

**MINUTES OF THE CABINET MEETING
HELD AT 2:00PM, ON
MONDAY, 11 JUNE 2018
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Holdich (Chair), Councillor Ayres, Councillor Cereste, Councillor Fitzgerald, Councillor Hiller, Councillor Seaton, and Councillor Smith

Cabinet Advisors Present: Councillor Allen and Councillor Fuller

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Lamb and Councillor Walsh.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. MINUTES OF THE CABINET MEETINGS HELD ON:

(a) 26 FEBRUARY 2018 – BUDGET MEETING

The minutes of the budget meeting held on 26 February 2018 were agreed as a true and accurate record.

(b) 26 MARCH 2018

The minutes of the meeting held on 26 March 2018 were agreed as a true and accurate record.

The Leader advised that, following on from the approval of the Homelessness Strategy, discussions had been opened up in relation to establishing an Emmaus centre in Peterborough. A report would be presented to Cabinet in due course.

4. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

5. PROPOSAL TO EXPLORE THE OPTION OF FORMING A LOCAL TRADING COMPANY

The Cabinet received a report in relation to a proposal to investigate the formation of a Local Trading Company for services currently performed under the Enterprise Managed Services Contract by Amey.

The purpose of this report was for Cabinet to note that the Cabinet Member for Waste and Street Scene and the Service Director for Environment and Economy were investigating this options and that the progress of other options was to be put on hold while this investigation took place.

The Cabinet Member for Waste and Street Scene introduced the report and advised it was intended to investigate an alternative delivery method for the services currently being performed by Amey, in the form of a Local Authority Trading Company. At the current time some of these services were out to tender or in negotiation. Should the investigation be approved then these discussion would be paused.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- A business case would come back to Cabinet in July with further detail of the proposals.
- A Local Authority Trading Company would be wholly owned by the authority and would allow the Council greater control. Any surplus revenue generated could be pushed back into waste services.
- Similar models were used throughout the county, with Liverpool having operated particularly well.
- It was advised that the company would still be subject to corporate tax. Under this model, however, the Council would not have to pay a management company fee.
- An additional third proposal was added to the recommendation to ensure that Cabinet were kept up to date with the progress of the investigation.

Cabinet considered the report and **RESOLVED** (unanimous) to:

1. Note that the Cabinet Member for Waste and Street Scene, together with the Service Director of Environment and Economy are investigating the establishment of a Local Authority Trading Company (LATCo) for services currently performed under the EMS contract by Amey.
2. Note the arrangements in place for these services as set out in paragraph 4.4 of the report would be paused whilst such an investigation takes place.
3. Be kept updated on the progress of this investigation.

REASONS FOR THE DECISION

The report sought approval to further investigate service delivery options following the 2017/18 budget decision to terminate the current EMS contract as the contract was no longer fit for purpose. Exploration of this option was considered necessary in order to ensure that the Council had considered all options for a better service delivery.

ALTERNATIVE OPTIONS CONSIDERED

These had previously been considered by Cabinet:

- **Continuing with the existing contract** - Amey had advised that they were not willing to carry on with the existing contract at the current value, which both parties have acknowledged was no longer fit for purpose.
- **Transfer the majority of services into a Joint Venture company with the Norse Group** - It was originally proposed that the Council would transfer services in the EMS contract to a new joint venture company with Norse Commercial Services. However, given the scope of services and in the absence of a procurement process it has not been possible to demonstrate that this represents the best value for money for the Council or that such a solution would be affordable.

- **Bring services back in house** - The report detailed that the in house option was highly unlikely to be an affordable option.
- **Retender in separate packaged contracts**

6. BUDGET MONITORING REPORT FINAL OUTTURN

The Cabinet received a report on the Council's final outturn position for 2017/2018.

The purpose of this report was to provide Cabinet with the outturn position for both the revenue budget and the capital programme for 2017/2018, subject to any changes required in the finalisation of the Statement of Accounts.

The Cabinet Member for Resources introduced the report and advised that there had been a revenue underspend of £6.9 million. This underspend had been added to the capacity building reserve for future development. An overspend was projected, so the Cabinet Member was grateful for all the work undertaken to get to this position.

The capital expenditure for the year was well below what was anticipated, due to delays in a number of new schools schemes and the new Council offices at Sand Martin House. All Prudential Indicators had been delivered within the 2017/2018 Medium Term Financial Strategy.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was confirmed that 'direct revenue funding' referred to the ability to pay for capital expenditure through revenue. This could only be done in limited circumstances and the Council only went down this route in relation to school capital expenditure.
- Queries were raised in relation to the sharing of business rates, which had been raised in the past. It was confirmed that the Cambridgeshire and Peterborough Combined Authority had put in a bid to receive 100% of business rates, however, this was not successful.
- It was questioned with the reduction in capital receipts, how the Council would pay its debt. Officers confirmed that a reduction would result in the need to increase the revenue budget for debt. The Council must ensure that its budget is sustainable.
- The large negative indicators set out in the Prudential Indicators Report were a result of the disparity between the budgeted figures and final capital programme. These figures would decrease and regularise over time.
- It was noted that the grant equalisation reserve had reduced and had stabilised. It was anticipated that this would be moved to the capacity building reserve in the future.
- A query was raised over the various levels of sundry debt owed by the Clinical Commissioning Group. It was advised that this was split into debt that was over six months old and debt over 1 month old. Negotiation was ongoing with CCG to reduce their debt level.

Cabinet considered the report and **RESOLVED** (unanimous) to:

1. Note the final outturn position for 2017/18 (subject to finalisation of the statutory statement of accounts) of a £6.9m underspend on the Council's revenue budget.
2. Note the reserves position outlined in section 6, which includes a contribution to the capacity building reserve of £6.9m, as a result of departmental underspends as highlighted in the revenue outturn.

3. Note the outturn spending of £80.164m in the Council's capital programme in 2017/18 outlined in section 7 of the report.
4. Note the performance against the prudential indicators outlined in Appendix B to the report.
5. Note the performance on payment of creditors, collection performance for debtors, local taxation and benefit overpayments outlined in Appendix C to the report.

REASONS FOR THE DECISION

The monitoring report formed part of the 2017/18 closure of accounts and decision making framework culminating in the production of the Statement of Accounts and informed Cabinet of the final position.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered.

7. MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22 – TRANCHE ONE

The Cabinet received a report as part of the Council's formal budget process as set out in the constitution and as per legislative requirements to set a balanced and sustainable budget for 2019/2020 to 2021/2022.

The purpose of this report was for Cabinet to initiate and propose service proposals and updated assumptions to set a balanced and sustainable budget, as per the legal requirement.

The Cabinet Member for Resources introduced the report and advised that the proposals aimed to set the first tranche of a sustainable budget. Significant changes to funding levels were anticipated in 2020-21, which would be accounted for once known. The budget process had been amended from this year to reflect a rolling budget process, in three tranches, each with its own scrutiny opportunity.

Points to highlight are additional pension cost, demands on adult social care, housing and homelessness pressures, capital financing costs and improved council tax and NNR collection performance. An anticipated investment of around £500,000 was thought to be required to deliver the outlined savings. Funding would also be required to ensure that all the relevant business cases were developed for tranche 2. This amounted to £1,000,000

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was noted that the magnitude of the anticipated funding changes would not be known until the early part of 2020. The Autumn Statement would provide an indication of the funding level for the following year, however, specific local authority levels may not be known until January.
- In order to bridge the future budget gaps a series of business cases would be put forward as part of the second tranche of the budget. Focus would be placed on commercialisation and opportunities to expand joint working.
- At the current time it was anticipated that two million pounds was required a year to bring down the deficit that results from pension costs.
- It was questioned how difficult it would be to put on hold the sale of any asset in order to assess the requirement to do so in the new budget landscape. The

Cabinet was advised that all asset sales set out would be in the next financial year, so there was time to review these. However, there were significant savings to be made. If the Council were going to be innovative then they could use capital receipt to pay for changes required to move services, as long as it was in the same financial year.

- Future strategies were in the early stages of development. A number of ideas were transformational, being undertaken jointly with others.
- The finding for business cases could come from three sources; operational budgets, reserves or capitalisation directives. The third option was preferred for transformational projects.
- In relation to using local companies in procurements, an order from Government allowed the Council to give them benefit. Officers would look into this.

Cabinet considered the report and **RESOLVED** (unanimous) to:

1. Approve the Tranche One service proposals, outlined in Appendix D to the report as the basis for public consultation.
2. Approve the updated budget assumptions, to be incorporated within the Medium Term Financial Strategy 2019/20- 2021/22. These are outlined in section 5 of the report.
3. Approve the revised capital programme approach outlined in section 5.8 and referencing Appendix C to the report.
4. Approve the additional resourcing of £1.4m, required to deliver transformation projects, in order to achieve future financial benefits. These are outlined in section 5.6 of the report.
5. Approve Medium Term Financial Strategy 2019/20-2021/22- Tranche One, as set out in the body of the report and the following appendices:
 - Appendix A – 2019/20-2021/22 MTFS Detailed Budget Position- Tranche One
 - Appendix B – Performance Data
 - Appendix C – Capital Schemes
 - Appendix D – Budget Consultation Document, including Budget Proposals
 - Appendix E – Equality Impact Assessments
6. Note the future strategic direction for the Council outlined in section 5.7 of the report.
7. Note the forecast reserves position outlined in section 5.9 of the report.

REASONS FOR THE DECISION

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

ALTERNATIVE OPTIONS CONSIDERED

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

8. MODERN SLAVERY ACT

The Cabinet received a report in relation to the 2017/2018 Modern Day Slavery Act Transparency Statement and the Modern Day Slavery Policy.

The purpose of this report was for Cabinet to consider and approve the Transparency Statement and the Policy, which set out the Council's commitments and incorporated a procedure that must be followed in any circumstances where anyone working on behalf of the Council identified a relevant concern.

The Assistant Director for Community Safety, Peterborough and Cambridgeshire Councils introduced the report and explained that the policy identified champions across the Council, indicating the importance of the role. This list would be published so that individuals could establish the relevant person to highlight any concerns to. A step by step escalation route was also included in the documentation for clarity.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- The issue of descent slavery was discussed, where people were born into modern slavery or had been tied into a situation for many years.
- Many individuals were not aware that they were being subjected to slavery, so a big part of the policy was related to raising awareness.
- The policy set out the systems in place to assist individuals coming out of modern slavery situations.
- Consideration was being given to expanding this policy in Cambridgeshire County Council as well.

Cabinet considered the report and **RESOLVED** (unanimous) to:

1. Approve the draft 2017/2018 Modern Slavery Transparency Statement for signature and publication; and
2. Approve the draft Modern Slavery Policy for implementation.

REASONS FOR THE DECISION

The draft Modern Slavery Act Transparency Statement fulfilled the council's statutory obligations under the Modern Slavery Act 2015 and it was therefore recommended to Cabinet for approval.

The draft Policy built on the Council's continued commitment to tackling MDS by raising awareness amongst staff and providing a means through which concerns can be reported. Publication of the Policy would run alongside a training module for appropriate frontline staff.

ALTERNATIVE OPTIONS CONSIDERED

Not to approve the draft Modern Slavery Act Transparency Statement. This option was not recommended as the Council will not be able to meet its statutory requirements.

Not to publish a Policy. Whilst there was no legal requirement for the Council to have a Policy, it was considered beneficial to ensure that staff and partners were aware of the potential issue and have a means through which to report their concerns.

9. CONSULTANT, INTERIM AND AGENCY WORKER POLICY

The Cabinet received a report on the Consultant, Interim and Agency Worker Policy following a recommendation by officers as part of the Council's compliance with changes to tax legislation (IR35) and a referral by Audit Committee.

The purpose of this report was to seek Cabinet approval for the revised Consultant, Interim and Agency Worker Policy. The revised policy made clear the process that officers must follow to ensure all non-payrolled workers were engaged compliantly, in accordance with procurement regulations and Contract Rules and that due consideration was given to IR35 status and HMRC regulations.

The Acting Corporate Director of Resources introduced the report and advised that the policy had been referred by Audit Committee following revision to procurement regulations. The policy set out that if you were covering a role that you should be paid at the appropriate level, ensured that the Council were compliant with the regulations, and ensured that procedures were transparent and robust.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- The new policy would be publicised on the Council internal internet page, and cascaded through managers and team meetings.
- A report on any breaches would be taken to meetings of the Corporate Management Team on a monthly basis.
- The Cabinet Member and the Audit Committee would also be provided with reports in relation to any breaches of the policy.

Cabinet considered the report and **RESOLVED** to approve the revised Consultant, Interim and Agency Worker Policy, which had been drafted in consultation with key stakeholders and officers to reflect compliance with procurement and HMRC regulations.

REASONS FOR THE DECISION

To ensure all agency workers, interims and consultants were engaged compliantly, in accordance with procurement regulations and Contract Rules and that due consideration was given to IR35 status and HMRC regulations.

ALTERNATIVE OPTIONS CONSIDERED

To not update the existing policy. This option was dismissed as this would not ensure compliance with procurement regulations, the Contract Rules nor HMRC regulations.

MONITORING ITEMS

10. BUDGET CONTROL REPORT APRIL

The Cabinet received a budget control report for April 2018 following discussion by the Corporate Management Team.

The purpose of this report was to provide Cabinet with an early indication of the forecast for 2018/2019 at April 2018 budget control position.

The Cabinet Member for Resources introduced the report and advised that the report gave an early indication of the Council's budgetary position, however, there was only one month's data to work with. The next report would provide a more complete overall position. The Adult Social Care indicator suggested that pressures were arising, a short

term pressure had presented in relation to Children's Services, and the delivery of homelessness targets had been highlighted as depended on a number of other functions. It was advised that the new rolling budget process would assist in further meeting the necessary robustness principles.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was noted that a number of areas were in the red in the CIPFA 10 point Sustainability matrix. Although the Council had a number of outline plans in place to address these issues, the rating could not be altered until more detailed plans were available. It was anticipated that these areas would be amber, at the least, within the next six months.

Cabinet considered the report and **RESOLVED** (unanimous) to note:

1. The Budgetary Control position for 2018/19 at April 2018 included an early indication of a breakeven position.
2. The Key variances and Budget risks, highlighted in Appendix A to the report.
3. The estimated reserves position for 2018/19 outlined in Appendix B to the report.
4. The ten tips for building financial resilience when putting together budget proposals and making decisions to recommend proposals to Council, and for Cabinet to keep under review during each Budgetary Control cycle, highlighted in Appendix C to the report.

REASONS FOR THE DECISION

The report updated Cabinet on the April 2018 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

11. OUTCOME OF PETITIONS

The Cabinet received a report in relation to e-petitions and petitions presented at Council meetings and to Council officers.

The purpose of the report was to update Cabinet on the progress being made in response to petitions submitted to the Council.

Cabinet considered the report and **RESOLVED** (unanimous) to note the actions taken in respect of petitions.

REASONS FOR THE DECISION

As the petitions presented in this report had been dealt with by Cabinet Members or officers, it was appropriate that the action taken was reported to Cabinet.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

Chairman
2:00pm – 3:00pm
11 June 2018