

**JOINT MEETING OF THE SCRUTINY COMMITTEES**

**MONDAY 23 JANUARY 2023**

**6.00 PM**

**Council Chamber - Town Hall**

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**SUPPLEMENTARY AGENDA**

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**Item 5. Second Independent Improvement and Assurance Panel Report**

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Supplementary agenda published on 18 January 2023

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<b>Joint Meeting of the Scrutiny Committees</b>	<b>AGENDA ITEM No. 5</b>
<b>23 JANUARY 2023</b>	<b>PUBLIC REPORT</b>

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

## **SECOND INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL REPORT**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Matt Gladstone – Chief Executive	<b>Deadline date:</b> N/A
It is recommended that Joint Scrutiny reviews the second Independent and Assurance Panel report and agrees with the actions and progress being made with the delivery of the Improvement Plan.	

### **1. ORIGIN, PURPOSE AND REASON FOR REPORT**

1.1 The second report of the Independent Improvement and Assurance Panel went to Full Council on 7th December. It then went to Cabinet, with comments on 16th January. The next meeting with DHLUC is scheduled for 30th January. It is imperative that the report goes to the Joint Scrutiny before that meeting.

#### **1.2 Improvement Panel Comments:**

The Council established the Peterborough City Council Independent Improvement and Assurance Panel (PCC IIAP) 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 second 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.

#### **1.3 Timescales**

Is this a Major Policy Item/Statutory Plan	<b>No</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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1.4

### **2. BACKGROUND AND KEY ISSUES**

#### **2.1 Improvement Panel Comments:**

On the 30 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 then 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 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 21 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. In addition, the LGA member of the Panel leads on peer mentoring and support to the training and development of Members. This report covers those four lead areas of Finance/ Transformation/ Assets, Contracts and Companies/ Governance including Member engagement and provides the Panels view on the progress in the last six months. In addition, an update on the progress of the Audit Committee is included from the independent chair. 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 continuous 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. The Panel's Finance lead continues to be in regular contact with Senior Finance staff in the Council over and above attending the monthly panel meetings. This includes providing ad hoc advice and comment on the Finance proposals and a regular catch up outside of the panel meetings. The Leader of the Council and the opposition Group Leaders have worked together with real collaborative focus and energy.

##### **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 were either substantially completed or were overtaken by events. The CIPFA recommendations were by definition short term and were reported on in our last report, including an officer commentary. The Council is now focussing on medium and long term issues in terms of service delivery remodelling and operating models to attain long term financial stability. A number of further reviews and deep dives have been completed by CIPFA and continue to be reported on through relevant workstreams.

##### **4.1.2 2021/2022 Outturn, Current and Future Years Budgets**

###### Improvement Panel Comments:

The Council approved a balanced budget for 2022/23 without the need for a capitalisation direction in either 2021/22 or 2022/23. The 2021/22 outturn position returned a revenue underspend which improved the Council's reserves position. The delivery of a balanced budget in the current financial year (2022/23) was obviously dependent upon the delivery of the agreed savings plan. At the time of our first report there was 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. The Panel's first report highlighted the significant risks that had to be managed.

The Council has an in year savings target of £16.674 million and has during the year moved to a position where none of that figure is now at high risk of deliverability, and for the areas where there is moderate risk some (£3.493 million) mitigating savings have been found from one off savings arising. Continued work will still be required with regard to 2023/24 where high-risk savings of £3 million have been identified from the current year's programme. This is a significant improvement on the position in the summer and reflects a huge amount of hard work across departments and by the finance team.

The much higher than anticipated level of in year inflation has been mitigated largely by the use of additional income arising from the Council's waste disposal arrangements where additional income generated from higher electricity prices has been set aside in a reserve to enable 2022/23 cost pressures to be managed and to maintain the reserve for 2023/24 at a similar level. It is likely

that the facility will avoid the windfall tax regime announced in the Autumn statement due to its size. It is understood that the Council is taking a cautious and prudent approach to future benefits that may arise from this facility. The Panel will continue to take a keen interest in this area.

Work has proceeded on the 2023/24 budget and draft proposals have been prepared that are still being validated for delivery. This is somewhat later than in an ideal scenario (although many authorities are in a similar position due to the volatile financial climate) but does give the Council the ability to set a balanced budget for 2023/24. Public engagement has been through the web-based budget simulator tool which has had a significantly higher level of response than normal consultation arrangements. The Council should be commended on this initiative which has highlighted to the community the very real challenge in balancing a complicated budget.

Internal engagement has been through the Finance Strategy Working Group (FSWG) at member level, and there have been weekly officer level meetings to progress the budget. The members and officers are to be commended for their hard work, dedication and commitment to this work. The Leader of the Council continues to work closely with the Panel, and ensures that the FSWG has access to the same information as the Panel to ensure effective collaboration and knowledge sharing across all political groups. We commend him for his engagement and leadership. There is a clear timeline for the process of agreeing the budget involving public & member engagement between the end of November and budget setting in February 2023. A set of budget principles have been drafted which if agreed by Council will give a clear basis to future budget decisions and the budget process.

The 2023/24 budget and that for 2024/25 will need to move towards a more transformation-based process. The Council is moving towards this and has started to employ additional resource to assist in this process but this needs to maintain momentum if the Council is to be on a more sustainable footing going forward into 2024/25 and beyond. To aid this the speedy delivery of the in-year savings for 2023/24 is essential and the validation process of those savings should include deadlines for delivery. The dependency between the transformation work and the future financial sustainability of the Council cannot be overestimated. It is important that the collaborative model applied by the FSWG to the budget is replicated on the Council's transformation agenda.

#### PCC Response:

The Council achieved a balanced budget for 2022/23 without the need for a capitalisation direction. At the end of November 2022, the forecast outturn position was an overspend in the region of £1.2m, which was mainly due to in-year pressures relating to Clare Lodge. Clare Lodge is the only all-female secure welfare unit in England and Wales and as such, it provides a significant national resource for children, young people and placing authorities, because of the need to help girls and young women at the highest levels of risk who are increasing in number, complexity and severity. Due to an adverse Ofsted inspection outcome, we have been unable to increase occupancy to more than three young women, however, remedial action continues to be taken to improve this position, including a steep increase in fees to the three local authorities with placements. A follow up inspection provided an improved position, and plans are in place to increase occupancy to eight young women in early 2023. The plan is to start the 2023/24 financial year at least at a break even position. Everything else is on track within the budget.

### 4.1.3 **Savings Board**

#### Improvement Panel Comments:

The Council has set up a savings board to monitor the delivery of savings and to provide a level of challenge where delivery is either delayed or doubtful. This internal challenge has to continue to be extremely robust as the non-delivery of savings place in doubt the Council's ability to achieve its objective of being financially stable from 2024.

#### PCC Response:

The 2022/23 savings plan has been subject to robust challenge throughout the year, and is on target to be delivered in full. All red ragged savings have been delivered and only £400,000 of amber savings remain. It is anticipated the savings plan will be delivered by the end of the year.

#### 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. We are seeing early positive signs that this culture change is starting to happen. The review of the Finance function should assist in accountability and clearer reporting lines in the future and greater use of the functionality in the Council's financial software should also assist budget holders in undertaking their role in managing budgets.

##### PCC Response:

The Council maintains high levels of control on capital and revenue expenditure. As outlined above, the revenue budget is forecast to be delivered broadly in line with the budget, and significant slippage has been identified in the capital programme. Due to the effective controls in place, a spending moratorium will not be required in 2022/23.

#### 4.1.5 **Medium Term Financial Strategy**

##### Improvement Panel Comments

The Council's medium term financial strategy (MTFS) will be published in January as part of the Joint Scrutiny agenda. The MTFS has required significant input from service heads across the whole Council, as it requires 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 longer term views as at present it is difficult to predict with any degree of accuracy the likely budget gap for future years - due to uncertainty over rising inflation, the level of future government support and the changes to the referendum limit for council tax in 2023/24.

The Council has maintained progress towards the aim of financial sustainability, however there is a need to step up to the next level in terms of transforming services to ensure future sustainability. The MTFS is therefore a very important financial planning and policy document as it is an integral part of the service planning process essential to achieving the scale of service transformation required in the City Council.

##### PCC Response:

The first iteration of a three-year Medium Term Financial Strategy was produced at the end of June 2022, with quarterly updates thereafter. Significant consultation has been undertaken with the Corporate Leadership Team (CLT), budget holders and managers throughout the Council and members through the Financial Sustainability Working Group (FSWG), Cabinet Policy Forum and Cabinet. Additional regular meetings have been held between the chief finance officer and opposition groups, and the opposition group's budget recommendations have now been incorporated into FSWG. The financial position presented to CLT on 21 December indicates a balanced budget will be presented to members in January, and the three-year position is also broadly in balance with only very small deficits (less than £1m) in years two and three.

The Chief Executive is committed to setting up an established Corporate Delivery Unit to act as the "engine room" for our corporate transformation and good programme governance. The Delivery Unit will act as a single source of truth and become the home for overseeing the Council's service re-designs and plans including detailed proposals with the aim to provide confidence in the timely delivery of a Medium-Term Financial Strategy.

The aim is to redesign the Council around our key four priorities which will enable us to decrease demand by helping and supporting people and families before they reach crisis point, effectively moving to a more preventative delivery model while maximising income, and facilitating the

process of inclusive and sustainable economic growth to lift more people out of poverty so that the Council can continue to deliver services within a reduced financial envelope as articulated within our “Sustainable Future City Council Strategy 2022-25”.



#### 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 need to borrow to fund capital expenditure is therefore still being tightly controlled and the assumption remains that capital expenditure will normally only be funded from resources other than borrowing. Recent increases in interest rates mean that borrowing should remain as a last resort for funding capital expenditure. It is still the intention to set a Capital programme within the priorities set in the Capital Strategy which relies on none or minimal levels of borrowing.

##### PCC Response:

£16m was removed from the 2022/23 capital programme, reducing the programme to £82m. Up to 21 December 2022, only £26.6m has been spent, with a year-end forecast of £53.2m. The current position indicates slippage of at least 35%, but more likely 50 – 60% based on the YTD position. The overall programme is overseen by the Capital Programme Board, comprising mainly of executive directors. The board is supported by an operational group, comprising capital programme and project managers.

#### 4.2 Medium to Long Term Transformation

##### Improvement Panel Comments:

Sound progress has been made since the first report of the Panel and there continues to be good contact and interaction with the Panels Transformation lead, including significant support and involvement outside of the monthly Panel meetings.

In our earlier report we highlighted the work CIPFA had undertaken to support several service reviews and we also noted that the Council was turning its attention to longer term financial and service delivery sustainability. This approach includes reviewing opportunities to deliver



additional income, drive efficiency and in other ways reduce cost by adopting a longer-term transformation perspective. We noted the benefits not only in terms of balancing the books, but also for providing a vehicle for communicating a positive change to the organisation, to partners and the community. We highlighted the importance of this work being encouraged, sustained, nurtured and appropriately governed.

We were encouraged that the Chief Executive had brought into his team an experienced transformation director who was setting about creating a Council wide-transformation team.

Over the last six months the Chief Executive has given a lot of thought to ensuring that the process of discerning and developing proposals is inclusive, bottom up and owned by the wider leadership team. He recognises that this needs to be balanced with clear leadership intent - unambiguous direction and a focus on results. Getting the balance right between these two imperatives will require on-going attention and focus. Too little buy in, or insufficient grip and leadership, and plans may fail to deliver. This would jeopardise the Improvement Plan.

Over the summer months a number of top team workshops were undertaken with a view to identifying key lines of enquiry and a consequent outline transformation programme. These sessions were well attended, there was good engagement and a lot of positive input and outputs. Capacity is now arriving in the Council to take forward the ideas that came from those sessions and build a suite of business cases and a delivery focused Programme Management Office. This work is essential if benefits arising from the emerging transformation are to be realised – including those pivotal to the MTFs. The Chief Executive and the wider leadership team are aware of this and are putting actions in place to shore up capacity. We will continue to support and challenge activity in this area.

Meanwhile, the workshops and follow up activity in the summer have been captured in a new City Strategy that has won the support of Members. This aims to set a compelling narrative, setting out where the City could and should be over the course of a reasonably foreseeable future. This is powerful, because the emerging vision is directly bound to the developing transformation programme, meaning it has substance and sense of purpose within the organisation.

#### PCC Response:

As a response to our “Sustainable Future City Council Strategy 2022-25” and “City Priorities”, we have started to onboard some additional capacity and expertise around our four key priorities, to help us with the design of our proposals and with the appropriate governance to be put in place from January 2023. We recognise the challenge of bringing in such additional capacity while balancing our budget and will need to find ways to balance the urgent with the important while acknowledging the need to invest in our programme delivery capabilities and do so at pace.

### **4.2.1 Assets, Contracts and Companies**

#### Improvement Panel Comments:

It was originally envisaged that actions under these workstreams would be addressed in the first six months of the Improvement Plan however it was clear at the time of our first report they were dependent on the outcomes of the internal and CIPFA reviews that were concentrating on the more pressing issues of governance, bringing revenue and capital budgets under control and of service redesign. The Panel therefore understood and accepted that they were running behind issues that were of more immediate concern. Good progress is now being made under the new dedicated commercial lead who has demonstrated to the Panel lead on this workstream that she has a good understanding of the issues and is working to prioritise them based on value/risk. A commercial strategy is being developed and work is also underway on a proper governance framework. These are both important tools in the options appraisal process to be applied to all of the current arm’s length companies and commercial arrangements.

The procurement service is now in house (from 1 November 2022) and the final steps are underway to transition City College back in house.

#### PCC Response:

The property service is currently outsourced to Norfolk Property Services (NPS), and plans are in place to take the service in-house by 31<sup>st</sup> January 2023. A new Service Director for Assets is due to take up post from 11<sup>th</sup> January 2023, so a brand new team will be in place in the new year. Disposals and capital receipts have been delivered to plan, and although significant service improvements are required, there have been no specific problems with the Asset Service.

#### 4.2.2 External review reports

##### Improvement Panel Comments:

Reports had recently been issued by CIPFA on Norfolk Property Services Ltd (NPS) and the Peterborough Improvement Partnership (PIP) at the time of our last report. The exit and transition plan from the NPS joint venture is underway with a review of current structures in hand and a recognition of the need to build an effective property client function, and significant reform of the PIP has gained corporate support. In addition, the details of the Medesham Homes model are being finalised to ensure that the potential for housing growth is maximised.

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 Panel remain concerned that there is a significant workload associated with the burden of reform of these relationships given the complexity of decision making and the considerable work to bring functions in-house or deliver improved governance. In common with the transformation agenda this is an area of activity that will need to be properly resourced against a clear plan. Notwithstanding that view, it is noted that the procurement service transition from Serco was very well managed.

The Council has taken steps 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. The Panel will continue to keep a focus on this as an arena where the culture that had developed over time needs to change significantly.

##### PCC Response:

As above. The Procurement Service was insourced from Serco in November 2022, and the transition has been very good. There have been some delays in completing the CIPFA reports and sharing these with members. Six reports have been presented to members so far (Serco, NPS, City College, PIP, Northminster PIP and City College. Action plans to implement the recommendations have been drafted and most recommendations have already been delivered. The reports will also be shared with the key member of the Improvement Panel for contracts and companies.

#### 4.2.3 Asset Management Strategy and Disposals Plan

##### Improvement Panel Comments:

Work is underway to complete the MTFS and the budget report for publication in January, consolidating with the other associated strategies including the Capital Strategy, the Asset Management Plan and Disposals Plan, which was approved by Cabinet in September. The Asset Management Plan and a Disposals and Acquisitions policy will be presented to Council in February as part of the budget strategy. The impact of these plans on asset utilisation, retention and disposal will continue to be monitored by the Panel lead.

##### PCC Response:

A three-year disposal plan is in place, and approved by members. Disposals are being progressed in line with the plan, and capital receipts allocated to the capital programme in accordance with the plan.

#### 4.2.4 Capital Project management

##### Improvement Panel Comments:

The Council needed to improve capital monitoring to address serious concerns over slippage to ensure that resources are being effectively utilised to meet the Council's objectives in its Council

and Service Plans. The Capital programme is now much better understood, managed and controlled. The 2022/23 capital programme was reduced and a detailed review of the following two years is underway.

PCC Response:

As above. Significant slippage has been identified for the 2022/23 capital programme, and steps are being taken to identify reasons for the high level of slippage. The up to date position will be reported to members in the Q3 Budgetary Control Report (BCR). There is often a surge in capital expenditure in the final quarter of the financial year, however, it seems unlikely to be the case in the current financial year. Future years' capital plans will be revised in line with historical slippage, and it would appear the Council's limit in delivering capital plans is in the region of £50m rather than the ambitious programmes set in the past.

There has been some major staffing changes in the capital team, which provides an opportunity to change current practice and working methods. We have engaged external consultants to provide training, simplify processes and make the whole capital and treasury management service more transparent and more in line with best practice.

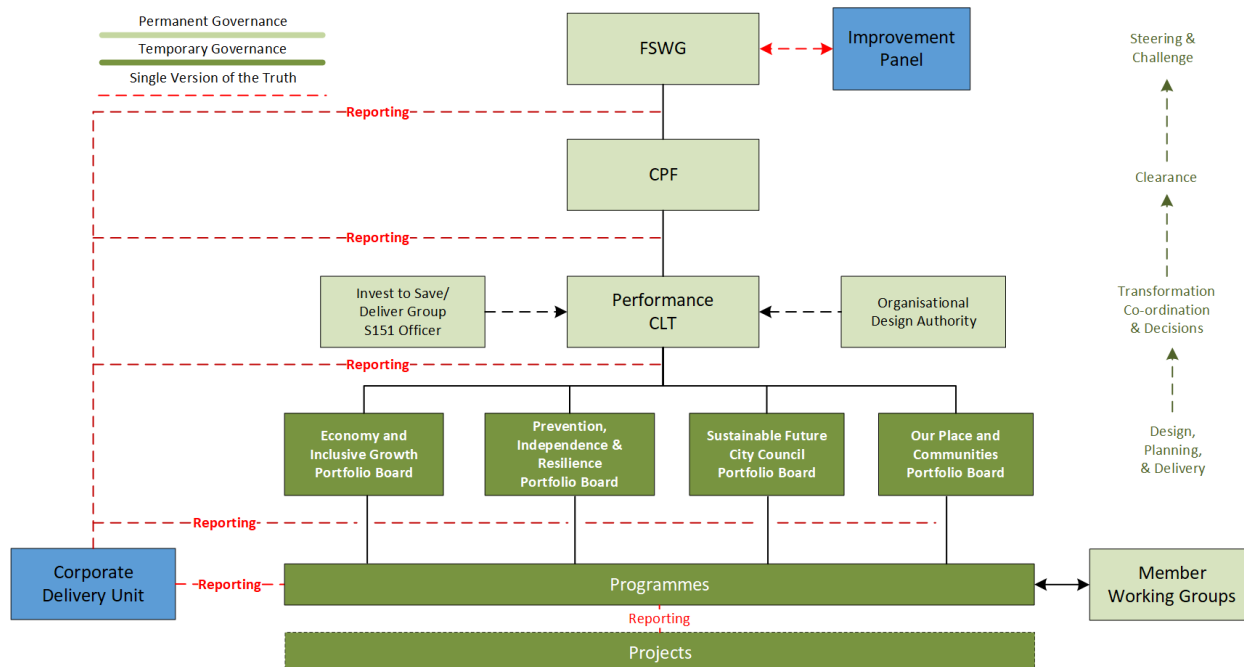
### **4.3 Governance**

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 in 2021. The Council has accepted a series of recommendations which require change in its governance. The Council started to implement these changes earlier this year. The Panel's overall view is that the City Council is making progress with the actions on governance and cultural change. There has been a major shift in the mutual collaboration and joint engagement between the Leader and all the opposition Group Leaders, particularly through the work of the FSWG. However, there is more to do especially when it comes to putting these changes into practice so that the Council can operate on a sound and sustainable footing. Major challenges remain and the Council is not "out of the woods" yet. The Panel will continue to seek assurance that the progress underway will continue and we will watch the budget decision making process with particular interest as a measure of that change in culture and collective responsibility.

PCC Response:

We acknowledge the nervousness of the Improvement Panel around making governance stick. As a response, the Council has initiated a review of all officer governance arrangements, with the view to amalgamate, incorporate or stop existing boards and include this into a more streamlined governance arrangement around our four key priorities. We recognise the importance of members' engagement and their role in enabling effective decision making and accountability and our plans should enable this. Our revised governance arrangements are designed to be inclusive at lower and upper tier, consultative with members and the public while making sure that the culture of the organisation moves towards a relentless focus on delivery, collaboration, and innovation.



### 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. Consequently, there are no guarantees that the administration’s policies will be accepted by Council or that there will be continuity in decision making in the best interests of the community. This reinforces the need for all party engagement in decision making processes especially in relation to the corporate strategy and budget setting.

The Panel has observed major efforts to engage all political groups in the corporate strategy and budget making processes. This includes the following:

- The Chief Executive has led a process including all political groups for the formulation and approval of the Council’s corporate strategy. This led to the unanimous approval of the strategy when it came to Full Council in October.
- The Leader of the Council, the Chief Executive and the Chief Finance Officer have led and supported frequent meetings of the cross-party Financial Strategy Working Group (FSWG) at which information on proposals and options for the budget are shared in a timely manner.
- At the same time opposition Group Leaders have been offered and have taken up briefings by the Chief Finance Officer about the budget and have been able to discuss options on their approach to the budget with her.
- A series of All Member briefings about the budget for 2023/2024 will take place both pre and post Christmas. This should ensure that every Member has the opportunity to inquire about and understand the budget.
- As would be expected, the budget will also be scrutinised by the Joint Scrutiny Committee before it comes to Full Council.

At the same time, the Panel has noted that following the local elections in May the chairs of all of the Overview and Scrutiny Committees are held by members of opposition groups. This has increased the formal engagement of opposition members in the scrutiny of the Executive’s decision making.

This work over the last six months reflects a positive commitment to shared governance of the authority in the context of No Overall Control. This is especially important at a time when so many difficult issues are to be addressed and decisions made; not least in the budget for 2023/24.

#### 4.3.2 **Electoral arrangements**

Improvement Panel Comments:

During the last six months the Council consulted the public and gave proper consideration to the option of all out elections every four years. This process was carried out competently and with integrity. In the event the Council decided not to make the change. The Panel understands this decision. However, it wishes to remind the Council about the reason this matter was recommended by the Secretary of State. The coincidence of No Overall Control and annual elections by thirds in Peterborough has undermined commitment to long term, strategic planning which is in the best interests of the community and is concomitant with the leadership and governance of a major city. Now that the decision has been made by Council not to change the electoral arrangements the onus is on all Members and all political groups to demonstrate their commitment to proper strategic decision making in the best interests of the city whilst annual elections continue. The Panel will keep a close eye on this in the year ahead and will include references to the issue in future reports to the Council.

PCC Response:

The need for the Council to work strategically and focus on the longer term is recognised. The Council will be making decisions in line with the corporate city priorities plan and the MTFs, and service plans are critical to developing a more longer-term focus.

#### 4.3.3 **Council Delegations**

Improvement Panel Comments:

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

#### 4.3.4 **Executive decision making**

Improvement Panel Comments:

Similarly, the Chief Executive and Director of Law & Governance 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 is improving the quality of governance overall.

#### 4.3.5 **Audit Committee**

Improvement Panel Comments:

Good progress is being made by the newly configured committee which is led by an independent chair. The fresh approach by the committee to its work is evident in the Chairs commentary within this report. This is positive and reflects the proper role for the Committee within the Council's constitution. All Members of the Council have a duty to review the Committee's reports.

PCC Response:

The Audit Committee provides effective challenge with the addition of three new independent audit committee members. Big changes have been implemented following audit committee challenge, e.g. risk management has now been moved away from internal audit and procurement exemptions are being scrutinised in detail, resulting in much fewer exemptions. Our treasury management advisors provided TM training during November 2022, which was very well received.

#### 4.3.6 **LGA Training and Support for Members**

Improvement Panel Comments:

The plan developed by the LGA to support members in Peterborough is well underway. All Group Leaders have an independent peer mentor. The Panel has held meetings with the Peer Mentors and, separately, with the Group Leaders and their Peer Mentors. These meetings were held to

ensure there are shared understandings about the challenges facing the City Council, the Improvement Plan and our respective roles in supporting the Council to make the progress that is necessary. A key issue has been learning ways in which political groups can work together better for the benefit of the Council and the community whilst allowing room for political debate. The Panel has observed more cordial and mutually respectful behaviours in recent Council meetings. This is all to the good. The Panel will continue its dialogue with the Group Leaders and their mentors especially in relation to the consideration and approval by the Council of the 2023/24 budget.

#### **4.3.7 Management Structures and Systems**

##### Improvement Panel Comments:

The Chief Executive has continued to make progress in creating a corporate management team which has the capacity and capability focus on and deliver Peterborough's priorities. This is reflected in the further decoupling (by mutual consent) from Cambridgeshire's management structure and the appointment by the Council of Directors who are 100% dedicated to Peterborough. Directors of Place, Finance, and Law and Governance. An Interim Director of Children's Services is in place pending a permanent appointment. The Chief Executive understands that whilst these changes are likely to have an overall cost to the Council, the benefits to be derived from the new arrangements are very likely to outweigh the costs. The Panel supports this view as this is the approach most likely to enable the Council to realise the full benefits for the city of being a unitary authority.

The new management led boards (procurement, savings, capital programme, improvement), which have been operating for several months now, have increased the focus on and rigour with which programmes of work are planned, monitored, reviewed and controlled. This is reflected in the savings that have been and are being delivered.

In addition, as indicated above work is underway to increase control, clearer lines of accountability and transparency in relation to the arm's length companies supported by the Council. This activity is a clear example of how the three key themes are intertwined particularly as they relate to the overall proper governance of the authority.

##### PCC Response:

As mentioned under point 4.3 of this report, we recognise that effective governance arrangements must be inclusive, transparent and have clear lines of responsibilities and accountabilities. This is about making governance and change "stick" and do so in a way which is cross-cutting.

#### **4.3.8 Resourcing Change**

##### Improvement Panel Comments:

Progress has been made in putting the resources in place to support the delivery of change which can put the Council and its services on a sustainable footing for the long term. The Panel welcomes the work by the Chief Executive to establish dedicated transformation and programme management capability under his direct leadership. This work is beginning to show results in the form of transformation plans and business cases being produced by officers across the authority. It is important that this resource is sustained over the medium term (at least the next 12 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 leadership and governance arrangements to oversee delivery.

##### PCC Response:

As mentioned under point 4.2 of this report, the challenge for us is to find the required investment for the Council's transformation programmes and which is required to support the organisation to redesign services around our four key priorities while balancing our budget. This is no easy task but we recognise that this investment is required to not only bring about real change but to do so at pace.

#### **4.4 Progress report from the Independent Chair of Audit Committee**

## Comments from the Independent Chair of Audit Committee:

### 4.4.1 **Background**

The Audit Committee comprises an independent co-opted non-voting Chair, 7 voting councillors representing the parties within the council and 2 independent co-opted non-voting members. The independent members have been in place since February 2022 and are here to provide insight, knowledge and challenge to this committee from their varied and extensive experience. This committee is apolitical and has met 5 times (in March, June, July, August, and October) and discussed a varied and busy agenda.

### 4.4.2 **Main areas of discussion**

- Finalising the 2020/21 accounts – working with the external auditors E&Y to make use of the expected statutory instrument to enable PCC to have an unqualified set of accounts, working around a national issue on accounting for infrastructure assets affecting many councils.
- Strategic risk management and the processes around the refreshing and management of those risks
- Fraud including the annual report by Internal Audit and the National Fraud initiative
- Budget monitoring and the tracking of the financial outturn
- Council reserves policy – examining the logic and process by which reserves are made, accepting the challenging financial position of the council.
- The process and scope of Procurement

### 4.4.3 **Main areas of comfort**

The external audits have progressed well and any issues raised addressed by management. The Financial Statements have been produced on time and to a good quality. The Finance team have been excellent in supporting the process.

The quality of the audit work of E&Y has been independently checked by the AQR inspectors of the FRC and found to be good.

Internal audit has a comprehensive program of work and have made progress although they have had resource challenges which if not addressed could reduce the levels of future assurance.

### 4.4.4 **Areas of concern**

The governance and tracking of the realisation of the required savings for the Council to achieve its financial plans of a balanced budget will continue to be challenging and the committee is keen to keep abreast of the situation and any further risks that may emerge.

The ongoing identification and management of strategic risks in these times of economic uncertainty which could produce a range of outcomes. Transparency and continuous review are required to navigate these difficult times.

The risks and governance around Procurement, including the scope of the Procurement department, their systems and the exceptions that flow through those systems. PCC expenditure flows through different routes and the Audit Committee is concerned that the governance around all of those routes needs to be as effective as possible for good control and value for money. This risk is also an opportunity for PCC to achieve the savings it needs in this and subsequent financial years.

### **Summary**

- 4.4.5 The Audit Committee is working effectively and continues (through a planned and responsive rolling agenda) to seek assurance that PCC is managing risk effectively in challenging times whilst delivering its plans.

The Council is continuing to improve its governance of risk and strengthen its internal control environment accepting the areas of concern noted above.

## 4.5 Conclusion

### Improvement Panel Comments:

In conclusion on all of the above, it is the view of the PCCIIAP that the Council continues to show commitment to the delivery of the Improvement Plan, in recognition that it is essential for its long-term sustainability. The Panel recognise that the Council has made significant 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. The financial management of the Council has significantly improved and the high level of risk and uncertainty in achieving the current year savings targets has largely receded. The Members and officers are to be commended for their efforts to date. However, major risks remain and the scale of the challenge, particularly in the transformation agenda, must not be underestimated. Members and officers have continued to work effectively and with commitment, but this is still the early stages of the journey – setting the stage for the really hard work to come. It is vitally important that this work is planned and resourced appropriately. The Panel will continue to monitor, review and support the Council's work to deliver on the Plan.

## 5. CONSULTATION

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

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# Peterborough City Council

## Improvement Plan

2021 - 2024

DRAFT V3.0 December 2021  
[www.peterborough.gov.uk](http://www.peterborough.gov.uk)

PETERBOROUGH  
  
CITY COUNCIL

# PETERBOROUGH CITY COUNCIL IMPROVEMENT PLAN

In August 2021, the Department for Levelling Up, Housing and Communities commissioned reviews of the Council's financial stability and its governance arrangements, and these reviews made a series of independent recommendations. This document describes our Improvement Plan, to confirm and provide assurance to the Government that Peterborough's response to the Non-Statutory Review (NSR) regarding Exceptional Financial Support is positive and being undertaken at pace.

This is our two-year Improvement Plan which is structured into six-month planning and delivery windows. Developing the plan using this approach allows us to plan in depth for the next six months, keeping focus on delivering the things that matter, whilst readying the organisation for the things that need to be delivered in the medium term.

As the Leader and Chief Executive, we recognise the seriousness of the financial, governance and operational challenges we face, and it is going to take a significant collective effort from all at the Council to address them and reach a sustainable position. The reviews raise serious issues which we must address and we remain determined and confident in our organisation's capacity and capability to change.

This will require the Council to be brave, innovative, and disciplined. We will refresh our Corporate Strategy and build on the vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the City and its people is unchanged. We cannot afford to do everything today, so we will focus on a range of improvement themes that prioritise delivery of the right services for our citizens within the budget we can afford.

The size and scale of the challenge ahead of us is significant and will test us all, but working constructively with the Government, our partners, and the people of Peterborough, we are confident, that with the actions set out in this Improvement Plan, we will successfully deliver the fundamental changes needed for the Council.

**We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.**



A handwritten signature in white ink, appearing to read 'Wayne Fitzgerald', written over a dark background.

Cllr Wayne Fitzgerald  
Leader of Peterborough City  
Council



A handwritten signature in white ink, appearing to read 'Gillian Beasley', written over a dark background.

Gillian Beasley OBE  
Chief Executive,  
Peterborough City Council



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# Introduction

Peterborough City Council is one of the councils that requested Exceptional Financial Support (EFS) from Government during 2020. A condition of this support was that the Department for Levelling-Up, Housing Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) would undertake reviews of the Council's governance and finances during the summer of 2021. The DLUHC-commissioned reports on finance and governance matters were published in early November 2021 and the Council has acted swiftly in setting-up an Improvement Panel whose composition reflects a wide range of skills and experience from across the sector.

**This is a critical juncture for the Council. We consider financial stability, through the Council's own resources, must be the number one priority for the new administration for the next twelve months supported by a new Chief Executive who will create additional senior management capacity and lead the work on improvement, driving forward a culture of the Council living within its means and focusing on its priorities.**

We need to achieve a sustainable balanced budget, in the context of a refreshed Council Strategy that will set the direction for the Council with transparent, effective, and efficient decision making and with regard to the limited resources that are available to us to deliver this on behalf of the people of Peterborough. Being more fiscally resilient is a key tenet to this improvement journey and the Improvement Plan is closely aligned to our short- and medium-term financial priorities.

We are committed to ensuring that we continue to deliver the quality statutory and day-to-day local services that help keep the City safe and clean, and that we work in partnership with the communities we serve to build a prosperous City that offers residents the opportunity to realise their potential. To do this we will set a balanced budget plan for 2022/23 in the next two months and will publish a multi-period Medium-Term Financial Strategy during 2022/23.

Delivering improvement and changes within a well understood and pragmatic financial framework is a non-negotiable part of this plan and financial grip and holding individuals to account will form the cornerstone of our new culture. We will expect managers, staff and Members to be open to scrutiny and challenge around what we do, how we do it and what it costs to deliver at all times. We will empower and resource the organisation to deliver against the Improvement Plan and will hold people to account if commitments to deliver are not met. We will drive culture change through a set of simple and measurable indicators.

This two-year Improvement Plan is structured into six-month planning and delivery windows: keeping focus on delivering the things that matter whilst readying the organisation for the things that need to be delivered in the medium term. We will weigh up potential changes on the basis of whether they improve outcomes and at what cost. We will not make change for change's sake. Equally, we will not rule out any options for change that could help improve outcomes. We will keep an open mind even where options might be uncomfortable.

The plan is built on three key themes which will be monitored, measured and reported within a rigorous programme management framework with a clear focus on delivery:

## **THEME 1: FINANCIAL SUSTAINABILITY**

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Achieving financial sustainability relies on us setting a balanced budget for 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**

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We need to urgently review all our activities, including statutory & key services, our contracts and our assets. We have initiated a series of service deep dives starting in Adult's and Children's Services and will continue this

programme of review into mid-2023. The reviews are focused on identifying opportunities for efficiencies using external challenge and the outcome of 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. We have 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 and delivery disciplines where individual accountability will be at the heart of our new ethos. We will only change the organisation if we are clear on what has to change, by when and to what standard.

To deliver against these themes, leaders throughout the organisation will have to demonstrate a high level of fiscal self-awareness, emotional intelligence, and subject matter expertise. We must all continue to challenge each other and the status quo, call out things that we think are wrong and be pro-active, seeking out opportunities to innovate and improve.

Officers and Members of the Council are committed to remaining transparent and welcoming of external challenge and scrutiny. We have been open about our financial situation and have worked hard to try and address the significant financial challenges we face. However, we know we need to do more. **We recognise that the capitalisation directive from national Government should only be agreed once we have exhausted all alternative actions to provide a balanced budget for 2022/23.**



In 2019, the Council started an extensive Financial Improvement Programme and specialist consultants were engaged to provide rigorous challenge to the Council's baseline position and forecast, and to bring in best practice examples of service transformation and savings. From this, we identified £11m of potential savings for 2021/22 against a £14m budget gap. The COVID-19 pandemic has delayed some activity. We know that with the assistance of transformational funding, reduced capital spending and the enhancement to reserves from a release of its remaining non-service delivery assets, Peterborough has the potential to be sustainable in the short to medium term.

Next year's budget will need to be tactical, addressing the immediate financial structural issues that we need to rectify. External expertise and internal capacity have been increased to develop transformation and budget options to deliver savings in 2022/23. Our improvement programme will also be supported with capacity from CIPFA which has started to examine all major areas of spend across the Council.

**Beyond 2023, we expect our budgets (and our MTFs) to become sustainable.**

Councillors have ambitious plans, including support for the new University and a programme of housebuilding and other growth-based activities. But these initiatives need time to make an impact, particularly in light of the impacts of the pandemic on our City and citizens. They will not solve the immediate financial challenges that the Council faces. Following the May 2021 elections, a new administration has been formed with a new determination and willingness to resolve the short- and longer-term financial situation by taking difficult decisions now.

To support the cross-party collaboration that is necessary for hard decisions to be made and key priorities to be agreed, we have established a cross-party Financial Sustainability Working Group which meets on a regular basis to review improvement opportunities. This group will also hold officers to account for delivery of the Improvement Plan and will report directly to the Improvement Panel and Full Council.

The whole organisation has worked incredibly hard through the pandemic and there are, unsurprisingly, signs of change inertia. To address this, we urgently need to change our narrative and reframe it to harness the motivation of staff to ensure the whole organisation has a renewed focus on addressing the significant financial challenges that lie ahead. The improvement and transformation journey will require a huge effort from the whole organisation - Members, senior managers, our workforce, and our delivery partners.

We have responded quickly to recent reports into governance and financial matters and have adopted a spirit of partnership working and collaboration with DLUHC to date. This dialogue will continue during the improvement period over the next two years. We look forward to receiving additional support from the non-executives who will form the Improvement Panel and CIPFA and the insights on best practice they will bring. We will identify and allocate the necessary resources from our own teams to take on this best practice and deliver the required recovery and improvement.

The Improvement Plan is a live document with the two-year plan being split into six-month planning windows, with the immediate six months being set out in detail, while maintaining a view of the longer-term planning horizon. We have finite resources, and we need to target them to focus on making changes to our delivery model where we can deliver the best return while continuing to live within our means.

**Delivering this plan will lead to real and positive change, with lessons learned being applied to make Peterborough City Council a stronger and financially sustainable organisation.**







## Corporate Strategy

The council needs to refresh its Corporate Strategy for the period 2022-2025. This work will be developed in two parts. Part one, which is described here, will be an 18-month tactical strategy for the period January 2022 to July 2023 with a focus on reaching financial sustainability. This will underpin the Improvement Plan which will capture activity to deliver.

Part two will be developed during the first three to six months of 2022 and will set the longer-term ambition and vision for the council and City. This refreshed Corporate Strategy 2022-25 will replace the draft Corporate Strategy which has been in consultation since the spring of this year. Both parts of the refreshed strategy will respond to reports from CIPFA, DLHUC and the Local Government Association and in consideration of the context in which the Council must now operate.

The 2022-2025 Corporate Strategy is an opportunity for the Council to set out a positive vision for the area, with a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders. To develop this vision, the Council will work alongside partners, business and the residents of Peterborough to consider the priorities for the City and the contribution that everyone is able to make.

Both parts of the strategy will focus on the core and statutory services that meet the needs of citizens, particularly in light of the impacts of the pandemic. All service plans will be reviewed to ensure that activity and performance measures are directly related to delivery of priority outcomes laid out in the Corporate Strategy. Activity that is not directly related to the new Corporate Strategy will be stopped.

**The strategy will pay careful attention to identifying and meeting the needs of residents now and in the future, acknowledging that Council may not always be the solution. There are huge strengths, assets and resources across Peterborough many of which sit in partner organisations, business and communities. The Council must play its part in bringing people together and leveraging these resources around the key priorities for the City.**

“It is clear that we are a council that can achieve what we set our mind to do. We have been highly successful in attracting external funding and have worked tirelessly to support residents throughout the pandemic.

There is an exciting future ahead for the City and this two-part corporate strategy will help us with the decisions we need to make in the short term, so that we can be ambitious in the longer term and have the funding and tools we need to make future investments.

I have already started to establish a more ‘listening’ and collaborative culture inside and outside the council which has been welcomed by partner organisations and, together, we are already driving the strong recovery of our City, from the Embankment redevelopment to delivery of a new University.

You will see that this Council remains committed to ensuring that Peterborough is a place where residents are proud to live, work and grow up. “

**Cllr Wayne Fitzgerald, Leader of Peterborough City Council.**

# Corporate Strategy **Part One**

Years of austerity measures, reduced funding from Central Government and rising demand for Council services, coupled with recent the COVID-19 pandemic has accelerated our already stressed finances to the brink.

The previous strategy set out a vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the city and its people is unchanged. But we must immediately address the serious issues raised in these recent reports and adjust our plans over the next 2 years to ensure future sustainability.

We have developed an Improvement Plan to drive the work we need to do and the decisions we need to make to reach sustainability. The plan will also provide assurance to the Government that Peterborough City Council's response to the Governance and Finance Reviews of the Council is positive and being undertaken at pace.

We have also established an Independent Improvement and Assurance Panel which will provide external advice, challenge, and expertise to Peterborough City Council and hold us to account for the delivery of our Improvement Plan.

We recognise that, if we are to achieve our aims and live up to our aspirations for a successful Peterborough in the future, we must rethink what we do and how we do it today. This document sets out our ambition and our revised priorities.

**We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.**

We remain committed in ensuring that **Peterborough is a place where residents are proud to live, work and grow up in.** We will act now to ensure that in the longer term we are a financially and environmentally sustainable council which is well positioned to make Peterborough a place where:

- We have a greener, cleaner City with safe, friendly and healthy neighbourhoods.
- There are first rate futures for our children & young people, with quality support for adults, older and disabled people.
- We support and enable people to do more for themselves, for each other and for their communities
- Our City grows in a sustainable and fair way to create job opportunities and address poverty. As we grow, we will invest in the quality and availability of housing.

We will review all our delivery, budgeting, resourcing and performance activities and focus on the best quality core services we can afford.

This first 18-month tactical strategy for the period January 2022 to July 2023, is at the heart of our Improvement Plan and will focus on three key areas: reaching a sustainable financial model by 2023, how we will deliver services now and, in the future, and strengthening our governance and culture.

## **FINANCIAL SUSTAINABILITY PRIORITIES**

- That we manage our finances in a sustainable way to help us reach a strong financial position in the medium term, and continue to deliver the well-planned, modern, effective and value for money public services that local people expect.
- That we develop a four-year MTF5 for 2023-27, reflecting the outcome of a root and branch review of all of our services, and the forecast resources available to the Council.
- That our budget process links clearly to outcomes for residents in Peterborough, rather than being based on the Council's existing structure and services.
- That we carefully manage our capital and investment programme, reduce external borrowing, and generate more capital receipts through disposing of assets that are no longer needed or by using assets to generate income.
- That our council-owned companies, have appropriate financial, governance and management arrangements which drive up quality and provide value for money.

## TO DELIVER THIS, WE WILL

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- Robustly manage our Capital programme and Investment programme, reduce borrowing and generate more capital receipts through disposal of assets that are no longer needed.
- Optimise the use of our assets to support service delivery to meet the needs of our residents and businesses and support the delivery of our outcomes
- Review our council owned companies to ensure appropriate financial, governance and management arrangements are in place
- Align our outcomes for Peterborough and the ambition of the Council with the resources available to us.
- Establish a planned and sustainable budget framework to ensure that the activities within it are affordable within the resources available to us in the medium to long term.
- Increase our commercial activity to ensure we are maximising revenue and minimising the cost to the taxpayer.
- Ensure that all external contracts we commit to get the best value for taxpayers' money.

## OUR SERVICE PRIORITIES

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- That the council services local people rely on can continue to be well planned and effectively delivered.
- That the council works with its partners and communities to make the best use of its limited resources and avoids unnecessary interventions and duplication.
- That we effectively deliver quality statutory services to ensure that vulnerable children are protected, and all children have the conditions for the best start in life.
- That our older and vulnerable adults can have a good quality of life and grow old with dignity.
- That the city works together as one to address the climate emergency, getting us on the path to net zero emissions by 2030.
- That our local services that help keep the city safe and clean continue to be delivered well, and that we work in partnership with the communities we serve to build a prosperous city that offers people the opportunity to realise their potential.

## TO DELIVER THIS, WE WILL

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- Undertake a comprehensive review of our services, including how we manage current demand, encourage independence and intervene early where we need to.
- Model future demand pressures and costs alongside a forensic review of expenditure.
- Focus on providing the best quality core services we can afford whilst continuing to target provision effectively, so that the right services reach the right residents at the right time.
- Deliver on our commitment to make the council's activities net-zero carbon by 2030 and to support the city to achieve the same.
- Organise ourselves so that our available resources are used effectively to meet need in a cost effective and sustainable way that improves the quality of life and reduces inequalities.
- Continue to build strong relationships and work in partnership with local people, communities, businesses and partners to ensure we work together effectively in our commissioning and delivery of services.

## GOVERNANCE PRIORITIES

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- That there is shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed scrutiny, and inquisitive and challenging audit, enabling the Council to fulfil its ambitions for the city and its duties to the public.
- That public funds are managed responsibly and used to respond to current needs and invest for the future.

- That there is cross party, collaborative work to reach a sustainable future for the Council and City.
- That the principles of good governance are well understood, accepted and put into practice routinely by all Members.
- That our Performance Management Framework provides clear accountability for the delivery of the outcomes in the Corporate Strategy and is effective in managing performance across the organisation.

## **TO DELIVER THIS, WE WILL**

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- Establish and embed a strategy for Member development particularly in relation to their roles on audit and scrutiny
- Review existing governance structures to see if improvements can be made.
- Ensure that the principles of good governance are shared, discussed and adopted.
- Undertake a workforce development programme to help our officers and councillors build on their strengths whilst also developing the new skills and experience needed to support the city council, citizens and city over the long term.
- Scrutinise 'performance' in the broadest sense, rather than focusing only on traditional measures such as output indicators and progress on delivering service plans.
- Develop a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders.
- Use evidence and external expertise where needed to drive our decision making, ensuring the decisions we take are well-informed by a diverse range of views, with clear accountability for decisions, and made transparently and openly for the benefit of the public we serve.
- Strengthen good practices in transparency, reporting and audit to deliver effective accountability.

**Focus and effort across these three areas will help us to address some of the biggest challenges the Council and the City faces, whilst continuing to deliver the modern, effective and value for money public services that local people need and deserve.**



# Improvement Plan - key deliverables in the first six months

Theme	Workstream	Key Deliverables	Milestone
Corporate Strategy	Part One	Short term, tactical Strategy informing development of two-year Improvement Plan, with a focus on reaching financial sustainability.	Consultation starts Dec '21
	Part Two	2022- 2025 Corporate Strategy, setting the longer-term ambition and vision for the Council and City	Consultation starts May '22
Financial Sustainability	Medium Term Financial Strategy	Restrict expenditure in 2021/22. Set Revenue and Capital budgets for 2022/23 Develop Medium Term Financial Strategy 2023-2027 Develop and implement new Financial Operating Framework	Nov '21 Nov '21 - Feb '22 Dec '21 - Sep '22 Mar '22 - Nov '22
	Assets	Assets Disposal Review of Assets Base Develop and implement refreshed Assets Strategy	Dec '21 - ongoing May '22 - ongoing Mar '22 - Jul'
	Capital Programme	Review of the existing Capital Programme Develop and implement refreshed Capital Strategy Balance Sheet management	Dec'21 - Mar'22 Jan '22 - May '22 Dec '21 - ongoing
Service Reviews	Initial deep dives into areas identified by CIPFA benchmarking	Adults Childrens Housing and Planning Communities	By Jan '22 By Jan '22 By Feb '22 By Feb '22
	Outcomes Based Service Reviews	Develop methodology and timeline for outcomes-based reviews	Feb '22
	Revised target operating model (TOM)	Create the structure for a new TOM, including assessment of the TOM design principles against revised/new service delivery options.	Feb '22
	Contract Reviews	Complete the review of major contracts, bringing in subject matter experts where required. Ensure all contracts have a named contract holder, who is suitably trained in contract management	Dec '21 - Feb '22 Dec '21 - Jan '22

<b>Service Reviews (continued)</b>	<b>Contract Reviews (continued)</b>	Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house	Jan '22 – May '22
	<b>Review of companies</b>	<p>Review of existing Council companies</p> <p>Review and implementation of new group holding structure and Governance arrangements for company oversight</p> <p>New strategy for establishing service delivery arrangements and company creation</p>	<p>Dec '21 – Mar '22</p> <p>Jan '22 – Mar '22</p> <p>Feb '22 – May '22</p>
<b>Governance and Culture</b>	<b>Governance and Assurance</b>	Strengthening Audit committee including recruitment of independent members of the audit committee	Dec '21 – Jan '22
		Strengthen the skills and approaches of members of the Scrutiny Committees through additional training.	Dec '21 – Jan '22
		Make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council's governance structures	Dec '21
		Develop proposal to change from elections by thirds to all-out elections every four year.	Dec '21 – Jan '22
		Review existing governance structures to see if improvements can be made.	Jan '22 – Mar '22
	<b>Performance Management</b>	<p>Develop and embed Business Assurance and Project Management Office function, with responsibility for monitoring, reporting and supporting deliver of this Improvement Plan</p> <p>Review performance management framework and embed individual accountability for delivery of this Improvement Plan.</p>	<p>Dec '21 – Jan '22</p> <p>Jan '22 – Mar '22</p>
<b>Capacity and capability</b>	<p>Review of organisational structure</p> <p>Six month delivery and resourcing plans delivered for all workstreams in this Improvement Plan</p> <p>Additional capacity to deliver first 6 months of plan secured</p>	<p>Feb '22 – May '22</p> <p>Dec '21 – Jan '22</p> <p>By Jan '22</p>	

# THEME ONE Financial Sustainability

## FINANCIAL SUSTAINABILITY WORKSTREAM 1 MEDIUM TERM FINANCIAL STRATEGY

The delivery of a realistic and robust Medium Term Financial Strategy (MTFS) is dependent upon a Council-wide commitment from Officers and Elected Members to a fundamental change in how we work, how services are provided, and how we engage with, and provide for, our residents. The status quo will not work and would inevitably lead to direct Government intervention given that the money will simply run out.

There are four key work streams in this section which are vital to the delivery of a sustainable financial future for the Council. These are:

### 1. RESTRICTING EXPENDITURE IN 2021/22

A moratorium has been introduced for the current year to ensure only essential expenditure is incurred in the remaining third of the year. This should produce an underspend which can either be used to roll forward as a one-off solution for 2022/23, or added to reserves, whichever is the greater assessed need.

### 2. REVENUE AND CAPITAL BUDGETS FOR 2022/23

Presenting a balanced budget for revenue that has a positive Section 25 assurance is a huge challenge. We will meet the challenge by:

- Fully establishing the unavoidable financial pressures our services will be facing, particularly as a result of the pandemic, and factoring those in the final budget
- Rigorously pursuing quick wins, including a review of our fees and charges
- Only including savings proposals that are rated Green or Amber for delivery on the traditional 'traffic-light' risk rating
- Using one-off monies as a last resort (e.g. capitalisation directive) unless for a very specific and one-off purpose (such as COVID-19 funding)
- Ensuring, wherever possible, that the need for short-term results for 2022/23 does not impede the opportunity for greater savings in future years
- The resulting proposals will be released for formal consultation on 21 January 2022, and will be considered by Cabinet on 21 February 2022, before being amended as appropriate and debated by full Council on 2 March 2022
- Financial Sustainability Workstream 3: Capital Programme, outlines the approach to the capital budget

### 3. MEDIUM TERM FINANCIAL STRATEGY 2023/24-2026/2027

Setting a genuine MTFS that will stand the test of time requires brave and innovative thinking. In our particular situation, it needs a root and branch review of everything we do, and how we do it. We will also need to consider how the fast-changing world of technology can play an increasing role in our engagement with residents, clients and customers. We accept that true and genuine transformation takes time, and money. Our MTFS will recognise that savings from transformation take several years to be fully realised, and so we may have to combine transformation savings with tactical savings in the shorter term. In order to arrive at a four-year strategy, by September 2022, we will:

- Learn from others; examine best practice in other local authorities across all service areas
- Follow-up on the forensic reviews that are already underway in service areas
- Set a range of financial health indicators across the four years, that will effectively set parameters for spending that optimises our use of resources

- Development of key lines of enquiry that will be the basis for the aforementioned 'root and branch review' of services. This will include capital and our company holdings
- Review our attitude to risk and investment. We need to be mindful of our affordability envelope as well as our insurance (mainly financial reserves) against any of our risks materialising

#### **4. FINANCIAL OPERATING FRAMEWORK**

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We will review all of our financial and budget procedures for both revenue and capital, by September 2022. This will promote good financial management and ensure ownership and accountability for effectively managing the Councils budgets, is front and centre of the organisation's priorities. It is only with this attitude and approach that the Council's will achieve financial sustainability. This review will result in:

- Adoption of budget setting procedures, that will be built on the principle of a bottom-up approach
- Financial Sustainability Working Group (Cross-party member group) monthly briefings
- Appropriate, effective and efficient levels of control on spending
- Accountability being unambiguous, with clearly stated consequences of failure eg budget managers overspending their allocation
- Improved in-year monitoring and reporting, and agile decision making

#### **KEY OBJECTIVES**

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- An underspend in 2021/22 in order to bolster reserves
- A realistic and achievable budget for 2022/23
- Reduced reliance on one-off funding solutions
- A brave, bold and ambitious MTFs for 2023/24-2026/27
- A greater focus on sustainability and the longer-term
- Greater engagement and accountability with budget managers across the Council
- An appropriate and affordable attitude to risk

#### **KEY DELIVERABLES**

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- A revenue and capital budget for 2022/23
- A sustainable MTFs for 2023/24-2026/27
- A revised risk appetite
- New Financial Operating Framework and procedure

#### **KEY RISKS**

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- An underspend in 2021/22 is not delivered
- The 2022/23 budget has an unacceptable reliance on one-off funding
- Genuine transformation in service delivery is not undertaken in a timely manner
- Government fails to fully fund changes in legislation, such as social care reform
- Mitigations against these risks include;
  - Real-time monitoring in 2021/22 of discretionary spend lines, with immediate actions taken
  - Working up for further budget savings that can be delivered in-year in 2022/23 that were not sufficiently worked-up for inclusion in the approved budget in March 2022
  - Issuing of a S114 notice



## FINANCIAL SUSTAINABILITY WORKSTREAM 2 ASSETS STRATEGY

The CIPFA report recommended a review of assets to create a consolidated picture of all assets across the Council. At the moment, the Council holds a significant number of assets either on its own or through partners and a new and ambitious strategy is needed to drive inclusive growth and financial sustainability.

### 1. REVIEW OF THE ASSET BASE

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Our updated Asset Management Strategy (AMS) will be based on asset rationalisation where there is no commercial, community or strategic case for retaining the property. In line with the MTFS theme the utilisation of assets will form part of the root and branch review of everything we do and how we do it. The changes to operating practices as a result of the pandemic have demonstrated the possibilities of reducing the use of physical assets while still providing services to residents, clients and customers. It is expected that the decision taken on changes to service delivery will make a number of operational assets redundant and this work will complement the Organisational Capacity and Delivery theme.

### 2. ASSET DISPOSALS

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Receipts from asset disposals will be utilised to meet current commitments, provide additional cash flow into the Council to mitigate budget pressures of servicing past debts (in line with the key Financial Health Indicators referenced in the MTFS section), and if required to provide an alternative funding source for a transformational programme that delivers savings over the period of the MTFS subject to Government approval.

Any disposals must comply with the AMS and the Asset Management Plan. We cannot make short-term decisions that could harm future values. The sites which are recommended for sale will be disposed in accordance with Best Value to ensure the greatest value within the timescales set out in Workstream 1 – MTFS. This will ensure that only asset sales are ‘at the right price’ and will not be rushed into ‘fire sales’.

**To achieve asset disposals we will:**

- Complete a review of our Asset Management Strategy and Plan
- Bring in a subject matter expert to see how we can add value to the existing estate
- As a result of the above, compile a list of possible disposals, and consider and manage the implications of each potential disposal such as
  - revenue loss,
  - maintenance liabilities, and
  - current and potential future issues which may affect valuations
- Where option appraisals are required an external property advisor will be commissioned
- Set up an effective project management to manage all asset disposal activities in accordance with the timescales of this Plan and MTFS and reporting in accordance with the governance of the Plan
- Mitigate any risk in asset sale realisation by continually reviewing and expanding the list of assets recognised for disposals

### KEY OBJECTIVES

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- To have an asset strategy that ensures value is maximised over the short, medium and long term
- To commission a report that identifies how we can maximise the value of our existing estate
- Compile a list of assets for disposal between now and March 2023

### KEY DELIVERABLES

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- An asset strategy approved by Council in July 2022
- A target figure for asset disposals in 2022/23
- Reduced liabilities, both revenue and capital, as a consequence of the asset disposal programme

## KEY RISKS

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- Capital receipts are not realised in sufficient quantum for 2022/23
- Assets are sold before their values are maximised
- The wrong assets are sold
- Revenue income or potential income is lost and cannot be replaced
- Condition surveys adversely impact on purchase price

### FINANCIAL SUSTAINABILITY WORKSTREAM 3 CAPITAL PROGRAMME

Peterborough Council has a high level of debt. The borrowing costs associated with that debt represent 16% of the 2021/22 revenue budget. This must and will be reduced over the medium term. The 2020/21 Statement of Accounts, including internal borrowing, shows total debt at £598m. Total realisable assets held by the Council are shown at £368m.

There are historic reasons for this position, such as investment in assets no longer on our balance sheet (academy schools) and investments in no-realizable assets (eg roads). This is not unusual, but it does mean that maximising our assets through service provision or disposals, is critical

Turning the debt to realisable assets ratio into a more positive and proportionate balance will take time. The following elements will be implemented:

#### 1. REVIEW OF THE EXISTING CAPITAL PROGRAMME

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This is already underway. The Section 151 officer has issued an instruction to the organisation that 'the Council must stop all capital expenditure that is not legally required that is funded by Council Resources'. Interim controls have also been introduced until this Improvement Plan is approved and will remain in place until a revised Capital Strategy, developed as appropriate with our partners and the voluntary sector, with associated controls, is approved.

#### 2. CAPITAL STRATEGY

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A new Capital Strategy will be presented to Council in March 2022 for approval. This will be based around six basic 'rules':

1. No new borrowing unless failure to do so would result in a breach of our statutory duties (see next bullet)
2. Borrowing for projects that will result in future savings with a payback period of five years or less
3. A two-stage approval process: approval to plan (which allows a project to be included in the capital programme) and approval to spend (required before a contract is entered into that commits the Council to expenditure)
4. A prioritisation process based on need and financial benefit.
5. A review of the current governance and control framework
6. A review of funding sources

#### 3. BALANCE SHEET MANAGEMENT

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The level of debt, the cost of debt repayment, and the negative equity shown in the balance sheet are a big concern. The Asset Review section sets out our objectives for asset disposals, which will be used in part to repay debt. Whilst any debt repayment from receipts will reduce the future debt repayment costs (which will be one of our key Financial Health Indicators referenced in the MTFs section) it is unlikely to improve the negative equity situation (unless assets are sold for more than their book valuation). We will therefore only sell assets 'at the right price' and will not be rushed into 'fire sales'. At this stage however, we cannot rule out needing to use some capital receipts to support the 2022/23 revenue spend, subject to Government approval.

## KEY OBJECTIVES

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- To review the existing capital programme to 'shrink to fit' affordability
- To reduce debt costs as an overall percentage of the revenue budget
- To have a Capital Strategy that reflects the perilous state of our balance sheet
- To have a capital programme that properly reflects the Capital Strategy
- To revisit the Asset Management Plan, to ensure we have the right assets in the right place, and that we have fully budgeted for lifecycle costs

## KEY DELIVERABLES

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- Propose a revised Capital Programme to Council in March 2022
- Propose a new Capital Strategy to Council in March 2022
- Ensure we have a fit for purpose process for agreeing and prioritising projects
- Present an updated Asset Management Plan to Council in March 2022, along with recommendations for an asset disposal programme (see Financial Sustainability Workstream 2 – Assets)

## KEY RISKS

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- Council does not adopt the March 2022 recommendations
- More debt is needed to meet our statutory obligations
- Inflation and supply adversely impacting on cost of materials and delivery of projects



## THEME TWO Service Reviews

The purpose of this theme is to describe the Council's approach to examining its current service delivery and operating model.

### SERVICE REVIEWS WORKSTREAM 1 DEEP DIVES

For the first six-month period of the plan, the focus will be on deep dives into the service areas which are highlighted through benchmarking in CIPFA's report. These deep dives will determine if there is scope to make savings quickly in these areas by applying best practice and learning from other councils. We have commissioned CIPFA to work with our service leads and practitioners to review these service areas.

The key driver for the deep dives, over the next six months, is to challenge the service areas to determine how we could do things differently and save money. We will only be able to make the really tough decisions if we have the right mindset. Where we can make the case for change, we must then have the will and determination to stop doing things that (a) don't meet our statutory duties (b) are not core to our corporate priorities or (c) we simply cannot afford to deliver.

**We need to reconsider everything we do and focus only on our priorities and on what we can afford. We have to change our mindset to focus on the things that are essential and important.**

Initially and between now and April 2022, we will carry out service deep dive reviews into five key areas:

- PHASE 1:** Children's Services and Adult's Services (start November 2021, ends December 2021).
- PHASE 2:** Housing and Planning (starts December 2021, ends January 2022).
- PHASE 3:** Community and Leisure Services (starts and ends February 2022).
- PHASE 4:** Companies and other commercial interests (starts Dec '21 ends May '22)
- PHASE 5:** Is a cross-cutting theme and comprises assets and contracts. These will be reviewed on a service-by service basis as we conduct each of the reviews in Phases 1-4.

We will review services using external expertise and challenge from CIPFA and other partners. We will also draw on the wide range of experience from our Improvement Panel and we will "borrow with pride" by challenging our current thinking and being open about adopting new ways of working.

We aim to have reviewed and have key options and recommendations for the first phase of services within the next six months. This work will be undertaken on an iterative basis. For Children's and Adults' we expect to be having conversations about what we could do differently during December 2021 with a view to rapid implementation in early 2022.

The approach to the deep dives will be focused, direct and have a quick turnaround. Our deep dive methodology will comprise a fact finding and diagnostic phase, where we will conduct interviews with service leaders and experts. Our analysis and solution development will be based on reliable data points. We will only move forward to mobilisation and implementation once we have agreed that the proposed changes will deliver better outcomes and maximise efficiencies.

Existing performance data along with sector benchmarking data provided by external partners will be used to review the performance of our services and to help us focus where improvements are required.

We will apply a set of criteria in order to inform the next phases. These criteria will include (a) those services showing a benchmarked high spend, (b) services with a known high spend, (c) statutory then non statutory

based on total service spend, (d) services with significant reliance on support services including business support, contracts and other assets including borrowing.

## **SERVICE REVIEWS WORKSTREAM 2**

### **OUTCOMES BASED SERVICE REVIEWS AND TARGET OPERATING MODEL**

After the first set of deep dive reviews, we will take a more cross cutting view of outcomes and services, looking for opportunities for transformation and innovation. There will be a clear line of sight from strategic objectives to service delivery supported by a common business planning and business prioritisation approach; allocation of financial and people resources where they are most needed.

Underlying this, we will ensure that the linkages between service demand and volumes are aligned to our performance reporting framework. Strategic planning and the allocation of money will be done by focusing on the outcomes rather than by where resources sit in the organisation. We will be smarter at linking up finance information and service activity data to help us do this.

For each service review we will apply a standard set of design principles including the following:

- Protect areas of expertise and professionalism that underpin the current service operating models while at the same time challenging if the operating model is still fit for purpose.
- Explore the scope for productivity increases while also looking at whether demand/service consumption can be reduced. Where elements of services should be no longer continued, we will call these out.
- Every individual counts towards the whole and there is a need to ensure that we have the right skills and competency focus for delivering our services including the structure of teams and the make-up of the teams themselves.
- Enable cross functional working wherever possible appreciating that services are rarely delivered in organisational silos.
- Relating to the points above, thinking outside of the box by considering more radical ideas for service delivery including increasing the scope of our existing partners where they are better placed to deliver.
- Ensuring that the assets and other underlying infrastructure (eg, support services, the corporate centre, ICT, applications, data and information) are fit for purpose.
- That commercial activity should happen in one place eg, where the professional accountability for contracts lies within the Procurement function.
- Spans and layers are reviewed to ensure that controls sit at the right level and that unnecessary layers are removed where they don't add value to the service chain.

The service reviews (and taking account of the design principles) will enable us to reframe our view of the services we deliver and how we deliver them. We will gain a better view of how we want to deliver services in the future accepting that some of our new proposals may require further work in the form of business cases and stakeholder consultation.

In order to help us draw a more composite picture of what the future might look like, we will create a high-level target operating model (TOM). A TOM sets out the desired future state for an organisation. Articulating our future vision will help us to understand the journey we need to go on to get there and this will include key considerations such as:

- What a new TOM would look like for the Council.
- What its implications might be for staff, managers, stakeholders, partners and customers.
- What it might cost to implement and what the financial and non-financial benefits might be.
- How it would improve and indeed further the outcomes we need to achieve at Council and service level.
- How we need to change the way we work together and act together.

Many public sector organisations face significant financial issues and their financial constraints only increase year-on-year. There comes a point where salami-slicing services to save money takes these organisations into the laws of diminishing returns.

The organisations that tend to recover and survive on a more sustainable footing are those that take the brave decisions about focusing on the “minimum viable product”, allowing them to channel their resources into delivering the outcomes that have the greatest impact on those that they serve. This is why the creation of a TOM will allow the Council to see the relationship between the services that it must continue to deliver against the outcomes, the performance regime, the skills, competences and resources that it needs to deliver them.

## KEY OBJECTIVES

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- To maximise our ability to achieve our priority outcomes by increasing the efficiency of service delivery.
- To rationalise and simplify our modes of delivery and influence under a coherent strategy.
- Review shared service arrangements to ensure that they remain fit for purpose and where they are not, propose alternative (costed) ways of delivering services.
- Deliver a set of service-based reviews against the Council’s priorities and against a backdrop of what it can afford over a two-year programme, with the criteria for the remainder of reviews not detailed in this Plan, to be agreed by the Council’s management team during Q4 of the current fiscal year.
- Ensure that the outcomes from the deep dives described in this Plan are consistent with setting a deliverable budget for 2022/23 and a sustainable budget beyond that.
- Review high priority services with the first six months. Agree alternative options for delivery, new ways of working, highlight investments that need to be made (drawing on the capital programme where appropriate to fund transformation).
- Develop business cases for change/transformation focused on changes that will give us the best return on our investment and ones where we can deliver an improved set of outcomes.
- Focus on changes that can be designed, tested and delivered using an agile approach.
- Ensure that the underpinning infrastructure (capital, assets, contracts, commercial arrangements, support services, assets) are challenged to ensure they are fit for purpose and aligned with the services.

The result of this programme, starting now, will be a prioritised, more modern and open Council that acts together to serve its customers and deliver its outcomes in the most efficient way possible with the resources it has available to it. Iterative deep dives will become a common feature of delivering our services so that we constantly review what we do.

## KEY DELIVERABLES

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- Clear line of sight for the immediate reviews as detailed in this Plan.
- Development of prioritisation criteria for the remaining services.
- Clear scope of each review with key personnel from each service identified along with achievable but demanding start and end dates.
- Key findings and options for change supported by evidence, analysis of performance and financial data including benchmarking and data analysis.
- As the reviews deliver conclusions, ensuring there is close alignment to existing discussions and plans regarding the 2022/23 budget and being cognisant of existing and planned savings plans and initiatives.

## KEY RISKS

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- Lack of resources from the Council to participate in the deep dives
- Resistance to change or change fatigue leading to lack of new ideas from service areas

- Insufficient engagement from the service areas.
- Lack of resources to deliver the proposed changes.
- Difficulty in unlocking savings and changes in support services (e.g., assets, contracts etc.)

## **SERVICE REVIEWS WORKSTREAM 3 CONTRACT REVIEWS**

The contracts that we have in place are many and wide-ranging. Our contracts support a whole raft of service delivery functions and almost no contract is the same i.e., different terms and conditions, different contractual clauses, different exit arrangements and payment terms etc. Our contracts portfolio fulfils varying functions in our day-to-day service delivery with some contracts acting as additional and supplementary support whilst other contracts are integral to the work of the service and are part of the “fabric” of a given service.

The purpose of this work stream is to review our contracts with a view to getting a common understanding of what contracts are of vital importance to the running of our services and which contracts could (with careful transition planning and service re-design) be terminated.

### **1. PROPOSED SCOPE**

It is vital that our commissioning, procurement and contract management arrangements are commercially driven and result in value for money services whilst providing support to our service delivery operations. By May 2022 we will:

- Have reviewed those existing contracts that give us most cause for concern
- Ensure every contract has an assigned contract manager
- Provide refresher training to all contract managers and reinforce the interfaces between the services and Procurement including a clear understanding of respective roles and responsibilities.
- Refresh the Contract Management Manual to ensure managers are clear what is expected of them
- Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house
- Ensure that those commissioning strategies are supported by a detailed market analysis
- Work with key providers and potential providers on shaping the market, to meet our needs
- Develop procurement plans in line with the commissioning strategies
- Review the need to strengthen the head of profession role for commissioning and contract management

### **2. UNDERSTANDING THE IMPACT AND THE KEY INTERDEPENDENCIES**

We will approach the review of contracts in two ways acknowledging that with the first service reviews in Children’s and Adult’s Services, we will review the key contracts that support these services. As we progress with the service reviews, we will review the specific contracts for these services as appropriate. We will also undertake a fundamental review of all contracts across the Council to assess a range of factors including but not limited to the following:

- Is the contract still required?
- Is the contract performing as it needs to?
- Could the services delivered by the contract be delivered in a more efficient and cost-effective way including the termination of the contract and transferring the contracts functions in-house?
- Are any contracts inhibitors to the transformational changes we need to make?
- Would transferring the contracts functions to another provider (potentially through competition) better support out priorities?

- How does changing the contract arrangements affect other elements of delivery including the impact on business support functions?

Getting the right balance of contracts, being delivered in the most cost-effective way with the right levels of management and control is just as important as getting the right commercial arrangements from the contracts themselves. As we progress the service reviews and the review of contracts, we need to maintain the right balance between the needs of the centre (commercial and financial) with the needs of the services.

## KEY OBJECTIVES

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- Ensure existing contracts are being effectively monitored and managed
- Ensure that there is a well understood strategy and approach to reviewing all contracts in line with financial, commercial and service delivery objectives.
- Contract management skills and roles and responsibilities are clear between contract management and service functions
- A programme of commissioning strategies is a fundamental part of our MTFS
- Procurement Plans are approved prior to any engagement with possible providers

## KEY DELIVERABLES

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- A review of specific contracts in line with the service reviews being conducted by CIPFA starting in Children's and Adult's
- Each contract will have a set of KPIs that will be reported against
- Large spend contracts that have a major impact on service delivery will be taken through Scrutiny Committees.
- The Contracts Register will be reviewed to ensure it holds the appropriate level of information
- Providers of services will be engaged in order to inform our strategies and planning

## KEY RISKS

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- We are paying for services that are not being delivered, or not delivered to the required standard
- We have entered into poor contracts, resulting in poor value for money
- We may not have the required penalty clauses in the contract for poor performance
- We are perceived as uninformed purchasers
- We are prevented from existing contracts due to onerous exit terms and conditions

### SERVICE REVIEWS WORKSTREAM 4 REVIEW OF COMPANIES

The Council has a plethora of arrangements for service delivery in pursuing its aims and objectives and this includes a number of subsidiaries, joint ventures and associated companies. Over the years, the Council's interests have grown in an ad-hoc manner, with little attention paid to an overarching structure or strategy.

It is important that appropriate governance arrangements are in place in order that the Council has visibility on performance and risk and that the synergies between our interests are maximised.

In order to achieve this, by May 2022 we will:

- Carry out a review of existing companies (supported by CIPFA).
- Run an in-housing /outsourcing process for selected companies, reviewing the process used to create the initial justification and the objective justification (Business Case) for future commercial arrangements.



- On completion of each company review, an evaluation of divestment and disposal options and alternative delivery arrangements where these considerations are appropriate.
- Review of governance arrangement for oversight of the Council's portfolio of companies, including options for a new group holding structure.
- Review of internal governance and oversight arrangements from an officer and elected member perspective, ensuring there are no conflicts of interest and that all members and officers are appropriately trained to carry out their role.
- Review the frequency and content of the reporting arrangements for each entity to the Council and develop a standard report framework for Cabinet decision making for any future proposals to transfer in-house services to a new or existing entity, or for any new activity aimed at growth and/or commercial opportunity for the Council.

## 1. PROPOSED SCOPE

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Over a number of years the Council has secured delivery of its services through a number of different arrangements. These have ranged from wholly owned companies of the Council, joint venture partnerships, and charities through to private outsourced arrangements. The list of companies in scope for the review are as follows:

- Peterborough Limited
- Blue Sky Peterborough
- Empower Peterborough
- Opportunity Peterborough
- Peterborough Investment Partnership LLP
- Medesham Home LLP
- NPS Peterborough Ltd
- Peterborough Museum and Art Gallery Trust
- The Mayor's Charity
- Peterborough HE Property Company Ltd
- Smart Manufacturing Alliance Ltd

## 2. COUNCIL OWNED COMPANY REVIEW

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As part of this work we have commissioned CIPFA to undertake a review of our company and wider commercial portfolio. CIPFA will review each of the companies in turn according to a pre-determined priority based on a range of factors including risk. They will provide an independent analysis of each company including performance, financials, strengths and weaknesses, and the Council's exposure to risk. Where appropriate and where the documentation exists, CIPFA will also review the original business case and commercial and financial justification for the companies to ensure that the original tenet for establishing each company is based on a sound set of principles.

This work will inform individual decisions on whether to maintain, revise focus, in-house or divest from Council companies. The companies under review will form part of a work package agreed between the Council and CIPFA.

## 3. COMPANY GOVERNANCE ARRANGEMENTS

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The Companies theme will focus on the development of Council policy with regard to executive and non-executive directors, establishing a clear role for senior officers through a Shareholder Unit function, ensuring all forms of parental support to companies within the group are subject to effective controls and clear decision making.

## 4. COMMERCIAL STRATEGY AND COMPANY RULEBOOK

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Where Council companies offer reasonable levels of assurance of future financial returns, the Council will seek to maximise this benefit through the development and application of an overarching Commercial Strategy. This will include an assessment of directly delivered charging activity and the treatment of surpluses generated by the companies. Existing and future requirements for Council funding and capital will be evaluated using a combination of risk profile, return on investment and prevailing market conditions.

We will formalise the work of companies and other commercial interests through the development of a Company Rulebook. The Company Rulebook will:

- Provide guidance on the key considerations when the Council is looking to establish new commercial ventures including the creation of new companies.

- Provide officers with a series of guiding principles including reference to existing professional body guidance (e.g. the CIPFA Code) as part of managing the oversight of the companies' portfolio.
- Provide the Shareholder Unit with a set of principles enabling it to provide the checks and balances required of good company oversight and sound commercial management principles.

## KEY OBJECTIVES

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- Provide greater visibility of company performance and risk profile of the wider Council group.
- To reduce overall complexity and simplify the management and oversight of all core Council activities by reducing the number or alternative delivery vehicles. (This needs to be undertaken with close alignment to the customer services strategy/model being deployed by the Council.)
- To strip out duplication of overhead and management costs by bringing core functions in-house where there is no imperative to maintain externalised delivery vehicles.
- To identify opportunities to generate capital receipts to the Capital Programme through divestment of interests in profitable activities.
- To establish robust shareholder controls and assurance mechanisms for those companies the Council maintains.

## KEY DELIVERABLES

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- Overarching Commercial Strategy.
- Establishment of a link between individual company performance and the Council's wider performance management system and production of corporate key performance indicators.
- Decisions on the direction for each company/commercial interest.
- Options appraisal and potential creation of a new Shareholder Unit.
- Review of the effectiveness of the Shareholder Cabinet Committee.
- Following the Public Interest Reports into the London Borough of Croydon and Nottingham City Council's EnviroEnergy, review the interface between each company's governance and decision making and the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

## KEY RISKS

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- Loss of opportunity for financial returns as a result of decision-making delays.
- Over financial exposure where companies are struggling financially post-COVID.
- Lack of oversight and governance with regard to companies, resulting in the potential for financial and reputational damage to the Council.
- Medium to long term company performance (based on an independent review of each company's financials and up-to-date Business Strategy and business plans).



## THEME THREE Governance and Culture

Delivery of the Improvement Plan is dependent upon a number of interrelating factors, not least of all is having an organisational culture and strong governance that supports the need for the change, understands what is required alongside an absolute determination to succeed. Whatever plans are put in place can only succeed when everybody is determined to adopt the behaviours required and to live the new culture. The most pressing need is a culture that is focused on performance, delivery and accountability. Immediate work will concentrate on enabling the organisation to focus on this.

There is a positive base to start from, the External Governance Review led by Andrew Flockhart paid tribute to the political will of the Leader and Cabinet to take ownership in resolving the financial challenges. The Review also recognised the positive and open relationship between Councillors and Officers and the willingness to learn. However, the review recognised the past lack of challenge and scrutiny from members and officers alike has contributed to the financial situation being allowed to deteriorate.

All parts of the Council's system of governance (including Full Council, Cabinet, Scrutiny, Audit and regulatory committees) must play their part effectively, enabling the Council to fulfil its ambitions for the city and its duties to the public.

**This will require a shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed Scrutiny, and inquisitive and challenging Audit. All the right parts of the machinery of governance exist - they need to work together better to help the Council get through this very tough period**

### GOVERNANCE AND CULTURE WORKSTREAM 1 MEMBER GOVERNANCE AND ASSURANCE

The external assurance review report on Governance asked us to commission and support a development/support programme for councillors, particularly the new Leader and Cabinet, the Chairs of the Scrutiny Committees and the Audit Committee and for the leaders of all the political groups of the Council. The report also highlighted the need for us to strengthen the leadership of our Audit Committee and to elevate the role of the Audit Committee's annual report to Full Council so that a considered discussion could take place regarding any concerns raised and a robust response given.

We are committed to ensuring members have the structures, knowledge and skills needed to effectively scrutinise and challenge the Council's financial decisions, governance and procedures. We will review existing governance structures to see if improvements can be made and work with CIPFA to conduct a skills analysis assessment of both the Audit and Scrutiny Committees in order to deliver a targeted and appropriate training and development programme.

## 1.AUDIT & ACCOUNTS COMMITTEE

The governance assurance report found that our Audit Committee was not currently scrutinising the Council's financial challenges with sufficient urgency or focus or paying sufficient attention to the strategic risks and issues facing the Council or the Council's MTFS processes.

CIPFA has been provided with details of the training that was provided in-house by the S151 officer and his team and the Internal Auditor for the Audit Committee after the May elections in 2021. Committee members have also all received the CIPFA handbook "Audit committees - Practical Guidance for Local Authorities and Police (2018 Edition)" which sets out best practice and helpful checklists when reviewing the effectiveness of audit committees.

The DLUHC Finance Review report recommended that the membership of our Audit Committee should be strengthened by the appointment of external independent members in order to improve its expertise and independence and this is in line with industry best practice of every local authority audit committee having at least one independent member. A report recommending the recruitment of independent members of the audit committee, one of whom would chair the Audit Committee, will go to the Special Council meeting on 16 December for approval. This will include draft job advertisement and amended terms of reference for the Audit Committee. CIPFA will be supporting the Council on the recruitment process.

If approved by Council on the 16 December 2021, the roles will be advertised immediately with a view to interview in the second week of January 2022. The induction process will then commence immediately, subject to ratification of the appointment at end of January 2022 at Full Council.

## **2. SCRUTINY COMMITTEES**

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The Council has four Scrutiny Committees – Adult’s and Health Scrutiny Committee, Children and Education Scrutiny Committee, Communities Scrutiny Committee and Growth, Environment and Resources Scrutiny Committee - which also meet jointly to scrutinise budget proposals.

The Governance assurance report found that the checks and balances that should be offered by the scrutiny role were not strong enough and did not focus enough on the strategic dimensions of our challenges, in particular the MTFS and annual budget plans. There needed to be a stronger willingness to challenge the assumptions and information presented to them.

CIPFA has been asked to consider how best to strengthen the skills and approaches of members of the Scrutiny Committees and are considering this against the training that has already been delivered.

We will make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council’s governance structures, including reporting to Full Council every six months and the Cabinet’s response to its recommendations. The Growth, Environment and Resources Scrutiny Committee will review the Cabinet’s actions and report on progress directly to Full Council every six months.

## **3. CONSIDERATION OF MOVING TO “ALL OUT ELECTIONS” EVERY FOUR YEARS TO ADD STABILITY**

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The Governance Assurance report recommended that the Council formally consider a report on moving to all out elections every four years instead of electing by thirds by March 2023, via an evaluation process. The Council is also required to discuss the outcome of the evaluation with DLUHC. The report recommended this change in order to bring stability to our decision-making and encourage the development of more strategic long-term solutions. The timetable set out the Governance Assurance report states that the formal evaluation of the option of a four-year electoral cycle should be initiated by July 2022 and Full Council should consider a report outlining the results of the evaluation process by March 2023. Any such decision would require a two-thirds majority of members voting in favour.

A report is therefore due to come back to Full Council in 2022 asking it to consider the recommendation to commence an evaluation process on the proposal to change from elections by thirds to all-out elections every four years.

### 3. RISK MANAGEMENT

A good foundation for risk management exists, although the organisation has been traditionally risk averse. In order to deliver the Improvement Plan, we may need to embrace a higher level of risk appetite.

RISK APPETITE	DESCRIPTION
<b>Averse</b>	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
<b>Minimalist</b>	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
<b>Cautious</b>	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
<b>Open</b>	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
<b>Eager</b>	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Our risk management approach and methodology is articulated within the Risk Management Policy and overseen by the Risk Management Board. Key risks are recorded using the Council’s online project management tool (POWA) and the Risk Management Board provides formal oversight and challenge of corporate and departmental risk registers. There is good risk management representation across all Directorates and management engagement in the risk management process.

To oversee the delivery of the Improvement Plan, each Theme will have a series of actions which will be risk assessed and regularly monitored against. Based upon a standard 5 x 5 risk matrix we will ensure consistent treatment and identification of risk at all levels of the organisation. Links will be included if there are clear synergies between a risk in a department and the Improvement Plan so that they are recorded only once to avoid duplication.

Senior Responsible Officers (SROs) and delivery teams will be accountable for ongoing reviews ensuring that risks are identified early, and mitigating actions are developed at pace to get projects back on track. By using POWA as the central repository for all risks this will enable greater coordination and ability to produce regular reports to Officers and Members.

#### GOVERNANCE AND CULTURE WORKSTREAM 2 PERFORMANCE MANAGEMENT

Monitoring performance at an organisational and individual level is a vital component of delivering the Improvement Plan.

There will be appropriate mechanisms to recognise, applaud and share success whilst also recognising that there has to be consequences for under performance. Every member of the workforce has a role to play and is responsible and accountable for the work they do. This will be supported by consistent process, systems and messaging across the organisation.

The Independent Assurance and Improvement Panel will provide external advice, challenge, and expertise to us in driving forward the development and delivery of our Improvement Plan and they will provide assurance to the Secretary of State on our progress on delivering the plan.

To provide assurance to the Improvement Panel and the Council, that the Improvement Plan is on track to deliver the agreed outcomes, we will implement a robust monitoring process. Monitoring will focus on the successful achievement of key milestones, monitoring of financial implications, and the identification and management of risks and issues across each theme.

## 1. BUSINESS ASSURANCE AND PROJECT MANAGEMENT OFFICE

A Business Assurance Function will be established which will work hand in hand with each of the theme and action leads and other corporate functions like finance, assets and communications to ensure the delivery of the Improvement plan. It will:

- Act with the authority of the Chief Executive, the Cabinet and the Improvement Panel.
- Bring together, in one place, a high level plan of all improvement activities with focus on improving the immediate financial stability of the Council within the next six months and consequently holding “one version of the truth”.
- Act as a ‘critical eye’ by providing scrutiny and proactively challenging risks, issues and variations from plans across Improvement Plan activity.
- Provide organisational wide support on governance, project portfolio management best practices, tools and standardised processes.
- Provide regular reports to Leadership team and Independent Improvement Panel.
- Work with senior responsible officers (SROs) to develop six monthly delivery and resourcing plans and the necessary support to secure appropriate resources required to deliver.
- Track benefits, ensuring that activity delivers to the intention of the Improvement Plan.

**The Business Assurance Function will produce a report for each meeting of the Improvement Panel which will contain the following:**

- Summary of the key deliverables and milestones against the plan.
- Things that have been achieved early – things that are late with explanation.
- Key risks and mitigating factors/status of risks etc.
- A financial summary explaining achievement of financial performance in the last period and a forecast outlook for the next period.
- Plans for the next period.
- Other matters arising to be brought to the attention of the Panel.

## 2. INDIVIDUAL PERFORMANCE AND ACCOUNTABILITY

In order to bring about the requisite culture change individual goal setting and performance management will be scrutinised and altered as necessary. This work will be underpinned by a cultural transformation programme, jointly delivered with partners. This will be designed around driving the behaviour change essential to delivering the Improvement Plan and foremost, making the Council more financially sustainable and will include:

- A clear set of organisational goals which hold the Chief Executive and senior officers to account for their delivery and which are embedded throughout the organisation, so everybody is clear what they are and their role in achieving them.
- A performance management framework has recently been introduced that focuses on outcomes. The governance of the framework will be reinforced to ensure that it is consistently applied and is focused on both outcome and delivery. The performance framework will focus on the key priorities and should be updated on an annual basis.

- On the appointment of the new CEO, developing a culture of individual accountability and a more forensic focus of what we do and why we do it. We need the whole organisation to have “change conversations” in order that we can progressively change the way we work.

## **GOVERNANCE AND CULTURE WORKSTREAM 3 CAPACITY AND CAPABILITY**

The impact of this plan and the level of change on the organisation must not be underestimated and it will place capacity strains in areas of the Council that are already resource constrained. Such issues will have to be managed and additional skills and experience brought in if and as required. A key outcome from this stream of work will be to equip the Council’s officers with the experience and toolkit to deliver change within their teams, using external resources as and when required.

Delivery of the plan is heavily dependent on the organisation having the capacity and capability to both deliver it and to ensure it is sustainable. The Council will critically review its structure to ensure it is able to meet the demands of the plan, has the appropriate skills deployed in the right places and where skills are deficient has a plan to close the gap.

### **1. ORGANISATIONAL STRUCTURE**

There has been significant change in leadership across the Council – for both Members and officers – which will continue into 2022. To ensure that the council is well equipped for the change and improvement it will undertake over the next two years, a review of senior roles and their portfolio of accountabilities has been agreed in phase one of the budget.

With the arrival of the new chief executive in February 2022, the organisational structure will be rigorously examined to ensure it is best suited to deliver the plan. Changes will be made where necessary and, in part, will be influenced by the outcomes of the service reviews.

The review will examine resources, spans of control and layers within departments to ensure that it can work in the most effective manner, be staffed at a level which allows for focus on the key deliverables, avoids duplication and ensures that accountability is clear and understood.

The structure must be continually evaluated against the Improvement Plan and assurance given that it will deliver the plan, whilst balancing this with the resource consumed by continuous structural change. As with other areas of the plan, change will only be made where it has a positive impact on outcomes and delivery of the Improvement Plan.

### **2. SKILLS AND CAPABILITY**

The skills requirement falls into two groups, firstly the skills that are needed immediately to ensure the plan can be met, most significantly within the first six to twelve months, ensuring that financial stability is achieved. Secondly the skills for the slightly longer term to close the gaps identified further on in this Improvement Plan and to ensure the future is sustainable.

The scale and breadth of the work now needed to deliver the Improvement Plan is significant and will require a review of capacity, skills and delivery options, some of which will be addressed by the service reviews. Urgent prioritisation of outcomes and activity through the new Corporate Strategy will be undertaken and a clear resource plan against these priorities will be developed. This resource and delivery plan will be considered in six-month cycles, so that capacity is developed and used as it is needed - not too early or too late.

Against this resourcing plan, we will determine if we have the right skills, experience, and attitudes in the right numbers to sustain the delivery of the plan. Gaps, where identified, will be accompanied by a plan to close them. We recognise that this is likely to be a two phased: the requirement to bring in short term resource to provide support to deliver the plan, followed by the need to grow skills for the future.

Not immediately, but over time, a skills development programme will be put in place and will include a succession planning exercise, which will give additional information on skills strength, future needs and recruitment priorities.

### 3. IMMEDIATE CAPACITY DEMANDS

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Over the last three years, the focus of much of the Council's corporate resources has been on creating governance and systems to strengthen financial performance and control and on fixing some foundational issues in IT contracts and systems. Work on the Financial Improvement Programme has consumed what limited change capacity the Council has.

Services have put forward proposals for incremental improvement and, overall, these have been delivered. However, as noted in both the LGA Peer Review and DLUHC reports, the organisational capacity to deliver fundamental transformational change is very limited – both in service teams and in corporate services.

The LGA and DLUHC reports identified some key areas where additional capacity is needed urgently. The first of these was the appointment of a single Chief Executive to focus on Peterborough City Council. This recruitment has been successfully completed, with the new Chief Executive starting in January 2022.

The LGA Peer Review also highlighted the need for a greater strategic focus on place shaping, engagement with communities and work with partners across the city and system. The report recommended that additional strategic capacity was required to link inclusive growth and economic development with people services, demand management and community work. The accountability and skills required to strategically link place and people will be considered as part of the review of the corporate management team.

There is currently no internal resource for business assurance, programme and project management, policy development, transformation, business analysis, design or behaviour change as these functions sit within outsourced arrangements. It is well understood that this contract no longer meets our needs and urgent work is required through the contracts theme to release the funding to build internal capability to deliver transformation and improvement.

The final area highlighted in all reports is the need to carefully consider and plan for the impacts of the pandemic, making sure that the new Corporate Strategy, Improvement Plan and service plans capture additional skills and activity required to respond to increased and new demand.

### KEY OBJECTIVES

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- Strong governance and assurance from Members, Officers and the Independent Improvement Panel
- Risk appropriately identified and managed
- All stakeholders from public through to DLUHC can transparently see performance against the Improvement Plan.
- Clear ownership and accountability of delivery, performance and risks
- Assurance that the overarching Improvement Plan is being delivered against the stated commitments, milestones, outcomes and that benefits realised in each programme are monitored
- Ensuring the current structure can meet the plan
- Addressing existing capacity and capability gaps to deliver the Improvement Plan

### KEY DELIVERABLES

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- Training for Members and Officers
- Business Assurance and Project Management Office (PMO) function established
- An organisational structure fit for the task to deliver the key outcomes of the Plan in the next six months
- Detailed delivery and resourcing plans developed with skills needed identified and secured

### KEY RISKS

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- Unable to engage the skills needed
- The organisational review is unsettling, and some key skills and experience leave the organisation
- Underestimating the amount of resource required to deliver the plan
- Lack of clarity on what is required, who is accountable for delivery and when it has to be delivered by
- Ineffective monitoring of performance and risk leads to plan slippage and potential additional expense



## GLOSSARY

TERM	DESCRIPTION
RIT	Rapid Implementation Team is an officer led group which ensures all budget related initiatives are implemented and effective including: savings and income generating initiatives, capital programme, HR and finance controls, debt management and risk.
CMT	The Council's Corporate Management Team, is otherwise known as the CMT. This structure chart outlines the Council's management team
FSWG	Financial Sustainability Working Group is a cross party member working group, established to review the Council's financial position, develop sustainable budget proposals and consider the types of decisions that must be taken. In order to achieve financial sustainability. This will include Involvement of all parties, and will play a vital role in the delivery of financial sustainability for the Council.
CPF	Cabinet Policy Forum is an unofficial (non-public) meeting of Cabinet which reviews the Council's financial position, develops sustainable budget proposals and considers the types of decisions that must be taken In order to achieve financial sustainability.
DLUHC	The Department of Levelling up, Housing, and Communities is the government department that sets policy on supporting local government; communities and neighbourhoods; regeneration; housing; planning, building and the environment; and fire and rescue, in addition to a wider levelling up agenda. It has an important role in supporting local development and promoting economic growth and aspires to create great places to live and work, and to give more power to local people to shape what happens in their area.
CIPFA	CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance, which issues a code of practice and guidance and advice to finance professionals.
MTFS	Medium Term Financial Strategy (MTFS) is a key strategic document which expresses the delivery of the corporate strategy in monetary terms. It takes account of all the various factors and influences that may impact the Council over a multi-year period. An MTFS ensures that we have a clear policy framework to enable us to allocate funds in accordance with our priorities as we go through the service planning and budget setting process.
MTFP	Medium Term Financial Plan is a short term, financial plan, usually covering a one year period.
BUDGET	A statement which reflects the Council's policies in financial terms and which sets out its spending plans for a given period. The revenue budget (spending other than capital spending) is finalised and approved in March before the start of the financial year on 1 April. Actual spending is monitored against the budget each month as part of the Budgetary Control Report (BCR) Process and reported to the Corporate Management Team and Cabinet.
BCR	The Council's Budgetary Control Report (BCR) is the name of the revenue budget monitoring process. This is there the Council's financial performance is monitored and reported on by the finance team and the Budget Manager, on a monthly basis.
FINANCIAL REGULATIONS	The regulations outlining the officer's responsibilities relating to financial matters. <a href="https://shorturl.at/epvIJ">https://shorturl.at/epvIJ</a>
THE COUNCILS CONSTITUTION	The Council's constitutional document which;- allocates powers and responsibility within the Council;- sets out delegations for its Executive including the cabinet members and delegation to officers;-sets out the rules of procedures, codes and protocols. <a href="http://shorturl.at/czUW8">http://shorturl.at/czUW8</a>
CPCA	Cambridgeshire and Peterborough Combined Authority.
POWA	The Council's online project management tool (POWA) Microsoft Project Online is a cloud-based Project Management service product that is delivered through Office 365.
TOM	Target Operating Model.
TA	Temporary Accommodation, used to provide short term housing when a family or individual has presented as homeless to the Council.

