improvement on previous years although assisted by the one-off purchase of Sand Martin House. The future years programme is based upon external funding and capital receipts to avoid borrowing costs. The reasoning behind this is supported by the panel as the Council continues to have a high level of debt financing costs to expenditure.

It is likely that the transformation programme will identify areas where Capital expenditure will be needed to produce service improvements and revenue cost reductions. To maximise cost reductions the Council will need to continue with its asset disposal programme at a pace that maximises sales proceeds to provide income to fund the required capital works and avoid borrowing. The Capital programme needs to reflect clearly the requirements of the transformation programme.

PCC Response:

Oversight and management of the Capital Programme remains a high priority for the Council. As set out above, actual borrowing is currently £6m lower than at this time last year, despite a £50m increase in the CFR.

The Capital Programme for 2024/25 and beyond has nearly been completed and virtually all schemes and projects are self-financing or funded from third party contributions. Only £2m will be funded from capital receipts or borrowing, such items include IT and adaptations. There are no capital transformation bids at this stage, only revenue.

4.1.4 Improvement Panel Comments:

Reserves

During the current financial year, the Council is forecast to reduce the level of usable revenue reserves from just £55 million to £25 million, largely from the innovation fund reserve (£19m) and the inflation risk reserve (£7m). With the balance of the former now forecast to be below £5m. It is noted that this forecast is potentially a worst-case scenario. However, the Council will need to consider how the remainder of the transformation programme can be financed should the forecast be correct.

PCC Response:

As set out above, the forecast overspend has reduced and plans are in place to eliminate it altogether by the end of the financial year. It is also anticipated that both the General Fund Reserve and the Transformation Reserve will be replenished from transformational initiatives in due course.

4.1.5 Improvement Panel Comments:

Accounts.

The panel has noted that the 2020/21 accounts have not yet been finalised which has had a knock-on effect on the signing off on the subsequent years' accounts. However, on the understanding that the matter at issue on the 2020/21 accounts does not impact usable reserves, then the Panel is now of the view that officer time should not be disproportionately spent on historic matters when there are a range of other current financial issues that need to be addressed.

PCC Response:

It has been confirmed with panel members that the impact of the 2020/21 accounts relating to Empower has been accounted for in the 2021/22 accounts and there will be no further call on useable reserves.

4.1.6 Improvement Panel Comments:

Revenue Controls

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 continue to take root and grow within the Council.

PCC Response:

Agreed, and as set out above.

4.2 **THEME TWO: Service and External Reviews (Medium to Long Term Sustainability)**

4.2.1 Improvement Panel Comments:

Transformation

Peterborough colleagues recognise that the first actions in their transformation programme are drawing to a close and work is now ongoing to discern a second stage plan that consciously connects the Council's transformation ambition with the MTFS and wider city strategy ambitions. Work is in hand to do this. It is vital that the next stage of the development of the programme delivers the connection through to the MTFS both in terms of investment and return.

Meanwhile, the Council has been steadily building its in-house transformation capacity alongside other corporate capabilities including performance and risk management. It will be important that momentum is not lost on this and that the case for investment is maintained. One of the benefits of building the in-house team is a reduction in the reliance on external consultants and higher paid interims, another is the growth in confidence among senior officers that has a beneficial effect on the whole workforce. As the team settles in and as the requirements of the second stage transformation programme become clearer the Council will need to remain agile in its approach to resourcing the programme. While preferable to deliver as much work as possible through employees the Council must also ensure that it retains the right balance of in house and external support so that it has access to the right capability and capacity to both design and deliver the programme.

There is a great deal of positive and important work in flight to develop and mobilise the individual parts of the next stage programme. It will be important that these individual strands come together to form an overall portfolio of change that can be communicated as a whole. A portfolio view will also allow dependencies to be tracked and enable financial assessments such as ROI to be established. This begs the question about the leadership of the transformation programme. A transformation director or equivalent that can be across the whole portfolio as opposed to a programme manager who can develop and produce the dashboard reports - they are different but equally necessary roles. The Council is alive to this challenge and is exploring a number of options to close this particular capability gap.

Over the coming months the Council is concentrating on developing the maturity of its programme governance. With a particular focus on ensuring a consistency of approach across the four key portfolios and their associated boards. This is connected to the point about investment in the team. As the Council's confidence grows it will become much more straightforward to make investment decisions for a sustainable future City Council, particularly where that investment is pivotal to the delivery of savings - but only if there is confidence that the savings will materialise. The higher the confidence the easier it is to justify transformation investment as a matter of routine.

Taken together, the ongoing focus on transformation capability alongside the development of the performance data and risk teams are all positive developments.

PCC Response:

Additional resources have been allocated to the transformation team (Corporate Delivery Unit – CDU), such resources have been created by transferring existing resources, mainly vacant posts, from other directorates. However, it is accepted that some consultancy resources will continue to be required to support the in-house team, and arrangements have been put in place with Red Quadrant to provide this support.

4.2.2 Improvement Panel Comments:

Companies, Contracts and Assets

Progress continues to be made on the Shareholder Cabinet Committee (SCC) which now has a forward work programme and continues to understand its role and the proper approach to the shareholder role overseeing the Council's interests in companies. The June meeting of the SCC helpfully considered its remit and role which will help it to form a meaningful part of the overall governance of the council. Some impetus was lost whilst issues remained ongoing with the previous Monitoring Officer and the pace now needs to pick up again under the new MO.

Whilst still in its earlier stage of development, the SCC is not yet exerting true strategic influence or operational overview over the council's company interests as recommended by both CIPFA and Lawyers in Local Government. The maturing of this Committee should remain a priority given the ongoing size and complexity of the portfolio and the inevitable risks and issues arising from such a portfolio.

The SCC also needs to develop a risk-assessed Commercial Strategy against which current and future ventures can be tested and a statement on the overall aims and objectives of its Local Authority Trading Company (LATCO) portfolio to avoid mistakes of the past being repeated.

The insourcing of the property-based work previously carried out by NPS was completed in January 2023 and the development of the 'Corporate Landlord' model is progressing.

However, The Council's approach towards managing its assets and making strategic decisions on their future is only now beginning to gather momentum and this pace will need to increase substantially to fully integrate the impact of decisions on assets into the 2024/25 MTFS.

Two years on, there remains no approved overarching Asset Management Plan around the component elements of the operational, service and commercial portfolios and its rural estate or evidence of a 'controlling mind' over the Councils long and short-term approach to its property.

Some of the challenges highlighted in the last report remain, including:

- Maximising the utilisation (and minimising the costs) of the operational estate,
- Developing a locality-based approach to service properties to provide more integrated services at lower costs,
- Reviewing the rural farms estate and generating capital receipts.
- Resolving the clienting function in relation to FM provision through Peterborough Limited.

In addition, a number of actions and decisions on important issues remain to be resolved, including the following:

- In spite of an ambitious transformation programme beginning to emerge, the resourcing strategy is not clear and consideration should be given to developing a case for the 'Flexible Use of Capital Receipts' to help fund the change programme – a permitted approach used by many local authorities throughout the country. This includes funding investment in modern IT systems related to building compliance.
- Within the Peterborough Investment Partnership (PIP), the Fletton Quays SPV remains to be resolved but members are no longer on the company board, and it remains the intention to dissolve the PIP once this work is completed. This work now needs to be brought to a swift conclusion.
- Progress has been made on determining an appropriate housing strategy, building a robust relationship with Medesham Homes and the Council's partnership with Cross Keys Housing. The SCC considered this at its September meeting although it is

disappointing that whilst the issues were considered, no action plan for resolution was agreed.

- Blue Sky (the energy trading company including solar panels) remains active and there are no plans to start trading from this company. The wind-up of this company still needs to be accelerated.
- Empower Peterborough CIC is now 8 months late in filing its accounts (for the period ending 31 March 2022) and a proposal by Companies House to forcibly strike off the company was removed only on 11 July 2023 after PBC intervention. Peterborough CC believe that this company is in administration but there is no record of the Appointment of Voluntary Liquidators at Companies House. The Council is taking legal advice on this matter and as advised, has no elected members on the board. No progress appears to have been made since the last IAB report and the Council risks reputation damage and possibly penalties if this is not addressed.
- Peterborough Ltd (trading as Aragon for Waste Collection, Building Cleaning etc and as Vivacity for Culture and Leisure) is active and no longer has Members on the Board. The role of this company needs urgent clarification especially in relation to property matters, which still appears fragmented. The September meeting of the SCC considered the prospects for the 2024/25 business plan but did not appear to consider the future strategic aims of the company in relation to its role in property and the Council's museums and Leisure Centres. This needs to be revisited prior to considering another business plan.
- Opportunity Peterborough remains active, but its future intentions are not immediately apparent, and the Shareholder Committee should consider this company and its future urgently.
- Work has accelerated considerably in determining the SERCO contract with a number of high-level meetings have taken place, as yet without agreement. However, it is welcome that the Council is taking a positive lead but it should ensure that its strategic options and the risks associated with the termination of this contract are fully understood by members and management.

PCC Response:

The property team was in-sourced from NPS in February 2023, and an enhanced in-house team is now in place. It has taken some time to embed the new in-house service, and to gain full oversight of the Council's asset portfolio, but good progress has been made to date. A new AMP has been drafted, consultation has commenced and it will form part of the Budget Setting report to Council in March 2024. The Locality Asset Review (community assets) is progressing well and the first phase is on target; capital receipts and revenue implications have been incorporated in the MTFs. A wider disposal programme is also in place, flowing from the Capital Strategy which states that we should invest in the assets that support our corporate priorities and dispose of those that don't. Capital receipts will be utilised to fund the small un-funded items in the Capital Programme and repay borrowing.

There are no plans to apply for 'Flexible Use of Capital Receipts', the intention is to address revenue pressures as set out above.

The Shareholder Cabinet Committee has been further strengthened by changes to the terms of reference which will ensure that this becomes cross party ensuring greater oversight by all groups in the Council.

Training by an external provider is due to take place in January with all members of the committee so that they are clear about what their roles and responsibilities are in respect of the Shareholder Committee.

The first meeting of the new committee will take place in January 24 where reports will be presented to members on all companies with recommendations on next steps for each of the companies covering amongst other things the items referenced by the IAAP against each of the companies.

Work on the governance of each company continues.

4.3 **THEME THREE: Governance and Culture**

4.3.1 Improvement Panel Comments:

The overall governance of the City Council has been a matter of concern to the Secretary of State since 2021. Whilst the Council has implemented a series of recommendations to improve its governance recent developments have introduced risks and issues which are significant. These require careful attention by all members of the Council.

PCC Response:

Agreed, and this work is in progress.

4.3.2 Improvement Panel Comments:

No Overall Control

The approval of a vote no confidence in the former Leader of the Council and the election by the Council of a new Leader at its meeting on 1 November means the Council is being led by Peterborough First administration supported by a political group with only 11 members in a Council chamber of 60. The Conservative group, with 23 members, is now the principal opposition group. Simple arithmetic indicates that for the administration to win any vote in the Council chamber it has to be supported by at least twenty members from other political groups. This is in a context where there is no formal agreement from the other opposition groups (Labour, Liberal Democrat and Green) to support the administration.

The build-up to this caused political uncertainty in the Council and its direction of travel for several months. More positively, relationships between councillors have, for the most part, remained civil. During this period the Chief Executive and the Senior Management team had to give an unusually large amount of attention in providing advice, guidance and support to all groups. This was a diversion from the focus on strategic planning and transformation work intended to put the Council on a sound footing in the medium and long term. Significant MTFP and short-term budget work remain high priorities.

The new administration now needs a high degree of support from officers to ensure it can lead the Council to operate with confidence and stability through to the local elections in May 2024. It is now vital that:

- The new Leader and Cabinet finds ways to work well with and win the support of the opposition groups especially in relation to key decisions;
- The new Portfolio Holders get on top of their briefs and resolve the strategic, financial and policy issues requiring decisions;
- Sufficient members of the opposition groups support decisions that close the MTFP and budget gaps so a balanced budget and Council Tax for 2024/25 can be set in February 2024;
- Sufficient and suitable mentor and training support is delivered (via officers and the LGA) to the Leader and all group leaders;
- Any challenges arising from the inspections by Ofsted and the Care Quality Commission (which are expected soon) are both managed and responded to well;
- All members and especially the Leader, Cabinet and Group Leaders focus on long term strategies and transformation which are essential for the Council to operate on a stable and sustainable financial footing and to enable it to improve its leadership and delivery for this important city.

The smaller size of the administration increases what was already a high degree of uncertainty about decision making in the Council chamber as reported to the Council in our third report in July 2023. The Panel has received assurances from the Leader of the Council and the Chief Executive that despite this situation the quality of decision making will not be affected and there will be a high degree of continuity in the Council's policies and plans.

Nonetheless, there is no guarantee that the administration's policies will be accepted by the Council, though the conduct of recent Council meetings has been reassuring, for the most part, in this regard. This is especially challenging when there are so many difficult issues for the Council to address in the years ahead.

The Panel repeats what it said in its last report, that in the political context of Peterborough City Council there is an even greater onus on all political Group Leaders, and indeed all Members, to work together in the best interests of the community. Acceptance of the shared responsibility to the local electorate for holding the authority together is vital. Continuity in this commitment by all Groups and all Members is very important for the sound governance of the Council.

The Panel asks all members, including the Cabinet and the relevant Overview and Scrutiny Committee, to consider the priorities set out above as well as the risks and issues which will arise if they are not attended to.

PCC Response:

The Council's corporate leadership team is providing significant support to the new political administration which is being well received. The advice from the statutory officers in particular is being requested and listened to on a number of matters, such as the composition of committees and the need for further training and development. The first full council meeting after the change in administration was managed effectively by the mayor and the level of debate and questioning was in line with a good well-run authority. This meeting was also observed by the improvement panel chair.

Additional briefings and support has been put in place for all political groups and the financial sustainability working group remains the main forum for collaboration around the finances, governance and improvement more broadly.

The Council is aware of the risks around financial sustainability and the senior team and finance/legal officers are providing additional briefings and advice for all councillors around the changes and this includes adopting the government Best Value standards and self-assessing against these standards. This self-assessment will be an annual process to help identify strengths and areas for improvement.

4.3.3 Improvement Panel Comments:

Electoral Arrangements

At a previous Council meeting it was agreed to retain the current electoral arrangements but to consider again, within 18 months, the move to all out elections. The rationale for considering all out elections was to create conditions which can drive the development and delivery by the Council of longer-term strategies for the benefit of the city and all its communities. In the light of the continuing instability in the leadership of the Council and the risk of decision-making being dominated by short term and parochial concerns, the Panel asks that the Council does reconsider this after the local elections in May 2024.

PCC Response:

Agreed, and as set out above and will re-visit this following local elections in May 2024.

4.3.4 Improvement Panel Comments:

Management Structures and Systems

The Chief Executive has managed some important changes in the senior management team over the last six months. The Monitoring Officer, as was, has been dismissed by the Council and an interim officer has been appointed. The interim Section 151 Officer and Finance Director has been appointed on a permanent basis. It's fair to say this has been a very demanding period for all members of the team, several of whom are still relatively new in post. The senior team is, for now, stable and well placed to support the Council, lead transformation and manage service delivery over the coming months.

PCC Response:

Agreed and accepted.

4.3.5 Improvement Panel Comments:

Resourcing Change

The Panel is pleased to note that the Chief Executive is increasing the leadership and management capacity and capability in the Corporate Delivery Unit which plays a key role in driving the transformation agenda for the Council.

PCC Response:

Agreed, and as set out above.

4.3.6 Improvement Panel Comments:

LGA Training and Support for Members

The LGA has been providing additional support to Peterborough City Council (PCC) since it established an Improvement Panel in December 2021. In June 2022 all group leaders at PCC were allocated a member peer to support them personally to help the Council drive forward the development and delivery of their Improvement Plan. The peer support has involved numerous one to one sessions, emergentics profiling, feedback to the Improvement Panel and some face-to-face group sessions with all peers, group leaders and officers. It is universally acknowledged that there has been a change in member behaviour. Peers have really helped with the step change to get members in a no overall control authority all working respectfully and with residents at their heart. It is also recognised that peer support contributed to the 2023/24 budget being approved and a very smoothly run annual general council meeting.

Following the elections in May 2023, the Panel met with peers, group leaders and the LGA to take stock of the results and agree what support was required for the next period. Peer mentor and mentee relationships were reset with some changes to mentees and mentors following changes in group leadership and group leaders have reaffirmed the support, knowledge and skills they require along with the frequency of touching base. The level of support required varies across the different group leaders but is still valued and drawn on regularly in most cases. The LGA conference in July provided an opportunity for many of the group leaders and peers to meet in person. Following a change in the leadership of the Council in November 2023, the LGA sought to provide a new peer mentor for the new leader to support him in his new role. Additionally, a meeting with all peers and the officer leadership of PCC and some members of the Improvement Panel will take place on 6th December 2023 to update on the current position and the ongoing support required.

The LGA has also contributed ten days of consultancy for the Centre for Governance and Scrutiny (CfGS) to undertake a governance review. The findings were presented to the

Constitution and Ethics Committee on 31st October. In addition, PCC has instructed the LGA to run an employee survey which will enable national benchmarking.

PCC Response:

Agreed and accepted.

4.4 **Conclusion**

4.4.1 Improvement Panel Comments:

The Panel concludes that Members and Officers alike continue to work extremely hard on the issues facing the City Council. However, we said in our last report that the six-month period that has just elapsed would be critical in proving whether the new foundations were solid enough to weather the continuing financial challenges along with demonstrating what the portfolio boards could achieve for a genuine improvement in the lives and prospects of the communities of Peterborough. Progress has been slower than anyone would have wanted. We also said that in the political context of a minority administration there is an even greater onus on all political group leaders, and indeed all members, to work together in the best interests of the community. Acceptance of the shared responsibility to the local electorate for holding the authority together is vital. We pointed out that continuity in this commitment by all groups and all members was very important for the sound governance of the council. The events of last month mean that this advice needs to be reiterated most strongly and we will be keeping a keen eye on any detrimental impact on political collaboration which has been a very positive part of Peterborough's approach to date.

The Council continues to demonstrate ambition and commitment, and the governance and financial management of the Council has certainly improved, against a backdrop that is increasingly challenging. However, budget management and financial planning still need to improve further. There is still too much reliance on mitigation and falling back on reserves and not enough progress on agreeing and implementing the actions required to reduce costs. The portfolio boards are at a critical stage of determining the real change that would contribute to financial sustainability whilst improving the Council into the future and it is vital that the resulting transformation work is impactful, well-resourced and well managed. This will need a step change in their operation and pace.

At this point, and with the Council considering whether to extend the work of the Panel, we would respectfully remind the Council of some key elements of the three improvement themes.

- We will take the 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.
- We will 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.
- We will change the organisation if we are clear on what has to change, by when and to what standard.”

The effort and the progress over the last two years has been commendable, but the challenges are still immense. The collaborative approach – across political groups and between member and officers - has been at the heart of what has been achieved to date and will continue to be vital for the future if the City Council is to achieve its ultimate aspiration of excellence for the people of Peterborough. It is vital that Peterborough continues in its collegiate and collaborative vein to ensure the gains of the last two years are not lost.

The Panel would be pleased to continue in its role providing constructive support and challenge to the Council as it works hard over the coming year to resolve the issues ahead and to serve the community in Peterborough.

PCC Response:

The Council welcomes the continued support of the Improvement Panel.

4. CONSULTATION

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

5. IMPLICATIONS

Financial Implications

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

Legal Implications

5.2 There are no legal implications in respect of what is proposed which is an update to the information previously provided and where needed legal advice should be sought in respect of implementation of any proposal.

Equalities Implications

5.3 No change to previously reported.

6. BACKGROUND DOCUMENTS

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

6.1 Council report 'Financial Improvement Planning' 16 December 2021

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

7. APPENDICES

7.1 *None.*

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