

CABINET

MONDAY 18 SEPTEMBER 2023

4.00 PM

Council Chamber - Town Hall

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Circulation

Cabinet Members

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**MINUTES OF THE CABINET MEETING
HELD AT 10:00AM, ON
MONDAY 10 JULY 2023
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Coles (in the Chair), Councillor Cereste, Councillor Simons

Cabinet Advisor Present: Councillor Hussain, Councillor Moyo, Councillor Nawaz, Councillor Over, Councillor Sainsbury, Councillor Tyler

14. APOLOGIES FOR ABSENCE

Due to apologies for absence being received from the Leader and the Deputy Leader, it was necessary to elect a Chair for the duration of the meeting.

Councillor Simons nominated Councillor Coles as Chair, which was seconded by Councillor Cereste. With no other nominations, Councillor Coles was duly elected chair for the duration of the meeting.

Apologies for absence were received from Councillor Fitzgerald, Councillor Steve Allen, Councillor Jackie Allen, and Councillor Ayres.

Councillor Coles welcome John Gregg, Executive Director for Children and Young People's Service, to his first meeting of Cabinet.

15. DECLARATIONS OF INTEREST

There were no declarations interest received.

16. MINUTES OF THE CABINET MEETINGS HELD ON:

(a) 7 NOVEMBER 2022 – SHAREDHOLDER CABINET COMMITTEE

The minutes of the Shareholder Cabinet Committee meeting held on 7 November 2022 were agreed as a true and accurate record.

(b) 19 JUNE 2023 – CABINET

The minutes of the Cabinet meeting held on 19 June 2023 were agreed as a true and accurate record.

17. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

18. NEW ALL AGE CARERS STRATEGY

The Cabinet received a report in relation to a new all-age Carers Strategy.

The purpose of this report was for Cabinet to endorse the strategy to enable to Council to provide clear strategic direction for supporting carers across Peterborough.

The Cabinet Advisor for Adults Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members commented on the possibility of working with school support groups and officers confirmed that they would ensure that all relevant information was shared with these groups.
- It was noted that the Council web page that provided information on the Carers Strategy was not to a high standard.
- Following queries around what the Council did to ensure that the different providers operating within the Carers Strategy were able to work together, officers confirmed that referrals were made between the two providers and that further partnership working could be included in the retendered.
- Members expressed interest in the work carried out to identify 'hidden carers'. Officers advised that this was a one-off piece of work the officers would then build from within assessment process and carers conversations.
- Members were advised that carers under the age of 18 could be as young as 9, and that the strategy applied to all young carers.

Cabinet considered the report and **RESOLVED** to:

1. Approve and adopt the new Carers Strategy.

REASONS FOR THE DECISION

By adopting the strategy Peterborough City Council would give a clear statement to the city's carers on what to expect from the Council.

ALTERNATIVE OPTIONS CONSIDERED

Let the current strategy expire without any renewal – This would be detrimental to carers, leaving a gap or a strategy that is out of date and not aligned with current national policy or local authority strategic intentions.

Cambridgeshire County Council and Peterborough City Council create a separate strategy – This option would leave an unspecified period of time where the current strategy was out of date/expired and would present a risk to the quality, resource allocation etc. of the recommissioning of the All Age Carers service.

19. PETERBOROUGH LOCAL PLAN - ISSUES AND OPTIONS CONSULTATION DOCUMENT

The Cabinet received a report in relation to the Issues and Options consultation document for the Peterborough Local Plan.

The purpose of this report was to approve the draft Issues and Options version of the Local Plan for public consultation.

The Cabinet Member for Growth and Regeneration introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Officers advised that the intention of the consultation was to hear from as many residents as possible, including those who were traditionally difficult to reach. As such, a summary document and social media video had been prepared.
- Members noted that there were several opportunities for public comments to be fed into the Local Plan determination process, including at the Issues and Options consultation stage, the consultation of the draft version of the Local Plan, the consultation on the 'submission version' of the Local Plan and during consideration by the Planning Inspector.
- It was advised that the Local Plan was required to comply with any adopted Local Neighbourhood Plan, and vice-versa. Whichever document had been adopted most recently would be the plan that all planning decisions must adhere to.
- Officers expanded on plans for the public consultation and advised that schools would also be approached as well as a range of community groups.
- Members commented that the budget simulator had recently been praised when used for the budget consultation. Officers confirmed that similar tools, such as an interactive map, were to be used for the upcoming consultation, as well as an online poll which would put the final question of the consultation out to the public in isolation.
- It was further noted that all parish councils were approached by officers to share details of the consultation on community Facebook pages, bulletin boards and any other relevant routes for dissemination. If Members knew of any other ways to reach communities, they were asked to approach officers.

Cabinet considered the report and **RESOLVED** to:

1. Approve the draft Issues and Option version of the Local Plan for public consultation in July, August and September 2023 included at Appendix 1 to the report.
2. Delegate authority to the Executive Director for Place and Economy to make minor, inconsequential amendments to the draft Issues and Option Version of the Local Plan.

REASONS FOR THE DECISION

Cabinet resolved to approve the draft Issues and Options Consultation document so that public consultation could be carried out on the document.

ALTERNATIVE OPTIONS CONSIDERED

The alternative option of not preparing a new Local Plan was rejected by Full Council in January 2023 as part of the approval of Local Development Scheme.

The Issues and Options consultation document set out the various option considered for each policy/topic.

The alternative options for each policy would be assessed as part of the Local Plan Sustainability Appraisal Report process and would be published alongside the Draft Local Plan for public consultation in summer 2024. Consultation would also help inform the council of options which could be considered as the plan progressed.

20. DIGITAL STRATEGY FOR PETERBOROUGH CITY COUNCIL

The Cabinet received a report in relation to the Council's Digital Strategy.

The purpose of this report was to approve the Digital Strategy for the Council and the related Data, Technology and Cyber Strategies.

The Cabinet Advisor for Corporate Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was advised that the aim of the strategy was to set out the key objectives for the Council and to leave the technical complexity of implementation to the expert officers.
- Members noted that the Digital Strategy had a key role to play in engaging with harder to reach communities.
- Comment was made that digital services in the Council were enabling services, and as such should be based on the need of users.
- The need to futureproof the Digital Strategy was highlighted as a key priority, noting that the digital landscape was evolving at a rapid pace. Members were advised that the strategy aimed to take a more holistic approach that would allow it to evolve with technological developments, rather than being left behind.
- Members discussed the importance of data handling, particularly around personal or sensitive information, and it was noted that a separate piece of work was ongoing in relation to cyber security and raising awareness.
- It was commented that financial benefits as well as practical benefits could be gleaned from reducing the level of competing companies' software being used in different departments.

Members further noted that it was Sam Smith's, Service Director for Digital Services, last day and thanked her for all her hard work during her time with the Council.

Cabinet considered the report and **RESOLVED** to approve the Council's Digital Strategy and the related Data, Technology and Cyber Strategies.

REASONS FOR THE DECISION

To ensure that the Digital Strategy for the Council and the related Data, Technology and Cyber Strategies were up to date.

ALTERNATIVE OPTIONS CONSIDERED

In terms of the Digital strategy, and the decoupling of People Service from Cambridgeshire County Council, the alternative option was to retain the status quo and

continue with a strategy of continued and increasing convergence. This option had been rejected due to the need for a Digital Strategy that supported the key priorities of the Council.

21. DISPOSAL OF PETERSCOURT, ECO INNOVATION BUSINESS CENTRE

The Cabinet received a report in relation to the disposal of Peterscourt, Eco Innovation Centre.

The purpose of this report was to seek approval to dispose of the freehold interest of Peterscourt, Eco Innovation Business Centre and the grant of necessary rights to support the Asset and Disposal Review Plan.

The Cabinet Member for Legal, Finance and Corporate Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members were advised that, subject to agreement, the CCTV was to be relocated to Sand Martin House.
- It was noted that the disposal was in relation to the building of Peterscourt, along with the right to use a number of the car parking spaces.

Cabinet considered the report and **RESOLVED** to:

1. Approve the disposal of the freehold interest of Peterscourt, Eco Innovation Centre in the terms set out in the report and in the exempt Appendix 1 and the grant of necessary rights for the area of land shown on the attached Title Plan.
2. Delegate authority to the Executive Director of Corporate Services and Director of Law and Governance, in consultation with the Cabinet Member for Legal, Finance, and Corporate Services to take all necessary steps to facilitate the decision in recommendation 1 including approving the final terms of the disposal and entering into any necessary agreements.
3. Note that the CCTV service, which is currently located in the Peterscourt, Eco Innovation Centre will be relocated to an alternative Council owned property prior to the completion of the sale.

REASONS FOR THE DECISION

The Council needed to secure capital receipts in the financial year and up to 24/25.

ALTERNATIVE OPTIONS CONSIDERED

The Council could continue to let the property using agents; however, this would not enable PCC to fulfil its requirement for significant capital receipts. There would be continued and ongoing liabilities, including capital expenditure on the building and its infrastructure which had not been budgeted for.

22. DISPOSAL OF FORMER TK MAXX AND NEW LOOK BUILDING, 62-68 BRIDGE STREET

The Cabinet received a report in relation to the disposal of the former TK Maxx and New Look building at 62-68 Bridge Street.

The purpose of this report was to request approval for the disposal of the former TK Maxx and New Look building at 62-68 Bridge Street.

The Cabinet Member for Legal, Finance and Corporate Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- It was confirmed that Vine would be relocated to Peterborough Central Library and one other location, with procurement documentation currently being drafted.
- Members noted that a developer had made an offer for the site and that this was at a higher value than the Council had originally purchased the site for.
- Members expressed a desire for accessibility issues to be taken into consideration for the future development of the site and it was confirmed that any proposal would be required to go through the planning application process, where all such matters would be taken into consideration.
- Members were advised that the money from the sale would be fed back into the Towns Fund, with a number of other projects ongoing that would benefit. It was, however, noted that the time limit for Towns Fund projects was approaching.
- The Council were in discussion with the Department of Levelling Up, Housing and Communities to determine whether the profit from the sale would also be required for Towns Fund projects.

Cabinet considered the report and **RESOLVED** to:

1. Approve the disposal of the former TK Maxx and New Look Building, 62-68 Bridge Street.
2. Delegate authority to the Executive Director for Place and Economy, in consultation with the Executive Director for Corporate Services, the Director of Law and Governance, and the Cabinet Member for Legal, Finance and Corporate Services to take all necessary steps to facilitate the decision in Recommendation1, including approving the final terms of acquisition and entering into any necessary agreements.

REASONS FOR THE DECISION

The receipts from the sale were intended to be recycled into the Towns Fund programme and the current financial liabilities associated with holding the building would be extinguished.

The currently unoccupied building/site would either be occupied or re-purposed and therefore contribute to the animation of Bridge Street.

ALTERNATIVE OPTIONS CONSIDERED

To do nothing – This option was discounted as the building was currently unoccupied and therefore a blight on the physical environment. There was also grant funding tied up in the building that needed to be recovered and recycled. The holding costs for the building were also a financial liability.

23. ACQUISITION OF HOMES

The Cabinet received a report in relation to the acquisition of 25 homes.

The purpose of this report was to consider the acquisition of up to 25 homes to support the refugee resettlement programme.

The Cabinet Member for Legal, Finance and Corporate Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members noted that the funding received for the acquisition of these homes was currently ringfenced for supporting refugees.
- The Council was, it was advised, taking external advice on whether these tenancies would become secured tenancies and whether they would trigger a right to buy for residents.
- It was clarified that the acquisitions of these homes were being part-funded by central government. The Council also had other plans in place to increase the number of houses available more generally.

Cabinet considered the report and **RESOLVED** to:

1. Approve the acquisition of 25 houses (full details of the individual properties will be developed as the acquisitions progress in due course) as set out in the exempt Appendix 1 for ownership by the Council to support the refugee resettlement programme.
2. Delegate authority to the Executive Director of Corporate Service and Director of Law and Governance, in consultation with the Cabinet Member for Legal, Finance and Corporate Services, to take all necessary steps to facilitate the decision in Recommendation 1 including approving the final terms of each acquisition and entering into any necessary agreements.

REASONS FOR THE DECISION

Following the acquisition of the homes, this would enable the Council to continue to support the refugee resettlement programme.

ALTERNATIVE OPTIONS CONSIDERED

The Council could choose not to accept the grant funding and therefore decide not to proceed with the acquisition. However, this could have a detrimental impact on the Council with any further bidding opportunities and would also increase the Council's costs relating to providing housing for refugees.

MONITORING ITEMS

24. MEDIUM TERM FINANCIAL STRATEGY 2024-2027 QUARTER 1 UPDATE

The Cabinet received a report in relation to the quarter 1 update on the Medium Term Financial Strategy 2024-2027.

The purpose of this report was to provide an update on the Council's Medium Term Financial Strategy for the first quarter.

The Cabinet Member for Legal, Finance and Corporate Services introduced the report and provided an overview of the key points.

Cabinet Members debated the report and in summary responses to questions raised included:

- Members expressed concern over the inflation forecast assumptions, though it was noted that these were based on the Bank of England forecasts.
- Questions were raised as to how the Council could keep its finances in line and Members noted that substantive work would begin on 11 July 2023 in relation to the forthcoming years' budget. This would involve consideration of "big ticket items".
- It was advised that it was often difficult to separate the Council's statutory services from its non-statutory services, as many were combined at an operational level.
- Members were reassured that the current year's budget was still strong, though pressures were arising in Children's services that would require mitigation.

Cabinet considered the report and **RESOLVED** to:

1. Note the revised financial assumptions included within this Medium-Term Financial Strategy 2024- 2027 Quarter one update.
2. Approve the revised disposal plan.

REASONS FOR THE DECISION

This report provided an update on the Council's Medium Term Financial Strategy and supported the delivery of the Council setting a lawful and balanced budget for 2024/25.

The Disposal Plan outlined in Appendix B was an updated version of the plan presented to Cabinet in September 2022, and was in line with the Council's outline Asset Management Plan, approved by Council on 22 February 2023.

ALTERNATIVE OPTIONS CONSIDERED

No alternative option had been considered.

Chairman
10.00am to 11.06am
10 July 2023

CABINET	AGENDA ITEM No. 5
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Matt Gladstone, Chief Executive
Cabinet Member(s) responsible:	Councillor Wayne Fitzgerald, Leader of the council
Contact Officer(s):	Ray Hooke, Head of the Delivery Unit

THIRD REPORT OF THE PETERBOROUGH CITY COUNCIL INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL

RECOMMENDATIONS	
FROM: <i>Matt Gladstone – Chief Executive</i>	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Considers the third report of the Independent Improvement and Assurance Panel and agrees to the action to be taken as a result and progress being made with delivery of the Improvement Plan. 2. Respond with the action it wishes to take, including on the following issues: <ul style="list-style-type: none"> • Completing the audit and sign off of all outstanding annual accounts in this financial year, • Planning for the permanent recruitment to the S151 role, • Continuing to invest in the work of the Portfolio Boards, • Considering the approach to the disposal of assets, • Developing and approving a Commercial Strategy to strengthen the work of the Shareholder Committee and align with best practice, Completing an Asset Management Plan and a Corporate Landlord approach, • Considering replacement of the building compliance IT system, • Reconsidering the proposal to move to all out elections, • Facilitating handover between the outgoing and incoming Audit Committee chairs. 	

1. PURPOSE AND REASON FOR REPORT

1.1 The Council established the Peterborough City Council Independent Improvement and Assurance Panel (PCCIIAP) 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 third 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.

2. BACKGROUND AND KEY ISSUES

2.1 On the 30th June 2021, the DLUHC announced an external assurance review of the Council's financial position and its wider governance arrangements. Government

decisions on further exceptional financial support, and on any statutory interventions that might be necessary, would be informed by those reviews. The financial review was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the governance review was undertaken by Andrew Flockhart. The governance review reported in September 2021, and CIPFA reported on the finance review in November 2021. Both reviews set out detailed findings, including conclusions, evidence and methodology used, and included recommendations for the future. Importantly, the governance review recommended non-statutory action. The Minister of State for Equalities and Levelling up Communities then wrote to the Council when the reports were published saying that, although she still had concerns, she agreed with the findings and that with the right support the Council should be able to respond to the challenges it faced.

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

3. INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL

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

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

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

heart of our new ethos. We will change the organisation if we are clear on what has to change, by when and to what standard.”

The IIAP operates as a collective body, bringing all of the expertise of the Panel to the challenges facing the Council. Four of the panel members lead on individual areas that are intertwined across the three themes of the Improvement Plan. This report covers those four lead areas of Finance/ Transformation/ Assets, Contracts and Companies/ Governance and provides the Panels view on the progress in the last six months. The latest position on the Improvement plan is attached at Appendix A.

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

4.1 Theme1: Financial Sustainability

4.1.1 IIAP Comments

The Council has continued to make improvements in both the way that it manages budgets and in how it makes financial decisions. The Panel has noted these improvements and would wish to see the changes fully embedded in the management of finances at all levels of the organisation. Senior finance staff meet regularly with the Finance panel lead outside the formal panel meetings and seek advice as required from panel members as needed.

PCC Response

As noted within the following sections, progress has been made in a number of areas including implementing the finance restructure, training for budget managers and members and starting enhancements to the finance system to improve automation and reporting. We continue to provide strong oversight of transformation, savings and the capital programme through officer lead boards. This programme remains 'live' and development will continue over the course of the next financial year, delivering in line with the IIAP's expectations.

4.1.2 Outturn 2022/2023

IIAP Comments

The Council has reported an outturn of £0.6million underspend on the 2022/23 revenue budget. This positive outcome has however been achieved by the utilisation of some £7.5 million of reserves. There are a number of areas where there were significant service overspends that will need to be brought into alignment with the budget in the current year to ensure that budgetary control is maintained. This will be an area of focus for the Panel in the current year.

The Capital budget showed a significant underspend of £60.1 million compared to budget, after a technical adjustment, of £103.2 million, the most significant area of underspending was in Place and Economy. Training has now been given to Capital budget holders which had not occurred for some significant time, and it is hoped that this will enable better programming and forecasting of capital budgets.

The outturn report also dealt with updated Treasury management issues. The Council has £75 million of short term debt due to be refinanced in the next 12 months, although some of this may not be externally funded due to the use of internal cash or capital

receipts, the continuing rise in interest rates will add to pressures arising from inflation and will need to be carefully monitored.

PCC Response

The Council Final Outturn report for 2022/23 is a positive position and clearly demonstrates the hard work and determination of officers corporately. The outturn position is closely aligned to the forecast throughout the year, and the risks identified within the savings programme were addressed and the necessary savings were delivered, although some were delivered via alternative mitigations. As the IIAP notes there were pressures reported in areas such as Housing, Children's and Adults Social Care and delays with delivering the Culture and Leisure savings. These have continued to be a key focus for officers with plans being put in place to manage pressures, however, Children's services remain a particular challenge. A permanent Executive Director of Children's Services has been appointed and the service has almost been fully de-coupled from the shared arrangement with Cambridgeshire. The end of these shared services will ensure pressures at PCC are prioritised and will enable the development of a full transformation programme for the service.

Reserves of £7.5m were used during the year, £3.4m was utilised from the inflation reserve to mitigate the immediate impact of rising costs and the pay award, with a balance of £11.5m remaining on this reserve at the end of 2022/23. Other reserves used includes the planned use of grant income set aside to cover the cost of projects spanning multiple years and funding the cost of the improvement and transformation programme. Even with this use overall reserves balances had increased by £4.5m by the end of 2022/23.

Work continues around planning, managing and reporting upon the Capital programme. As already noted, mandatory training has been provided and all budget managers have signed a 'budget holder licence' which clearly outlines their role and responsibilities. Budget holders now have better understanding of the need to accurately profile expenditure against the budget to improve reporting and cashflow management, in addition to utilising the reporting capabilities of the Unit4 finance system. Work on the Capital Programme will continue as we start planning the Capital programme for 2024/25 onwards.

4.1.3 MTFS update. 2023/24- 2026/27.

IIAP Comments

The updated MTFS shows an increase in the budget gap for future years. The 2024/25 gap now stands at £5.1 million, rising to £10.5 million in 2026/27. This reflects both higher than anticipated inflation than the last iteration of the MTFS and some growth pressures. This will add to the savings pressures which were already at £14.776 million for the current year and reiterates the need for pace in the establishment and delivery of the transformation workstreams. At the time of this report, there has been no forecast received to date for 2023/24 but the end of June forecast should give a clearer picture as to how the Council is dealing with spending pressures in the current year.

Of the current years savings just over £5 million are regarded as being at some risk of non-delivery. This will need to be carefully monitored in year to ensure that alternative action is taken to deal with both any non-delivered saving and unforeseen spending pressure. The revised budget gap illustrates the need for continuing vigilance and for tight controls on expenditure.

Member oversight through the Financial Sustainability Working Group is an important part of this process and is seen by the Panel in the current political environment as a key meeting for dialogue with all Political parties in the Council on financial issues and wider strategic discussions.

PCC Response

The June 2023 Budgetary Control Report will be presented to Cabinet on 18 September, and it shows a forecast overspend of £5.1m. The main reason for this is an increase both in children's placements and the complexity of need. The report also identifies further risks around inflation and pay awards, which are being managed and mitigated.

As noted above, the MTFs Q1 update has set out revised financial assumptions, and the associated budget gaps for the next 3 years. The budget planning process has been launched over the summer period, with targets being set for directorates. Detailed savings and transformation plans, demand projections and inflationary assumptions are being developed for with a deadline in early September. These plans and assumptions will be reviewed and challenged in planned ECLT Budget Workshops, before proposals are refined and presented to Cabinet and the Financial Sustainability Working Group (FSWG) for consideration. This approach worked well last year, and improvements have been implemented following feedback from those involved.

Member engagement on the Council's financial position has been crucial to the improvements made so far. Throughout 2023/24 this will remain a key focus, with monthly FSWG meetings as well as three all member briefings aligned to key budget milestones. A number of workshops will be held with CLT and Cabinet, in addition to a dedicated alternative budget group to support opposition parties. The work of this group will feed into the FSWG discussions in due course.

4.1.4

Accounts

IIAP Comments

In common with many local authorities the Council has a backlog in getting its accounts audited. The Panel has noted that the audited 2020/21 accounts are due to be presented to the Audit Committee in July. Once this has been completed then the audit of the 2021/22 accounts can be undertaken. The 2022/23 accounts have not yet been completed, despite the statutory deadline being 31st May. This is due in part to resource issues which are being addressed. Ideally the Panel would wish to see all three sets of accounts audited and signed off during the current financial year. This will enable the Council to have assurance as to the accuracy of its underlying balance sheet and levels of reserves.

PCC Response

The 2020/21 accounts were presented to the Audit Committee in July, but due to internal issue within Ernest and Young (the Councils External Auditors), signing of the Accounts has been delayed and is expected to now take place in September 2023. It is still the plan to commence the audit of the 2021/22 accounts following this, and officers continue to chase EY for this work to commence.

The 2022/23 accounts should be published in September. The delay is purely due to resourcing and capacity within the technical team and reliance on interim staff. This position has been addressed through successful permanent recruitment and suitable handover between agency staff and the new recruits.

4.1.5

Training, Staffing and System development

IIAP Comments

A significant programme of financial management training has been undertaken and is programmed for the current year. This is both at Officer and Member level. The Panel welcome this comprehensive approach to ensuring that good financial management practice is embedded into the Council. However, there will be a need to ensure that this is maintained for new staff and Members and that refresher training is available.

The recruitment on a permanent basis to senior posts in the finance function is welcomed and it is noted that further positions are being recruited to. However, as noted elsewhere in this report the position of the Section 151 Officer needs to be resolved.

The Panel note the intention to use more of the functionality of the Finance system and to integrate the HR and payroll modules which should assist system users and budget holders.

PCC Response

In addition to the comments noted by the IIAP, training has also been sought for the finance team with a number of the team signed up to complete the CIPFA Finance Business Partner Diploma (starting in August 23). Revenue budget training will be provided to all budget managers throughout September by external trainers, and going forward, on-going training will be provided in-house for new budget managers.

The finance restructure is now complete. The new structure comprises a mix of internal promotions and external appointments and three trainee roles, which will allow us to continue to 'grow our own'.

Further development of an integrated HR and Finance system is progressing well and is on target for completion by June 2024.

The permanent recruitment to the Executive Director of Corporate Services will be resolved shortly.

4.1.6

Savings Board

IIAP Comments

The savings board continues to be necessary to monitor the delivery of in year savings and to provide a level of challenge where delivery is either delayed or doubtful. This internal challenge needs to remain extremely robust as the non-delivery of savings throughout the 2023/2024 financial year will place in doubt the Council's ability to achieve its objective of being financially stable from 2024.

PCC Response

The savings board remains in place and it is used as a forum for challenge, scrutiny and support to corporate ownership across all directorates and to develop mitigations and solutions. This continues to be successful, with only £0.5m (3%) of the £14.8m savings programme being identified as a high-risk of being delivered:



4.1.7 Revenue Controls

IIAP 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.

PCC Response

Controls have remained in place, and in light of the forecast projected overspend of £5.1m the Council has strengthened some of these controls and will be putting new measures in place, this includes:

- Ongoing discussions with multiple government departments and partners about the high complexity of some of the children's social care cases and the financial impact of these.
- Tightening recruitment controls to permanent and agency appointments
- Reviewing the current use of agency
- Capital Programme- delaying or pausing schemes where they rely on Council funding.
- Escalation of the planned disposal programme, to generate capital receipts to repay debt and / or fund essential capital expenditure which is not funded from third party contributions.
- Ensuring we maximise all grant and funding opportunities, including the use of tools such as grant finder.
- Review all current reserves commitments.
- Clear staff communication about the financial position, including asking budget managers to reduce non-essential spend.
- Maximising investment income including training and the use of a wider range of low risk counterparties.
- Mid-year implementation of Sales, Fees and Charges increases (also on this Cabinet agenda)
- Review of procurement activity, including exemptions to the PO process and review the use of Purchasing Cards.

4.1.8 Capital Finance

Capital Programme and Debt

IIAP Comments

The Council has made great strides in bringing together a Capital Board to develop and oversee its capital proposals and to ensure an optimised funding strategy.

The Capital Board plays a vital role in developing capital plans, ensuring alignment with the Corporate Plan and MTFs, monitoring vital signs (including slippage) and allocating funding.

Slippage has proved to be a persistent issue for the Council with 2022/23 slippage against the approved programme being circa 60%. The Council needs to continue to work on its programme admission criteria, to include a gateway process, to ensure that all schemes are capable of being delivered. Monitoring processes also need to address under-performance effectively.

The Council needs to consider the role of Members in this process – Member ownership of capital expenditure and resources is as critical as revenue – and Members need to ensure that capital spending is prioritised against political priorities and prioritisation criteria in order to target spending to best effect.

In terms of funding, borrowing remains the single largest source of funding. The cost of servicing debt is around 15% of net budget which is relatively high compared with similar authorities. The Council needs to consider what it can afford (every £ spend on servicing debt is a £ less spent on services) and develop a strategy accordingly.

Whilst the Council continues to be successful in attracting capital grants, it is further recommended that it considers its approach to disposals by extending its projections and monitoring over a three-year period. Realising further asset sales provides options both to reduce the overall debt to more normalised levels and create resources to fund significant transformation activity via the Government's 'Flexible use of Capital Receipts' dispensation.

PCC Response

Work on the Capital Programme remains a priority and work is progressing well to ensure better budget profiling and reporting. The historical trend of ca. 60% slippage continues into 2023/24, but work is being undertaken to address this level of Over-programming. The Capital Board provides robust challenge of in-year performance as well as of new bids, in line with the requirement to set a more realistic and deliverable Capital Programme for future years.

Improvements have been made to capital reporting within the BCR, providing officers and members with a comprehensive update of progress and projected slippage, including a meaningful narrative.

A review of all Treasury Management activity has been undertaken and a range of new tools have been added including a Money Market Fund Portal and an inter-authority trading platform. We continue to work closely with Link Treasury Services, our external treasury advisors, and we are currently testing the market for a new treasury management contract. The Council's Capital Strategy is to reduce borrowing and maximise third party contributions to fund the Capital Programme. New borrowing is only appropriate where there is a statutory / Health & Safety requirement or a robust business case to generate future revenue savings. All new bids are initially reviewed at the Capital Review Group, then presented for approval at the Capital Board. All bids are assessed against the Capital Strategy, Corporate Priorities and affordability.

The acceleration of the asset disposal programme continues. It is expected to generate £16m Capital receipts in the current financial year and similar projections for future years.

These receipts will be used to repay debt and fund the capital programme in lieu of new borrowing.

The balance of the Transformation reserve stands at £20m and there are currently no plans to apply for Government's 'Flexible use of Capital Receipts' dispensation.

4.2 Theme Two: Service and External Reviews (Medium to Long Term Sustainability)

4.2.1 IIAP Comments

Peterborough colleagues recognise that the first actions in their transformation programme are drawing to a close and work is now on-going to discern a second stage plan that consciously connects the Council's transformation ambition with the MTFs and wider City Strategy ambitions. Work is in hand to do this.

Meanwhile the Council has been steadily building its in-house transformation capacity alongside other corporate capabilities including performance and risk management. It will be important that momentum is not lost on this and that the case for investment is maintained. One of the benefits of building the in-house team is a reduction on the reliance on external consultants and higher paid interims, another is the growth in confidence among senior officer that has a beneficial effect on the whole workforce.

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

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

A further development that may prove positive is the draft statutory guidance on the Best Value Duty that is currently open for consultation until mid-August. This guidance includes seven themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure. At the most recent meeting with DLUHC officials the Council was asked to specifically respond to the consultation. The statutory guidance, once completed, could be a very useful framework to guide the Council post PCCIP arrangements. The themes are:

- Continuous Improvement
- Leadership
- Governance
- Culture
- Use of Resources
- Service Delivery
- Partnerships and Community Engagement

PCC Response

The Corporate Delivery Unit (CDU), providing In-house support and assurance across transformation, is growing, with a number of new appointments into the team. Four key Transformation Portfolios have been established, these oversee a range of service specific and cross-cutting Transformation programmes and projects. As these programmes and projects develop, specific capacity requirements are starting to become more visible and factored into programme business cases.

Programme governance arrangements continue to improve in line with the maturity of activity across Transformation. We are in the process of embedding an agreed and robust transformation governance framework which provides a consistent approach across reporting and decision making / approvals. As the CDU develops further, these governance and reporting processes will continue to be enhanced across all transformation activity.

PCC has embraced the recent 'best value' guidance and have provided a response to DLUHC. In addition, we have started to utilise the guidance and had an initial 'Self-Assessment' session at a recent CLT meeting.

A framework has been developed to support ongoing self-assessment which highlights where there may be opportunities for further improvement action plans to be developed. This will be expanded upon and rolled out to both members and the Extended Corporate Leadership Team

4.2.2

Companies

IIAP Comments

Good progress has been made on resolving a range of issues with individual companies, but further work is needed to mature the Shareholder Committee to enable it to truly shape and oversee the Council's interests

The insourcing of the property-based work previously carried out by NPS was completed in January 2023 and work continues to integrate staff into the Council and to create a genuine client side strategic function with a 'Corporate Landlord' model (see below).

Within the Peterborough Investment Partnership (PIP), the sale of the Northminster SPV to Cross Keys housing has been completed as has the sale of the Pleasure Fair site to Medesham Homes. This leaves the Fletton Quays SPV to be resolved although it is currently held up as a result of issues with a part of the site known as the 'Goods Sheds'. All Members have now stepped down from Board duties and have been replaced by officers. It remains the intention to dissolve the PIP once this work is completed.

Progress has been made with Medesham Homes and the Council's partnership with Cross Keys Housing and relations are now largely normalised. A consultant is assisting with the options for the future relationship to support the Council's housing ambitions.

Blue Sky (the energy trading company including solar panels) remains active and there are no plans to start trading from this company. The wind-up of this company needs to be accelerated.

Similarly, Empower CIC is now 3 months late in filing its accounts with a proposal by Companies House to forcibly strike off removed only on 11 July 2023 after PBC intervention. Peterborough CC believe that this company is in administration but there is no record of the Appointment of Voluntary Liquidators at Companies House. The Council is taking legal advice on this matter and as advised, has no elected members on the board.

Peterborough Ltd (trading as Aragon for Waste Collection, Building Cleaning etc and as Vivacity for Culture and Leisure) is active. The role of this company needs urgent clarification especially in relation to property matters, which still appears fragmented and lacking a 'single controlling mind'. The future strategic aims of the company need to be considered by the Shareholder Committee urgently, especially in relation to its role in property and the Council's museums and Leisure Centres.

Opportunity Peterborough remains active with the Council's Leader on the Board. Staff have been in-sourced under TUPE arrangement and now supply services under contract to Opportunity Peterborough thus reducing the risk of the venture. Future intentions for this company are not immediately apparent and the Shareholder Committee should consider this company and its future urgently.

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

The Council/ Shareholder Committee also needs to develop and approve a Commercial Strategy against which future ventures can be tested and a statement on the overall aims and objectives of its Local Authority Trading Company (LATCO) portfolio.

PCC Response

A Companies Working Group has been set up and is reviewing the Council's Officer and Member roles across all Companies with a view to improving and regularising governance, reporting and compliance going forward.

The Council has now appointed a representative to the Medesham Board and are working towards a 'business as usual' steady state to bring forward sites already identified for development.

The insourcing from NPS into a new in-house has been successfully implemented and the new team is settling in very well. A new Head of Compliance and FM has been appointed, and her role includes oversight of some of the P-Ltd activities. The new Head of Commercial and Procurement was an internal promotion, and the postholder will support the oversight of commercial activity once appropriate governance arrangements have been implemented.

Peterborough Ltd's latest Annual Report will be presented to Shareholder Cabinet Committee in September 2023, and work on the new 5-year Business Plan will be considered by the same Committee by March 2024. Leading up to then, a shareholder-led review of P-Ltd's activities, priorities, and outcomes will be undertaken, with the findings being used to shape the company's direction going forwards.

The JV partner to the Empower CIC, Empower Community Management, is controlled by the same directors as ECSP1 which is in administration. Empower CIC was formed to provide services to ECSP1, and once the administration process of that company has concluded, the Council will seek to exit the CIC arrangement. Advice will be taken on this process by the external lawyers who are working with the Council on the ECSP1 administration

Opportunity Peterborough is a partner in the Smart Manufacturing Alliance joint venture, and this arrangement will need to be reviewed before the future of the company itself can be determined. This review will report into the Shareholder Cabinet Committee in due course. Meanwhile, officers from Opportunity Peterborough that now form part of the Council's Growth and Regeneration team are developing a new economic development strategy which will help shape their focus going forwards.

4.2.3 **Assets**

IIAP Comments

The Council's approach towards managing its assets and making strategic decisions on their future has made progress in the last six months but still lacks an overall focus and is under-resourced at this time (although recruitments are now underway).

There is still no overarching Asset Management Plan around the 4 component elements of the operational, service and commercial portfolios and its rural estate and no real vision of a Corporate Landlord to be the 'controlling mind' over the Council's long and short term approach to its property. This needs to incorporate both facilities management and building compliance (e.g. testing for Legionella and Health & Safety).

There is good work happening with the limited resources currently available and it is pleasing to note the work in the following areas:

1. Maximising the utilisation (and minimising the costs) of its operational estate
2. Developing a locality-based approach to its service properties to provide more integrated services at lower costs
3. Reviewing staff levels to maximise returns on commercial properties (e.g. frequency of rent reviews).
4. Reviewing its rural farms estate and generating capital receipts
5. Resolving the clienting function in relation to FM provision through Peterborough Limited.
6. Recruitment of Service Heads

However, without the integrated Asset Management Plan and a Corporate Landlord approach, management cannot evidence that these individual streams are all pulling in the same direction to deliver a single outcome.

Finally, concerns have been raised about the adequacy of IT systems related to building compliance and consideration should be given to its replacement with a more modern system.

PCC Response

A Summary and Outline Asset Management Plan (AMP) was approved by members as part of the 2023/24 budget setting process (Appendix J), however, it is recognised that further work is needed to implement a more comprehensive AMP now the property service has been fully in-sourced. The Summary and Outline AMP sets out the work to be carried out over the course of 2023/24 to prepare a new AMP for the 2024-2029 period, and we are working with a range of contractors in the preparation of a new AMP to be implemented from April 2024. A copy of the Summary and Outline AMP is attached.

The resource issues are being tackled with three new Heads of Service, two of which are currently in place and the final one to be in post from 1st September. In addition, a Principal Compliance Manager joined in June 2023 and another Principal Surveyor will join the Estates team from 30th August. These newly appointed positions will help drive forward the Council's AMP and an improved strategic focus across the estate.

Since insourcing the Property team, they have undertaken a review of the Council's commercial property portfolio and have identified cost savings and additional income streams, as well as working on bringing a backlog of rent transactions (reviews and renewals) up to date.

Significant progress has been made on the disposals programme with a clear five-year plan in place. The programme includes generating capital receipts from the rural estate and an updated rural strategy is underway, including options for Biodiversity Net Gain etc.

The Locality review is reaching the end of phase 1, with an excellent response to its current approach. Phase 2 aims to understand further rationalisation and improvement to the review. The review has already identified opportunities to reduce the number of operational properties and to deliver both revenue and capital savings by combining service delivery across fewer properties.

The asset team continues to improve relations across services to understand current property strategies and future requirements, to enable the integration of the Corporate Landlord model.

One of the new Heads of Service has direct responsibility for oversight of FM Services and will be working closely with Peterborough Ltd to review current delivery, SLA's and KPI's. Their initial focus will be on property compliance and budget control, but this role will address the concerns raised by the CPIFA report insofar that the Council will be taking a leading role in the Strategy and Commissioning of FM services as well as providing greater oversight of delivery.

The current IT system, Technology Forge, is under review. The collation and storage of data is recommended for improvement and the Council is in the process of investigating future database options that are best suited for its requirements.

4.3 Theme Three: Governance & Culture

4.3.1 IIAP Comments

The overall governance of the City Council is a matter of concern to the Secretary of State as detailed in his letter to the Leader of the Council in 2021. The Council accepted a series of recommendations which require change in its governance. The Council started to implement these last year.

The Panel's view is that the Council is making progress with these actions but several significant risks and issues remain to be tackled. The shift to mutual collaboration and joint engagement between the Leader and all Opposition Groups which was initiated in 2021 has been sustained. This is evidenced through the work of the FSWG and the way in which the annual budget for 2023/24 was prepared and then approved by Council in February this year. However, major challenges remain not least in the political dynamics within the Council, in the consolidation of the senior management team and in delivering change across the organisation.

The Panel will continue to seek assurance that the progress underway will continue and that all political groups are working to support efforts to tackle the key risks and issues facing the Council in the best interests of the whole community in Peterborough.

PCC Response Continued collaboration of cross-party working at FSWG and Group Leaders meetings. All member briefings have been arranged in October to discuss the next phases of the improvement journey and related risks.

4.3.2 No Overall Control

IIAP Comments

The results of the May 2023 local elections led to an increase of two in the Conservative Group. This appeared to consolidate the Conservative leadership of the administration. However, this was followed swiftly by four members resigning membership of the Conservative Group and joining the Independent Group. Despite this, the Conservative led minority administration remains in place with 26 members in a Council of 60 members.

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

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

In this context there is an even greater onus on all political Group Leaders, and indeed all Members, to work together in the best interests of the community. Acceptance of the shared responsibility to the local electorate for holding the authority together is vital. Continuity in this commitment by all Groups and all Members is very important for the sound governance of the Council.

One of the risks of this No Overall Control situation is that there can be a loss of focus on, and drive to deliver, a vision for the City. It can be easy to become more concerned about short term and very local, ward issues to the detriment of the long-term success of the City. This can also have the effect of putting more responsibility on the shoulders of officers to hold the vision and to navigate the direction of policy between the priorities of the different political groups. At a time when the membership of the senior management team is in transition, there is a risk that senior management efforts can be made less effective in their core roles.

PCC Response

Members have shown that they can work collaboratively in setting a balance budget and cross-party agreement at the Budget Council meeting in February 2023. Members continue to work together at FSWG meetings to ensure that the improvements and visions support the city and the people that live and work there.

Members also agreed at the Annual Council meeting for all chairs of committees to be held by opposition members, this process is working exceptional well.

Group Leaders meetings continue monthly with hot topics and updates at each meeting.

The Leader has expressed on many occasions in the Chamber, that is door is always open and that members can arrange to discuss any matters or new approaches that members may be thinking of.

More recently a series of improvement planning and risk sessions have been arranged in September for all members to understand the next phases of the improvement journey.

4.3.3 Electoral Arrangements

IIAP Comments

The Council made a clear decision last year to retain the current electoral arrangements and not to move to all out elections. In the context of the recent changes in the membership of the political groups following the local elections and the risks highlighted in the previous section of this report, the Panel asks the Council to consider again the proposal to move to all out elections. The Panel suggests that this is considered initially by the Group Leaders before a further proposal is considered by the Council.

PCC Response

A brief discussion has happened with Group Leaders in relation to the move to 'all out' elections. A further detailed discussion is due in September with Group Leaders, with a move to reporting back to Council in due course.

4.3.4 Audit Committee

IIAP Comments

The Panel has monitored the work of the Audit Committee and can see the progress with its work on behalf of the Council over the last 18 months. It is clear that the appointment of an independent chair has added value to the work the committee carries out for the Council. A fresh pair of eyes and an independent view has led to the reshaping of the Committee's agendas and reports with a much greater focus on the strategic risks and issues facing the Council. There is a new and welcome emphasis on the risks that lie ahead as well as reviewing performance in key areas. In doing this the Committee has brought to light evidence which has exposed important issues. For example, the examination of procurement processes has strengthened controls and made a difference to the value for money that can be delivered.

Whilst there have been positive steps made by the Committee, it is clear that this is only the start and much more needs to be done to ensure the Committee is fulfilling its potential and working to best effect for the Council. For example, developing the approach to risk assessment and management.

The Panel is aware that the independent chair is standing down from his position and a new chair will be recruited. It is recommended that arrangements are made for the outgoing chair of the Committee to brief the new chair when appointed. Facilitating the transfer of knowledge and insights will help sustain the progress made in recent months.

PCC Response

The Audit Chair recruitment process has commenced again, due to the lack of suitable candidates in the first round.

The deadline for applications is 25 August and this has been advertised via Linked In and our Facebook page. This has been shared around the media channels by many officers and members, and some potential candidates have been identified. Shortlisting and interviews will commence in September.

Currently the vice chair and the current independent member are covering the meetings.

4.3.5 Management Structures and Systems

IIAP Comments

The Chief Executive has made progress in managing the transition to a senior management team that is dedicated 100% to Peterborough. The decoupling, by mutual consent, of most senior management positions from Cambridgeshire is complete. The work to achieve this transition successfully was considerable. Work in hand was delivered successfully, e.g. managing the relationship with Ofsted and preparing a balanced budget, whilst recruiting new Directors.

All Peterborough's Directors have been appointed now. Most recently the Directors of Adult Social Care and Children's Services have taken up their posts. The interim Director of Children's Services has left the Council and the interim DAS has returned to their substantive post.

Having said this, the Panel is aware that the Director of Finance is working to a contract which ends in early 2024. This issue needs to be addressed as a priority in order to maintain leadership capacity and to achieve continuity in the Section 151 role.

Now that the senior management capacity is in place, at least for the time being, the priority is to develop the capability of the new team so that it becomes high performing quickly. A clear direction of travel and a high degree of team work enabling all to perform at the best of their abilities will be vital.

In working in a collaborative style pursuing shared goals, offering mutual support and demonstrating openness the senior team will send a powerful message to everyone in the organisation. The behaviour of team members, when they are together and when they are working in their own spheres of influence, should reflect the core values adopted recently by the Council. In saying this, the Panel is aware that there is a persistent culture amongst lower tier officers of secrecy and focusing on the short term to the exclusion of long-term planning. This needs to be tackled with a shared commitment by all members of the senior team, taking advantage of the positive impact on the workforce of having a dedicated Peterborough leadership team.

On a different point, there has been progress in strengthening the governance around the Council's arms-length companies. This is providing clearer lines of accountability and control as well as greater transparency. However, the Council/Shareholder Committee also needs to develop and approve a Commercial Strategy against which future ventures can be tested. In addition, the statement of the overall aims and objectives of its Local Authority Trading Company (LATCO) portfolio and overall governance of the companies portfolio is yet to fully align with CIPFA/Lawyers in Local Government best practice.

PCC Response

Peterborough is in a much stronger position now with a permanent corporate leadership team in place focused solely on the city.

Recent appointments around children and adults are providing fresh leadership and challenge together with an extended leadership team for the city. The permanent recruitment to the Executive Director of Corporate Services will be resolved shortly.

A new leadership and development programme for all managers and leaders is in development and currently being procured. It has been really positive to see the Council engaged for the first time in the national graduate scheme with three graduates starting in 2023.

The Council continues to improve staff engagement and staff conversations are held in person on a regular basis on key topics plus the LGA have been commissioned to undertake a staff survey in autumn. The values and behaviours have been well received across the organisation and further work is planned to embed these in our day to day work with staff and members.

4.3.6 Resourcing Change

IIAP Comments

The Chief Executive has made progress in establishing the capacity necessary to drive the transformation that is necessary to secure the long-term future of the Council and the quality of services it delivers to the community in Peterborough. The Portfolio Boards are in place and working hard to develop business cases and to deliver them when approved. Roles and responsibilities are defined clearly. Officers are in place to do the work that is necessary. However, as indicated earlier in this report it is important to maintain the investment of resources into this agenda to maximise the future benefits.

PCC Response

We acknowledged the panel's views. Our transformation governance model ensures that once we are satisfied that each emerging business case relating to improvement/transformation is robust and convincingly demonstrates Value for Money set against the Delivery of Future Savings, Efficiencies and/or Improved Outcomes, we can provide assurance that appropriate investments in transformation will be made.

We are conscious that finding the money needed to invest in the Council's transformation initiatives and support the organisation's efforts to restructure services around our four main goals while maintaining budgetary stability is challenging.

It's not an easy undertaking, but we understand that it's necessary to make this effort in order to quickly and effectively bring about meaningful and sustainable change.

4.3.7 **LGA Training and Support for Members**

IIAP Comments

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

Following the elections in May 2023, the Panel met with peers, group leaders and the LGA to take stock of the results and agree what support was required for the next period. Peer mentor and mentee relationships were reset and group leaders have reaffirmed the support, knowledge and skills they require along with the frequency of touching base. The level of support required varies across the different group leaders but is still valued and drawn on regularly in most cases. The LGA conference in July provided an opportunity for many of the group leaders and peers to meet in person. In addition, the LGA and PCC CEX are looking to facilitate a cross party session in the coming months. The peer support programme will be reviewed at the end of the year to establish its impact and whether it needs to continue.

The LGA has also contributed ten days of consultancy for the Centre for Governance and Scrutiny (CfGS) to undertake a governance review. The diagnostic stage has been completed and a findings report is to follow. In addition, PCC has instructed the LGA to run an employee survey which will enable national benchmarking.

PCC Response

The Council will carefully consider the report with recommendations from the governance review and decisions will then be made on recommendations to take forward and next steps.

4.4 **IIAP Conclusion**

The Panel concludes that a huge amount has been achieved in the last six months, through the hard work and dedication of Members and Officers alike. The devil is in the detail as always, and there are still a number of challenges facing the City Council to complete the Peterborough specific strategic and governance framework that had been lacking previously and to continue to manage a difficult financial climate.

Despite the scale of the challenges the City Council is demonstrating that it has ambition and commitment, and as a result is attracting good talent to join the workforce and is re-energising officers who have worked for the Council for a long time.

This penultimate report of the PCIP recognises what has been achieved and serves as a reminder of the next stage of the journey to a sustainable future. The next six months will be critical in proving whether the new foundations are solid enough to weather the continuing financial challenges along with demonstrating what the portfolio boards can achieve for a genuine improvement in the lives and prospects of the communities of Peterborough.

PCC Response

We will continue to deliver our ambitions for the improvement journey and we continue to welcome the support of the PCIIIP.

4.5 CONSULTATION

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

5 IMPLICATIONS

Financial Implications

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

Legal Implications

5.2 Legal advice will need to be sought as appropriate in respect of the proposals which the report is recommending that Cabinet considers.

Equalities Implications

5.3 No change to previously reported.

Carbon Impact Assessment

5.4 A standalone Carbon Impact Assessment will be undertaken for any change that may arise as a result of this process in line with the Council's normal processes.

Communications and Engagement

5.5 No change to previously reported.

6 BACKGROUND DOCUMENTS

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

6.1 Council report 'Financial Improvement Planning' 16 December 2021

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

6.3 Peterborough City Council Improvement Plan
[5. Appendix I - Improvement Plan and Corporate strategy V5.pdf \(peterborough.gov.uk\)](#)

7. APPENDICES

7.1 There are none.

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CABINET	AGENDA ITEM No. 6
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Executive Director of Resources and S151 Officer and Service Director of Financial Management and Deputy s151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Legal, Finance and Corporate Governance	
Contact Officer(s):	Emma Riding, Service Director of Financial Management and Deputy s151 Officer Amanda Rose, Head of Communications	Tel. 452520

BUDGET SIMULATOR LAUNCH

RECOMMENDATIONS	
FROM: Cabinet Member for Finance and Corporate Governance	Deadline date: 8 September 2023
<p>It is recommended that Cabinet approves:</p> <ol style="list-style-type: none"> The launch of the Budget Simulator from 19 September 2023, which will be open for the public to submit responses for a period of 6 weeks, closing on 31 October 2023. 	

1.0 ORIGIN OF REPORT

1.1 This report comes to Cabinet as part of the Council’s process for developing a Medium-Term Financial Strategy and budget setting process. It seeks to launch the use of a budget simulator to gather the views of residents, businesses and stakeholders around the Councils budget.

2.0 PURPOSE AND REASON FOR REPORT

2.1 Purpose

This report is submitted for Cabinet to consider under its Terms of Reference No. 3.2.1, “To take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to delivery excellent services.”

2.2 Background

The Council used a budget simulator for the first time as part of the 2023/24 budget setting process, which allowed members of the public to learn more about the breadth of services the Council provides and to have a say on where they think we should be focussing spending and making savings. It also allowed them to better understand the very difficult situation that the council faced and its predicted budget pressure for 2023/24.

The simulator was a success, with four times as many responses received than our regular budget consultation – almost 200 across the four weeks as opposed to the usual 50. More crucially, it got people talking about budget setting and some of the comments demonstrated that people had no

idea how difficult it was to provide the breadth of services that the council does with such a small budget.

It also allowed the Council to see which services were most important to residents, with education and children's social care featuring high in their prioritisation. A large majority also opted for increasing council tax to address the budget challenge.

Current Budget Position

The Council has come a long way in the past year and moved closer to securing its finances long-term. However, inflation remains high and puts an additional strain on the cost of delivering local services, like it has for household budgets. In addition, demand for services such as adult social care and children's social care remain high. In children's social care, we are spending an additional £3.5m on care for young people with very complex needs.

The Council's Medium Term Financial assumptions have been revised, outlining predicted budget gaps of £5.1m in 2024/25, rising to £6.1m in 2025/26 and £10.5m in 2026/27 as set out in the following table:

	2024/25	2025/26	2026/27
Funding	217,262	224,972	230,791
Net Revenue Expenditure	222,363	231,071	241,299
Estimated Budget Gap	5,101	6,100	10,508

These were reported to Cabinet on 10 July ([item 11](#))

We are not alone in the situation that we face. It remains a very challenging time for all local authorities, with some facing budget gaps running into many tens of millions.

The Council is progressing with a detailed budget planning process, including officers, the Corporate Management Team and members who sit on the Cabinet and Financial Sustainability Working Group, but as part of this process the Council wants to gain the views of residents to understand what's important and valued.

Why launch the budget simulator?

As mentioned above, the Council has budget gaps to fill in the coming years and wants to gain suggestions from the public around where it should be focussing its spending and where it should or could make savings.

The simulator tool provides the perfect platform to gain these views, so they can be considered when developing and considering budget proposals later this year.

Budget Simulator

The budget simulator is a web-based tool which allows the public to make choices to reduce or increase expenditure in service areas via 'sliders', with the ultimate goal of delivering a balanced budget.

Due to the success last year this report proposes to launch the simulator again as part of the 2024/25 budget setting, but in a way that increases engagement further.

For this year's simulator the Council will build on last year's. The main changes will be:

- The inclusion of a short video for every category, explaining the impact of increasing or decreasing funding – this is something Delib (software provider) has introduced and added to its product following the council's suggestion.
- There will be more service categories, to make it a more interesting challenge for the public.

The Council is aiming to significantly increase engagement by:

- Taking the simulator out wider into the community through direct engagement.
- Council representatives including members and officers will attend community meetings across the city to talk about the simulator and encourage participation.
- Use of multiple social media platforms to promote the simulator.
- Working with the media to attract coverage of the simulator.
- Using well known personalities and organisations to encourage participation.
- Attractive designs, use of audios and videos, and the development of toolkits for members and community connectors.
- Posters for display in council buildings and for community use across the city.
- Encouraging secondary schools to use it as part of a lesson. Asking schools to share it with families.
- Sharing with college/university students.
- Sharing with the business community.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	18 September 2023
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The following table outlines the timetable for the budget and MTFS process, outlining how the budget simulator will feed into this process:

Date	Event
10/07/2023–Cabinet	MTFS Q1 update ✓
18/09/2023–Cabinet	Budget simulator tool ✓
19/09/2023–Consultation	Launch Budget Simulator- 6 weeks
31/10/2023–Consultation	Close Budget Simulator
13/11/2023–Cabinet	MTFS Q2 update, including feedback from the Budget Simulator
04/12/2023–Cabinet	Launch Budget Consultation
04/12/2023–Consultation	Launch Budget Consultation
07/01/2024–Consultation	Close Budget Consultation
22/01/2024–Joint Scrutiny	To consider the draft MTFS (Q3 update) & Budget Report and recommend any changes to Cabinet
12/02/2024–Cabinet	To approve the Final MTFS (Q3 update) & Budget Report and recommend to Council
21/02/2024–Council	To approve the Final MTFS (Q3 update) & Budget Report, including the associated strategies.

4.0 CONSULTATION

4.1 This report seeks to launch a budget simulator tool on the website for a 6-week period from 19 September. The budget simulator is easy to use and will allow residents, businesses and members to gain a greater understanding of what we spend our money on, and how reducing expenditure or investing in services has consequences or benefits for the Council and residents. Users will also have the opportunity to provide comments and ideas. This will help the council understand what is important when we consider our budget proposals later this year.

The results of the consultation will be published within the MTFS Quarter 2 update on 13 November. As outlined within section 3, there will be a budget consultation later in the year.

5.0 CORPORATE PRIORITIES

5.1 The Budget and MTFS forms a key part of the Council's Performance and Improvement Framework and aims to demonstrate that the Council's finances over the medium term are secured to deliver the Council's priorities over the next three years. Seeking the views of the public forms part of that process.

This therefore supports all the Council's priorities, but forms a key element of the Council's budget setting process, therefore it is strongly geared towards enabling the Council to deliver on the following priority:

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

6.0 ANTICIPATED OUTCOMES OR IMPACT

6.1 For Cabinet to approve the launch of the budget simulator.

7.0 REASON FOR THE RECOMMENDATION

7.1 To gather views of the public to support the Councils Budget Setting Process.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 No alternative option has been considered.

9.0 IMPLICATIONS

Legal Implications

9.1 There are no legal implications in respect of what is proposed which at this stage is proposing a tool to generate engagement from members of the public in respect of budget preparation.

9.2 Human Resources implications

No specific implications in this report.

9.3 Equality Impact Assessments

No specific implications in this report.

9.4 Carbon Impact Assessments

The report contains no proposals for changes to service delivery and therefore there is no decision to take which may impact carbon emissions of the council or the city.

10.0 BACKGROUND DOCUMENTS

No specific background documents used.

11.0 APPENDICES

No specific appendices in this report.

CABINET	AGENDA ITEM No. 7
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director – Place and Economy	
Cabinet Member(s) responsible:	Cllr Steve Allen – Deputy Leader and Cabinet Member for Housing and Communities	
Contact Officer(s):	Rob Hill: Service Director for Housing and Communities Jamie Fenton: Partnership Manager, Culture, Sport & Leisure	07815 558081 07976 382756

LEISURE, HERITAGE AND LIBRARY SERVICES CONTRACT AWARD

RECOMMENDATIONS	
FROM – Adrian Chapman	Deadline date
It is recommended that the Cabinet:	
<ol style="list-style-type: none"> 1. Authorises the Council to commission Leisure services from Peterborough Limited (“P-Ltd”) and the sub-contracting of such services by P-Ltd to its wholly owned subsidiary company limited by guarantee (“CLG”) (subject to all necessary approvals being obtained and steps being completed, as required under Cabinet decision MAR23/CAB/104) until 31st March 2029 rather than 31st March 2024 as approved by Cabinet on 23 March 2023. 2. Subject to the Council in its capacity as trustee of the Peterborough Museum and Art Gallery obtaining all necessary consents, authorises the Council in its capacity as local authority to commission heritage and library services (specifically, Peterborough Museum and Art Gallery, Flag Fen, and Libraries), up to the available budget of £1.4m, from P-Ltd and the sub-contracting of such services by P-Ltd to CLG until 31st March 2029. 3. Delegates authority to the Executive Director for Place and Economy, in consultation with the Director for Legal and Governance and the Deputy Leader and Cabinet Member for Housing and Communities (following receipt of the necessary approvals and steps referred to in recommendation 1 and following receipt of any necessary consents referred to in recommendation 2) to take all necessary steps to protect the interests of the Council and implement the decision in recommendations 1 and 2 including negotiating and entering into all documentation reasonably required to give effect to this recommendation. 	

1. ORIGIN OF REPORT

1.1 This report is presented to the Cabinet following an extended period of review into the future operational management of the services. It expands upon and supplements Cabinet decision MAR23/CAB/104 to establish a not-for-profit subsidiary of P-Ltd for the operation of Leisure Service (approved March 2023, linked in Background Documents below).

2. PURPOSE AND REASON FOR REPORT

2.1 In March 2023 Cabinet approval was granted (subject to the undertaking of due diligence on, and receipt by the Council of satisfactory, legal, financial, procurement and taxation advice) to establish a not-for profit subsidiary of Peterborough Limited (P-Ltd) to operate the Council’s Leisure Services until 31 March 2024. The proposal was that the Council’s contractual relationship would continue to be with P-Ltd and P-Ltd would then sub-contract to the

subsidiary. The approved recommendation also required officers to seek satisfactory legal, financial, procurement, and taxation advice, which has now been supplied.

This report seeks to extend the time period for the award of a contract to P-Ltd from 31 March 2024 to the 31 March 2029 in relation to leisure services (which P-Ltd would then sub-contract to the subsidiary), allowing the realisation of benefits which other operators in the market have, namely, National Non-Domestic Rates (NNDR) and Value Added Tax (VAT).

2.2 The report also sets out a recommendation to award a contract to P-Ltd (and utilise the same P-Ltd Subsidiary by sub-contracting) until 31 March 2029 for the operation of Heritage and Library Services, thus extending the benefits it offers to reduce operational costs and allow the Council to maintain delivery and secure best value. This recommendation is subject to obtaining all necessary consents in respect of Peterborough Museum and Art Gallery of which the Council is a corporate trustee.

2.3 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 and 3.2.5

To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.

To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	18 September 2023
Date for relevant Council meeting	N/A	Date for submission to Government Dept. (<i>Please specify which Government Dept.</i>)	N/A

4. BACKGROUND AND KEY ISSUES

4.1 Peterborough Limited (P-Ltd) is wholly owned by Peterborough City Council and was formed as a "Teckal" compliant company. This means that the company is a separate entity from the Council but is subject to Council control and requires a Council appointed board and relies on the Council for guidance and input on strategic matters or important issues of policy.

4.2 Since September 2020, P-Ltd have operated Leisure services on behalf of the Council, as authorised by Cabinet decision AUG20/CMDN/22 (linked below).

Since May 2022 P-Ltd have also delivered Heritage and Library Services on a temporary basis for the Council.

They have, in this period, been able to buck national trends and successfully recover services post pandemic. Highlights include:

- Gym Memberships having returned to pre-pandemic levels (national averages have achieved 70-80%).
- Library opening hours having increased without extra costs through the introduction of self-serve technology.

- Flag Fen seeing the best visitor figures ever in one month on site, with one event becoming the most successful ever held at Flag Fen, attracting more than 300 re-enactors and over 1,500 visitors all paying an enhanced admission fee.
- A new volunteer scheme at the Museum having delivered operating efficiencies, with 526 volunteer hours being logged in April and May alone.

4.3 In January this year, a Council Project team was established to review options for the delivery arrangements for Leisure Services. A soft market testing exercise was undertaken which included exploration of options for Heritage and Library Services, and a summary of the findings can be seen at section 9.2.

4.4 As referred to in section 2.1, in March 2023 (MAR23/CAB/104), Cabinet approval was given to establish a not-for profit subsidiary of P-Ltd to operate Leisure Services until 31 March 2024. The necessary advice has been obtained and reviewed in relation to the creation of the subsidiary and the provision of leisure services. The intention is that, as part of the exercise of the delegated officer decision pursuant to the March 2023 Cabinet decision, the relevant officer(s) will confirm receipt of such advice and confirm that it is satisfactory for the purposes of the Cabinet decision MAR23/CAB/104. This will be documented separately within the Officer's Decision Notice in that regard to allow the subsidiary to be created.

Officers have undertaken an exploration of extending the subsidiary provision to include the operation of the following services:

- Libraries and Archive Services (Central, Bretton, Orton, Werrington, Hampton, Dogsthorpe, Eye, Thorney, Stanground, Woodson and Mobile Library Services)
- Heritage Services – Flag Fen, Peterborough Museum and Art Gallery

As a result, this report recommends the award of contract(s) until 31 March 2029, subject to break clause(s), to P-Ltd (and the sub-contracting by P-Ltd of such contracts to the Subsidiary) for the delivery of all Council Leisure, Heritage, and Library Services subject to obtaining the necessary consent.

For completeness, the leisure services already described in the March 2023 Cabinet report are:

- Bushfield Leisure Centre
- Jack Hunt Swimming Pool
- Hampton Library and Leisure Centre
- Regional Fitness and Swimming Centre plus Athletics Track
- Vivacity Premier Fitness
- Werrington Leisure Centre
- Swimming Academy
- Health and Wellbeing service
- Disability sports
- Holiday and schools programme

4.5 If approved, this will allow the Council to provide a sustainable, cost-effective model to operate these services, and allow the Council and the subsidiary to develop, with key stakeholders, a strategic long-term plan for the development of each of its respective areas of operation.

4.6 Specifically in relation to the Peterborough Museum and Art Gallery (P-MAG), the Council is the sole Trustee for the P-MAG Charity (registered number 311798). The Charity has responsibility for the artifacts at the museum, Flag Fen, and the actual buildings themselves.

External legal advice is being sought on the implications of the recommendations set out in this report in relation to the Council's role as Trustee of the P-MAG Charity, and on the Charity itself as well as the steps needed for any approval to be obtained and subsequently obtained.

Recommendation 2 is subject to that advice being considered, as set out in that recommendation.

- 4.7 It is important to note that, should the recommendations set out in this report be agreed, the Council will retain its role as commissioner of services, including setting the strategic direction for services under contract. This is important in order to ensure that services being delivered on our behalf meet the needs of our population and conform to our overall corporate strategy.

5. CORPORATE PRIORITIES

- 5.1 The provision of the services described in this report contribute across many of the Council's priorities, most notably:
- i. Our Places and Communities:
 - especially relating to improving health and wellbeing, providing local jobs, and providing community spaces.
 - i. Prevention, Independence, and Resilience:
 - for example, programmes to support foster families, activities for children, and provision of inclusive activities and short breaks.

The recommendations in this report however focus on the structure and model of delivery, which contributes directly to:

- iii. Sustainable Future City Council
 - in the short term, by moving to a cost neutral model for leisure services, and then to a reinvestment model where additional services to support the above objectives can be provided.

6. CONSULTATION

- 6.1 This recommendation has been considered by:
- Corporate Leadership Team – July and August 2023
 - Cabinet Policy Forum (CPF) – September 2023

Consultation has been completed with the following bodies:

- Peterborough Museum Society
- Regional Museums Development Manager
- Arts Council England
- Historic England
- Department for Digital, Culture, Media, and Sport

Discussions with Arts Council England and Historic England were especially productive, with both organisations expressing a strong desire to support the strengthening and sustainability of services contained in this report as part of the Council's strategic relationship with them.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 If the recommendation to award contract(s) until 31 March 2029 to P-Ltd (to be sub-contracted to P-Ltd.'s subsidiary) is approved, Leisure, Heritage and Library Services will be delivered via P-Ltd.'s subsidiary company until 31 March 2029.

8. REASON FOR THE RECOMMENDATION

- 8.1 As set out in this report, the provision of services by P-Ltd via a Not-for-Profit Company limited by guarantee (CLG) is the recommended option because of the following reasons:
- It is able to successfully administer "Vivacity Leisure" services.
 - It can continue to benefit from economies of scale provided by P-Ltd.
 - It has low additional administration costs.
 - It can be in the same VAT group as P-Ltd to enable corporate services to support and recharge at cost without introducing new costs.

- The vision of the new entity and that of the Client are aligned and delivered.
- It will enable continued focus on other existing core business which P-Ltd has.

In addition, it also provides a swift implementation option, given the most potential to reduce any deficit in 2023/24.

9. ALTERNATIVE OPTIONS CONSIDERED / OPTIONS ANALYSIS

9.1 The project team have explored a number of options in relation to the future management arrangements of leisure, heritage, and library services, specifically:

1. Transferring services to a commercial operator.
2. Establishing a new, separate legal entity – such as a joint venture or trust – into which services would transfer.
3. Moving the current management arrangements with Peterborough Ltd onto a more stable footing, based on longer term contract underpinned by a clearly defined service specification.

These options are explored in more detail below.

9.2 Transferring services to a commercial operator. (DISCOUNTED)

The soft market testing exercise which took place during February revealed strong interest from the commercial sector to bid for our leisure services, with some respondents also confirming that they would consider taking our heritage and library services too.

The general expectation was for a 10-year contract to enable the operator to invest in and transform services where necessary. The most favoured financial model was based on either a profit share arrangement between the operator and the Council, or a management fee payable by the Council to the operator. All respondents expected the Council to share the risks on utility costs and building repairs and maintenance.

It is likely that a full tender exercise would take between 12 and 18 months to conclude and given the fact that a significant subsidy is likely to be required this option is unlikely to result in a more sustainable financial option. It is also noted that the Council would most likely have less control and influence over future development of these services if they were to become commercially driven, and therefore have less ability to align them with our corporate aspiration to develop in the interests of the City and its residents.

9.3 Establishing a new, separate legal entity: (DISCOUNTED)

This option was discounted relatively early in the review process, primarily for two key reasons:

- The financial benefits from either formalising the current arrangement with Peterborough Ltd, or transferring services to a commercial operator, are at least the same as those that might be gained from establishing a new legal entity,
- Creating a new legal entity will take a significant amount of time, effort and cost, and the financial benefits we need to realise need to occur as swiftly as possible.

9.4 Moving the current arrangements with Peterborough Ltd onto a more stable footing, based on contract(s) until 31 March 2029 (sub-contracted to the subsidiary), underpinned by a clearly defined service specification.: (RECOMMENDED OPTION)

The primary financial benefit with this option is realised through the relief obtained from NNDR and VAT relief on income generated. The model could be established in-year, which means there will likely be some in-year financial benefit as well as guaranteeing a full year financial benefit from April 2024 onwards.

Agreeing this model is likely to impact significantly on the financial profile of services. Calculations show that the combined benefits of NNDR and VAT relief, coupled with the continued drive towards operational efficiency and commercialisation being led by Peterborough Ltd, would result in leisure services being able to be delivered at zero cost to the Council and a significant reduction in the cost of Heritage and Library Services.

This option would be subject to various steps being undertaken, including:

- The relevant actions required under or associated with Cabinet decision MAR23/CAB/104 being completed, including:
 - Approval of the relevant advice as being satisfactory for the purposes of the March 2023 Cabinet report;
 - Amendment to Peterborough Ltd.'s Articles and reserved matters in accordance with the legal advice obtained;
 - The incorporation of the subsidiary.
- Appropriate documentation being put in place between the Council and P-Ltd (and between P-Ltd and the subsidiary and/or PMAG, as appropriate) to formalise the arrangements, including necessary property documentation.
- Consideration of the Council's obligations as trustee of PMAG, to ensure that the Council is acting in accordance with its duties in that regard.

It should be noted that, as set out in 4.6, further advice is awaited in terms of the implications for the Council's role as Trustee of P-MAG; and recommendation 2 is subject to the Council obtaining any necessary consents required in that regard.

10. IMPLICATIONS

10.1 Financial Implications

10.1.1 The table below details the agreed budget available for leisure, heritage and library services, and the resultant pressure. These figures include all costs, including back-office services and Peterborough Ltd.'s overheads.

Post Subsidiary Financial Model	Current Cost £m	Net Savings £m	New Net Cost £m	Budget £m	Pressure/ (saving) £m
Leisure	1.47	1.47	0	0	0
Libraries	1.29	0.21	1.08	1.29	(0.21)
Heritage	0.97	0.08	0.89	0.11	0.78
Total	3.73	1.76	1.97	1.40	0.57

10.1.2 As can be seen, if approved, this recommendation will:

- Remove 100% of the cost of Leisure Services to achieve a net zero position, based on realising the benefits of NNDR and VAT relief
- Reduce the costs of Heritage and Library Services, based on realising the benefits of NNDR and VAT relief:
 - Libraries cost reduction circa 16%
 - Heritage cost reduction circa 9.1%

In total, the resulting impact will reduce the combined cost of services by circa 53% compared to continuing with the current arrangements. A small pressure will remain (15% of allocated budget), and it is proposed this will be mitigated through service efficiencies that will be presented to a future Cabinet for consideration and subject to a separate report.

10.2 Legal Implications

10.2.1 Legal procurement implications

P-Ltd is a limited company, wholly owned by the Council. P-Ltd was formed as a “Teckal” compliant company, in order that contracts for works, services and goods, awarded by the Council to P-Ltd are exempt from the requirement to carry out a competitive procurement exercise, in accordance with regulation 12 of the Public Contracts Regulations 2015 (PCR).

A decision was made by Cabinet (MAR23/CAB/104, linked below) to approve P-Ltd.'s proposal to incorporate a subsidiary, not-for-profit company, limited by guarantee, to sub-contract the leisure services to that subsidiary until 31 March 2024, in order to achieve certain benefits, as set out in that report. The decision was made subject to *“the undertaking of due diligence on and receipt by the Council of satisfactory legal, financial, procurement and taxation advice in connection with the proposed delivery structure.”*

External legal/procurement advice was received, and, in summary, it states that:

The Council’s contract with P-Ltd for leisure services is likely to amount to a concession contract under the Concession Contracts Regulations 2016 (CCR), and this can be directly awarded by the Council to P-Ltd, without competition (relying on the ‘Teckal’ exemption within regulation 17 of the CCR) provided that:

- i. There are some suggested amendments to P-Ltd.'s Articles (to incorporate changes which were previously approved in governance reports, but which were not adopted, together with additional amendments to give the Council a more granular level of control over P-Ltd, thereby strengthening the ‘Teckal’ exemption);
- ii. The rest of the Teckal conditions need to be satisfied (i.e., more than 80% of P-Ltd.'s activities are carried out in performance of tasks which the Council entrusts to P-Ltd and that there is no direct private capital participation in P-Ltd);
- iii. The Council operates P-Ltd in accordance with P-Ltd.'s Articles (i.e., the Council does not allow P-Ltd to operate with wider freedoms than those in its Articles, but instead it is managed as per the Articles)

Similarly, P-Ltd.'s proposed contract with its subsidiary for leisure services will also amount to a concession contract under the CCR, and can be directly awarded by P-Ltd to its subsidiary, without competition (relying on the ‘Teckal’ exemption within regulation 17 of the CCR) provided that:

- i. The subsidiary’s Articles mirror P-Ltd.'s (save in relation to the subsidiary being a company limited by guarantee);
- ii. The rest of the Teckal conditions need to be satisfied (i.e., more than 80% of the subsidiary's activities are carried out in performance of tasks which P-Ltd entrusts to the subsidiary and that there is no direct private capital participation in the subsidiary);
- iii. The subsidiary is operated in accordance with its Articles.

The external legal advice also recommends that a formalised concession contract should be put in place between the Council and P-Ltd in relation to the leisure services (rather than the existing heads of terms document), with a sub-contract between P-Ltd and the subsidiary then being put in place on a ‘back-to-back’ basis.

The advice will also apply equally to the proposed contract with P-Ltd (and the sub-contracting by P-Ltd to its subsidiary) until 31 March 2029 in relation to leisure, heritage, and libraries. Although the details of the proposed arrangements have not been confirmed yet (and therefore whether the arrangements are likely to amount to ‘public services contracts’ for the purposes of the PCR or ‘concession contracts’ under the CCR), irrespective of such categorisation (whether the arrangements amount to public services contracts or concession contracts), provided that P-Ltd is operated as a Teckal company as detailed above, the award of leisure, heritage and library services to P-Ltd is exempt from the requirement to carry out a competitive exercise under Regulation 12 of the PCR (if the arrangements amount to public services

contracts) and also under Regulation 17 CCR (if the arrangements amount to concession contracts). Contracting with P-Ltd therefore offers a compliant procurement solution. Likewise, provided that the subsidiary is operated as a Teckal company, P-Ltd.'s sub-contract(s) with its subsidiary in that regard will also be exempt from the requirement to carry out a competitive exercise.

If this option is chosen, appropriate arrangements should be formalised with P-Ltd in relation to the service provision and also in relation to any occupation by P-Ltd of Council properties (and also between P-Ltd and its subsidiary).

10.2.2 Employee implications:

There will be consideration by Human Resources of any impact on employees as a result of this proposal once the detail of the structure is known. However, it should be noted that no PCC employees will be affected by these proposals, as all staff are employed via P-Ltd.

Subsidy Control:

If applicable, there will be consideration of any subsidy control law as a result of this proposal once the detail of the proposed arrangements is known.

The Council as trustee of PMAG:

There will be consideration of the Council's obligations and duties as trustee of PMAG in implementing the proposed arrangements.

10.3 **Equalities Implications**

The proposals set out in this report represent organisational management changes only, as opposed to any changes in service design or delivery. Any proposed impacts on services linked to the financial implications set out in 10.2 will be subject to a separate report.

There are therefore no equalities implications as a result of this report.

10.4 **Procurement Implications**

Whilst interest from external suppliers was shown for leisure and heritage services, as indicated by recent soft market testing and market engagement, any move to externally tender leisure, heritage, and library services, but particularly leisure services, at this time would bring with it significant risks.

There are risks associated to any management fee charged by a supplier due to the fact that extensive investment in the current facilities is needed to upgrade equipment and management software in order to compete with other Leisure providers competing for membership numbers in some cases in close proximity to current leisure services locations.

Such upgrades and improvements will need careful planning both in terms of finance arrangements and implementation. It was made clear by the market that these issues would need to be funded and managed by the Council.

Additionally, to run the tender and successfully implement the solution would likely take 18 months and would lead to further pressure on existing budgets.

11. **BACKGROUND DOCUMENTS**

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

11.1 Cabinet Meeting, 23rd March 2023. Item 6

[Agenda for Cabinet on Thursday 23rd March, 2023, 11.00 am | Peterborough City Council](#)
[Transfer of Services from Vivacity to Peterborough Limited and City College Peterborough - AUG20/CMDN/22](#)
<https://democracy.peterborough.gov.uk/ieDecisionDetails.aspx?ID=1758>

12. APPENDICES

12.1 None

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CABINET	AGENDA ITEM No. 8
18 SEPTEMBER 2023	PUBLIC REPORT

Report of	Stephen Taylor, Executive Director People and Communities	
Contact Officer(s):	Leesa Murray, Head of Commissioning Sarah Croxford, Senior Commissioner (Accommodation)	Tel. LM – 07881922600 SC – 07484900471

AWARD OF CONTRACTS FOR RESPITE CARE & ACCOMMODATION SERVICES FOR ADULTS WITH LEARNING DISABILITY/AUTISM IN PETERBOROUGH

RECOMMENDATIONS	
FROM: <i>Stephen Taylor, Executive Director People and Communities</i>	Deadline date: 18 September 2023

It is recommended that Cabinet approves:

1. the award of Contract to Hereward Care Services Limited (company number 04044871) for the provision of Respite Care & Accommodation Services for Adults with Learning Disability / Autism for **Lot 1**: six shared social care beds at a total cost of £429,240 per annum; being a total of £4,292,400 for the possible duration of ten (10) years) across all beds (budget to be uplifted annually as per the Inflation Strategy through the business plan) for a period of five years from 1st November 2023, with an option to extend up to a maximum period of five years in two increments; three years plus a further two years, making a possible total contract period of ten years and;
2. the award of Contract to Hereward Care Services Limited (company number 04044871) for the provision of Respite Care & Accommodation Services for Adults with Learning Disability / Autism for **Lot 2**: five health beds at a cost of £393,562 across all beds for a period of one year from 1st November 2023
3. the Council entering into a Collaboration Agreement with Integrated Care Board to set out the funding arrangements for the Lot 2 Contract.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CLT on 5th September 2023

2. PURPOSE AND REASON OF THIS REPORT

2.1 The purpose of this report is to seek award of contract.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.5

To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.

2.3 Cabinet is being requested to approve the award of two Contracts to Hereward Care Services Limited (company number 04044871) for the provision of Respite Care & Accommodation Services for Adults with Learning Disability / Autism, as follows:

- (i) **Lot 1:** six shared social care beds at a total cost of £429,240 per annum; a total of £4,292,400 for the possible duration of ten (10) years) across all beds (budget to be uplifted annually as per the Inflation Strategy through the business plan) for a period of five years from 1st November 2023, with an option to extend up to a period of five years in two increments of three years plus two years, making a possible total of ten years and;
- (ii) **Lot 2:** five health beds at a cost of £393,562 across all beds for a period of one year from 1st November 2023

2.4 Cabinet is also being requested to approve the Council entering into a Collaboration Agreement, under Section 75 of the National Health Service Act 2006 with the Integrated Care Board to set out the funding arrangements for the Lot 2 Contract.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	September 2023
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4. **BACKGROUND AND KEY ISSUES**

4.1 Under the Care Act 2014, Peterborough City Council (“the Council”) has a statutory responsibility to meet the needs of people eligible for care and support including carers and to ensure sufficiency of services to meet those needs locally. The Council meets these duties through its provision of residential respite for adults with learning disabilities and/or autism through existing contracts with external providers and inhouse services.

4.2 Respite Care is defined as short-term support for an individual to provide temporary relief for their usual unpaid carer. Services are delivered to the person but provide the dual benefit of not only a break for the informal carer from their caring duties but also a positive experience for the person receiving respite through activities, social opportunities and skills development. The carer’s and individual’s well-being is improved, enabling disabled people to live at home longer and delaying or even preventing admission to long-term care.

4.3 By way of example (fictional example) ... Sean is a 26-year-old man with a learning disability and autism. He lives at home with his parents. He has 28 nights per year allocated overnight respite in a Peterborough based respite service. His respite stays give his parents, who are his informal carers, a break from their caring duties. During his stays, he can meet peers, make friendships and undertake stimulating activities in the home or at day services or visit the community with support. He enjoys helping to make meals for the other people using the scheme and is gaining independence and life skills that will prepare him for entering supported living when his parents are no longer in a position to continue to support him at home.

4.4 Peterborough currently has 11 externally commissioned shared service respite beds for adults with LD/Autism at Lyons Gardens in Glinton near Peterborough, run by Hereward Care Services Ltd (part of Augusta Care). Annual costs are currently £787,125 but have not

been uplifted for many years so taking this to the market increased the likelihood of inflationary increase. For several years 50% (£393,562) funding for the service has come from health from the Integrated Care Board (ICB) for emergency beds and to prevent hospital admission.

- 4.5 During the commissioning process for respite beds the Integrated Care Board committed and agreed to fund only one single year of funding at the historic level of £393,562. This led to the separation of the tender into two lots to reflect the short-term funding commitment from health (ICB) and the ten-year (5+3+2) funding commitment from the Council. This arrangement carried a risk of not attracting any bids and impacting on the service contractually and operationally, should the health (ICB) funded element end.
- 4.6 One bid was received for Lot 1 from the incumbent provider Hereward Care. The scoring was allotted 60:40% quality: price. They scored 42.8/60 on quality and 40/40 on price with a combined weighted score of 82.8%. Their bid was in line with the allocated budgetary envelope. It is recommended they be awarded the new contract.
- 4.7 There were no compliant bids received for Lot 2. A single bidder submitted in a non-compliant bid and was subsequently advised that their bid was rejected for Lot 2. The outcome for Lot 2 will be detailed within the Award Notice for the Procurement, to be published following the completion of Peterborough City Council and Cambridgeshire County Council's governance processes and the conclusion of the 10 day mandatory standstill period in respect of Lots 1 and 2. Following a 10-day standstill discussions were entered into with the incumbent provider, Hereward Care, for these five health (ICB) funded beds, for the period of one year, in line with agreed Integrated Care Board funding. Discussions with the provider indicated they are willing to deliver Lot 2 under the advertised conditions and price. They recognise the need for a specialist respite service and do not wish to leave existing service users without support, and this was a factor in their decision.
- 4.8 Accordingly, it is recommended to make a direct award, in accordance with Regulation 32(2)(a) of the Public Contract Regulations 2015 to the current provider Hereward Care for the five health (ICB) funded beds for a period of 12 months from the 1st November 2023, whilst the Integrated Care Board determines its future direction for funding of the emergency beds in Peterborough. Regulations 32(2)(a) says "The negotiated procedure without prior publication may be used for public works contracts, public supply contracts and public service contracts in any of the following cases where no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an open procedure or a restricted procedure, provided that the initial conditions of the contract are not substantially altered and that a report is sent to the Commission where it so requests". The direct award under for Lot 2 would be under the advertised conditions and price.
- 4.9 This Cabinet Report is requesting approval for the award of Contracts for the following:
- **Lot 1:** 6 social care funded beds: at value of £429,240 across all beds per year (with a total contract value of £4,292,400 for the maximum contract period of ten years) to Hereward Care Services Limited via a compliant and open competitive tender.
 - **Lot 2:** 5 health (ICB) funded beds: at a total contract value of £393,562 across all beds for one year to Hereward Care Services Limited via direct award, in accordance with Regulation 32(2)(a) of the Public Contract Regulations 2015.

Also, approval is sought for the Council to enter into a Collaboration Agreement with the Integrated Care Board relating to provisions for the funding for the Contract for Lot 2.

- 4.10 Total annual value of the two Lots in year 1 are: £822,802.

5. CORPORATE PRIORITIES

5.1 The recommendations consider Council's Corporate Priorities outlined below

Priority 1: Investment in local area and support jobs and workplaces.

Priority 2: Supports vulnerable adults with disabilities in their health and wellbeing through the provision of suitable and safe care and support to improve their outcomes and live happy lives.

Priority 3: Supports Adults with Learning Disability and Autism to live healthy independent lives, increases independence and life skills and delays or reduces the need for longer term permanent social care support.

Priority 4: Sustainability – the successful bidder(s) identified carbon and environmental benefits as part of service delivery.

Renewing the contract for the respite service for LD/Autism in CCC and PCC is unlikely to lead to an increase in emissions as there will be no additional beds or staffing. The provider is actively working to reduce carbon footprint.

6. CONSULTATION

6.1 Consultation throughout the commissioning project.

During the respite review considerable engagement was undertaken with stakeholders including service users, families, carers, care providers and user participation forums. This included soft market test, online and paper surveys and workshops with participation providers and family carer groups. Key findings were that:

- It is essential to the wellbeing of both the carer and individual
- It requires continuity of service for location and carer
- It requires robust staff training and ability to support with complex needs and behaviours that challenge
- People with complex health needs at a younger age including healthcare tasks often require support in shared services with an increased level of delegated nursing tasks.
- Increase in younger people with 1:1 needs who require a shared environment.
- There is a reported negative impact on both individuals and their families of not being able to access respite due to the wrong model (e.g. only offering a shared service when single service is required) or when care is cancelled due to people with long stays and / or incompatible needs.
- A number of people are being placed in respite services as a 'crisis' placement and they may end up staying for a long time and preventing people with planned respite needs from accessing this service.
- In some cases, people have had to enter permanent placements such as supported living or residential care much earlier than anticipated due to lack of access to appropriate respite.

Creative solutions from listening to people's views included:

- A more robust brokerage and operational prioritisation of these people's needs, and a future housing accommodation needs strategy which seeks to increase supply of specialist accommodation properties will support these people to be more appropriately placed long term and will free up shared beds for planned and short-term placements.
- Further exploration around how clinical nursing needs in respite can be supported. There are low numbers of people requiring clinical care and insufficient demand to justify any of the services registering for nursing. People will be reviewed on a case-by-case basis to find solutions and ensuring clinical

oversight such as delegation of tasks, providing own nursing care under a Personal Health Budget, spot purchasing or block purchasing beds and feasibility discussions with CPFT.

- Additionally, there is Integrated Care Board investment in a new single service community crisis space, which may lessen future referrals to respite in an emergency situation.

6.2 Going forward and during the lifetime of the contract performance management and KPIs will identify need for additional shared beds and implementation of a single service model.

6.3 The recommendation has been to the following.

- Corporate Leadership Team (CLT)
- Cabinet Policy Forum

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Consider the anticipated outcome of this report. For example, it may be that a new major policy or statutory plan is being developed to improve service delivery for a particular group of the population; or a review of existing policy is expected to streamline current processes, etc.

The Council will buy these services on a 'block' basis. This gives the Council guaranteed capacity to meet individual support needs (e.g., to avoid a crisis). The downside of purchasing via a block is that the Council must pay for the hours, whether they are used to deliver care or not. However current usage figures indicate a high capacity utilisation of up to 70% across the beds which is the agreed stretched benchmark to take into account flexible usage across different people and fluctuating demand across the week. It remains highly likely that the contract will continue to offer value for money.

Lot 1 is a longer-term contract and will also drive stability in the market with provider contracting of up to 10 years. It is recommended that should any future single service beds be outsourced that they co-terminate in line with the shared contract beds.

The contract for Lot 2 is by way of direct award to the incumbent provider for one year only. The funding arrangement will be underpinned by a Collaboration Agreement between PCC and the Integrated Care Board.

8. REASON FOR THE RECOMMENDATION

8.1 List reasons for making the recommendations

- Statutory requirement under the Care Act 2014 to support needs of individuals with assessed health and social care needs
- Support of carers to give a break
- To support individuals to gain independence for future move to supported living and development of life skills

The reason for the recommendations is to continue the high-quality support to approximately 50 people per year plus their families and carers. Not providing the service would lead to a breakdown in support and pressures across the health and social care system such as earlier entry in supported living or residential support.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 List alternative options considered and rejected and the reasons for rejection. Do not leave this section blank or put 'None'. There is always an alternative even if it is to do nothing, or maintain the status quo.

Continue with current contractual arrangements without open tender: Would be a breach of Public Contract Regulations and would not explore competitive procurement and bring in improvements to service delivery or value for money.

Terminate provision – people with planned respite would lose their support and their families and informal carers would lose their break. There would be pressures across along the social care system such as emergency admissions, safeguardings and pressure on permanent residential services.

10. IMPLICATIONS

Financial Implications

- 10.1
- **Lot 1:** 6 social care funded beds: to Hereward Care Services Limited (company number 04044871) at value of £429,240 per year
 - **Lot 2:** 5 health (ICB) funded beds: to Hereward Care Services Limited (company number 04044871) and value of £393,562 for one year.

Collaboration Agreement between the Council and the Integrated Care Board will set out how and when the payments will be made.

Legal Implications

- 10.2 Section 5 of the Care Act 2014 places a general duty on the Council to promote the efficient and effective diversity and quality in the provision of services. The Council must have regard to section 5(2) Care Act 2014 and in particular, the need to ensure that the Council is aware of the current and likely future demand for services and to consider how providers might meet that demand, the importance of ensuring the sustainability of the market and have regard to the importance of promoting the well-being of adults in its area with care and support.

The Council must have regard to this general duty in its decision-making on this issue and in awarding contracts. In accordance with his report, the Council can ensure it is meeting its duty under the Care Act.

Where the Council awards a contract, it must also have regard to its duty under the Public Contract Regulations 2015, ie to procure for services, lawfully. The threshold for this procurement is £663,540. The Council has been advised that the procurement regime applies.

The Council can lawfully award the Contracts relating to Lot 1 and Lot 2 for the reasons set out in this report. In particular, the Contract relating to Lot 2 can be awarded under Regulation 32(2)(a) of the Public Contract Regulations 2015 because no compliant tender was received, provided always that the Contract entered into with Hereward Care Services Limited is as per the initial conditions of the contract and are not substantially altered.

The Contract relating to Lot 1 is being awarded to the successful bidder following an open tender process in accordance with Regulation 27 of the Public Contract Regulations 2015.

In order to protect the Council and ensure the Integrated Care Board meet the costs under the Lot 2 Contract, a Collaboration Agreement is required, which will set out how and when the payments will be made pursuant to Section 75 of the National Health Service Act 2006.

Equalities Implications

10.3 If the services were to end, the Council would be in breach of its duty under the Care Act 2015 and furthermore, there would be a negative impact on the service users, which in turn would mean the Council would be in breach of its duty under the Equality Act 2010.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

11.1 There are none

12. PROCUREMENT DN NUMBER

12.1 DN665686

13. APPENDICES

13.1 There are none.

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CABINET	AGENDA ITEM No. 9
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director Corporate Services	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Legal, Finance and Corporate Governance	
Contact Officer(s):	Mandy Pullen, Assistant Director HR and Development	Tel. 863628

SUPPLY OF TEMPORARY AGENCY RESOURCE TO THE COUNCIL

RECOMMENDATIONS	
FROM: Cecilie Booth, Executive Director Corporate Services	Deadline date: 1 st October 2023

It is recommended that Cabinet:

1. Approves the award of a contract to OPUS People Solutions via ESPO MSTAR4 Lot1b Master Vendor for the provision of all social care temporary resources for a period of three years with an option to extend for a period of one year. The estimated value of the contract is £4m per year.
2. Approves the award of contracts via the ESPO 3S_22 framework to the suppliers listed below for the provision of all temporary resources that are non-social care for a period of four years including an option to break at year three and the estimated total value of the contracts is £3m per year.

- Eden Brown
- Tile Hill
- Capita
- Morgan Hunt
- Hays
- Reed
- Sellick Partnership
- Penna PLC
- Liquid
- Blue Arrow
- OPUS People Solutions

3. Delegate authority to the Executive Director Corporate Services and Section 151 Officer to award non-social care call-off contracts to additional suppliers that are listed on the ESPO 3S_22 framework on a case-by-case basis and following recommendation by the Council's Work Force Board. The value of additional call-off contract(s) shall not exceed the value set out in recommendation 2.
4. Approves the Council entering into contracts with the contractors that are awarded contracts within recommendation 1, 2 and 3.

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from Corporate Leadership Team CLT.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is:

(a) For the Cabinet to approve the recommendations for the Council's new temporary resource solution and to enter into contracts for the provision of agency workers within (i) social care; and (ii) non-social care; with effect from 1 October 2023 for a maximum contract period of four years.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.5

To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 The Council commenced its contract for provision of all agency requirements (including social care and all other agency services) with OPUS People Solutions Limited on 26 May 2021 for the provision of Lot 1 – Managing Temporary Recruitment for local authorities via the YPO Framework - Managing Temporary and Permanent Recruitment (Reference 942). The contract is due to expire on 30 September 2023. Specialist temporary resource at Clare Lodge is procured outside of the OPUS contract. Consideration and analysis of the Council's overall agency requirements has identified a new solution that shall better suit the Council's needs at this time.

4.2 Below is the latest extract of Agency expenditure over the past 5 years from the Council's financial system:

- 2018/19 - £11.6m
- 2019/20 - £8.1m
- 2020/21 - £4.2m
- 2021/22 - £5.3m
- 2022/23 £8.2m
- 2023/24 (to July) – £2.1m

Agency spend is reviewed/ monitored on a monthly basis at Corporate Leadership Team, with a particular focus on transition plans and how spend can be reduced in future. Following a request by the Audit Committee, the Council shall present a Consultancy and Agency spend report to the committee identifying data and information on agency spend. It should be noted that not all agency spend is funded from Council resources. Some will be funded via external grants and other agreements etc.

4.3 The Council has reviewed its agency procurement approach and going forward wish to offer three different routes, providing greater flexibility to suit the Council's operational requirements. A review within the business has established future requirements so that an effective and workable solution may be put in place. It was concluded that Opus can successfully meet the requirements

for social care temporary resource, whereas the Council's non-social care and Clare Lodge needs should be procured using the most appropriate procurement route.

This approach will result in separate specific routes for social care and the specialist care needed for Clare Lodge; and a third generic route to market for all other agency requirements that fall outside of social care and specialist care.

4.4 **Procurement**

Social Care Procurement:

The Council shall utilise the ESPO MSTAR4 framework Lot 1b (master and neutral vendors) for this requirement and direct award to OPUS as a master vendor under the framework. ESPO MSTAR offers some savings targets and a gainshare arrangement incorporated so the Council may make additional savings. The Council shall also receive a rebate from ESPO on all agency spend. This will allow continuity of existing social care agency provision as they stay with the same provider. Opus have confirmed that they are willing to accept the direct award.

The Master vendor model is where a Managed Service Provider (MSP) that has a supply of their own workers and may appoint 2nd and 3rd tier providers if the requirements are better met externally. Master vendors ensure that workers provided to the Council meet requirements and the entire supply market is utilised to provide the best solution. The MSP will source the correct individuals to match the requirements of the Council and do so in an equal and fair manner, all agencies will sign up to the same terms and processes. The Council will work with the MSP only and all other tier providers will be managed by the MSP, so the Council has only one provider to manage. The provider will manage the supply chain including 2nd tier and 3rd tier providers to fulfil the requirements of the Council.

The key benefits to PCC for continuing to source all social care temporary resource via OPUS include:

- Adding value to managers by taking on the majority of the recruitment process
- Getting a handle on off-contract with a fully managed service
- Improved quality of candidates – neutral vend models are traditionally cheaper, therefore agencies will send their best candidates elsewhere.
- Improved compliance and lower risk – with neutral vend models, managers are also relying on agencies to complete the required compliance with no intervention in between. Implementation and continual oversight of strong embedded tried and tested processes
- Regular robust monthly reporting regarding spend and compliance for the Council.

Non-Social Care:

Procurement has analysed the options available within the market to facilitate setting up a list of suppliers and calling off by direct award to these suppliers under a compliant public framework. This will result in a selection of agency providers being available for hiring managers to approach directly, removing additional costs i.e., the management fee of an MSP and also providing flexibility for the business.

The framework recommended is the Eastern Shires Purchasing Organisation's (ESPO) 3S_22 Strategic HR Services Framework. The framework commenced on 7 July 2022 and ends on 6 July 2024 with an option to extend until 6 July 2026 (call off contracts made before the end of the framework may be made for a longer period after the main framework expires).

This framework has 3 main strands, Executive and Managerial Interim Recruitment, Executive Managerial Permanent Recruitment and HR Business Process Outsourcing.

The proposed set of lots would relate to Executive and Managerial Interim Recruitment. Those framework lots are as follows:

- Lot 1a – Admin, HR & Business Support
- Lot 1b – Blue Light & Emergency Services
- Lot 1c – Commercial (Finance, Procurement & Legal)
- Lot 1d – Education
- Lot 1e – Health & Social Care
- Lot 1f – IT, Digital, Media & Marketing
- Lot 3 – Temporary Recruitment (Sub £45K)

A call-off contract shall be direct awarded to the 11 suppliers set out in recommendation 1.2. There are a total of 96 suppliers on the framework and subject to authorisation from the Executive Director Corporate Services and the Council's Work Force Board, additional suppliers may be awarded call-off contracts under the framework. The key suppliers were selected on the basis of historical usage and matching against the ESPO Framework. Discussions with ESPO around how this could be achieved led to confirmation the Council could put in place overarching call-off agreements with each of the key suppliers that we wish to engage – with a set maximum spend value on the call-off total spend and then allow Hiring Managers to place individual purchase orders against these call-off contracts. However, there will be a need to track spend on these contracts to ensure spend is managed. This arrangement would be less onerous as there would only be a requirement to provide one Confirmation of Award and Contracts Finder Notice per overarching contract.

Whilst this framework offers competitive rates, the true value is derived from ensuring the right calibre of candidate is secured, often this will be a resource previously known to the Council via business networks and previous experience of the candidate(s) performance and delivery.

There are further advantages to direct awarding call-off contracts to several suppliers listed within the framework, in that these may align with key suppliers used by the Council to deliver high quality candidates in recent years. In addition, this process cuts down the time taken in terms of the Procurement and Governance processes and allows hiring managers to act quickly to bring extra resource into the Council at short notice to engage in projects that deliver transformational change.

Specialist Temporary Resource at Clare Lodge:

Clare Lodge requires specialist care agency staff and Procurement have appraised the options available. All specialist temporary resource requirements at Clare Lodge are delivered via the interim arrangement between the Council and Acacium Group whilst a longer-term solution is procured via the Crown Commercial Service (CCS) framework RM6161 Provision of Clinical and Healthcare Staffing. The procurement and award of long-term contract for the supply at Clare Lodge shall be taken via additional governance and is not awarded within this report.

4.5 Internal process

Workforce Board, chaired by the Executive Director Corporate Services, has oversight of all workforce activity, with responsibility for approving all agency workers. Prior to engagement of a temporary resource, the Council's Workforce Board shall consider the request for an agency worker and approve on a case-by-case basis. Workforce Board scrutinises the length of the assignment and end dates. No agency assignment may commence prior to approval.

5. CORPORATE PRIORITIES

- 5.1 The main driver for the move away from Opus to a framework approach to temporary recruitment is to strip away the intermediary cost and contract directly with providers at more competitive rates. As such, this delivers financial benefits and directly supports the Sustainable

Future City Council (SFCC) priority around 'how we work' and its constituent aim around 'delivering value for money for the taxpayer'.

The separation between social care and other corporate recruitment also ensures an appropriate and flexible pipeline of relevant skills to maintain service delivery in key front-line roles where a contingent workforce is an integral part of the operating model. Thus, supporting the SFCC priority around 'how we serve' as well as supporting the day-to-day service delivery in support of priorities around People & Communities and Prevention Independence & Resilience

The move to a more direct relationship with the market also ensures greater flexibility and access to specialist skills that is inhibited in the current arrangement. This creates the agility that we will need as our demand for different and/or specialist skills shift as the way we work and deliver service changes over time and because of transformation. This is therefore in support of all our transformation priorities and aims.

Finally, the fact that this business case has been developed and implemented is evidence of progress regarding the SFCC priority around 'how we enable' and is indicative of a more highly performing Procurement, Finance and HR service.

6. CONSULTATION

6.1 Consultation between HR, Procurement, Finance and Legal.

The recommendations within this report have been considered by the Corporate Leadership Team.

This consultation has also identified the requirement to review and update the consultant, interim and agency policy, which shall be progressed alongside the implementation of the temporary resource contracts.

The new solutions shall be communicated to council officers, with clear steps to ensure compliance within all directorates.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 That when the Council's current agency supplier contract expires, the Council shall call-off the newly implemented Social Care and Non-Social Care contracts for the supply of all temporary resource, which shall be the most beneficial option to the Council in terms of cost, quality and product to Service Managers.

8. REASON FOR THE RECOMMENDATION

8.1 Social Care OPUS have been delivering social care via the current contract which terminates 30th September 2023. There are a substantial number of agency staff that are placed via the current contract. The best option to avoid disruption was to find a more cost-effective route to use OPUS to continue to deliver this element of the Councils requirements. OPUS is an awarded supplier on the ESPO MSTAR4 Framework. It was therefore proposed that we should direct award to OPUS via the ESPO Contract. OPUS will be a Master Vendor meaning that they will supply staff and could source via Agencies should the need arise. The Agency Fee is variable and is dependent upon the scale of pay. There is a fixed fee of £0.30 for the MSP Service. This is a standard fee across all frameworks although the amount may vary. OPUS Fees were competitive against other suppliers on the Framework.

Non-Social care: There was a need within the Council to achieve greater compliancy and increased flexibility for Hiring Managers. In having 11 delivery partners that are drawn from the ESPO Framework and having contracts in place with each we can demonstrate robust compliance with PCR 2015. The Flexibility that is afforded to Hiring Managers will mean that fulfilling the need to fill a temporary vacancy will be flexible as Hiring Managers will have the ability to liaise directly with the Agencies and not have to go through a Master Vendor – this

removes a layer of cost and facilitates accessing the right quality of candidate at the right time. Utilisation of the framework also ensures that we can be confident that pricing is competitive. YPO, CCS and ESPO Frameworks were considered but only ESPO 3S_22 met our requirements in terms of flexibility. It should also be noted that we receive a rebate from ESPO on total spend rates and fees are broadly similar to both CCS and YPO Contracts. The Key driver to achieve a more flexible process once Work Force Board approval had been secured.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 **Option 1** Maintain Status Quo – Continue with OPUS Contract however, this was discounted as it was not meeting all the Council’s agency staff requirements.

Option 2 Exit Opus using Break Clause and use an alternative Framework (ESPO/CCS/YPO) via direct award. Whilst procurement would be quicker via direct award, it would still require a high level of procurement resource and potentially the addition of a specialist category manager and associated additional costs.

Option 3 Exit Opus using Break Clause and use an alternative Framework (ESPO/CCS/YPO) via mini competition. Each procurement would be managed by procurement department and would result in a high level of procurement resource.

Option 4 Exit Opus using Break Clause and complete open procedure in accordance with PCR 2015 for a local framework with appropriate lots. This would require a consultant and high level of business input to develop the detailed specification. It would also require a named contract manager to ensure good supplier performance of the resulting framework.

Option 5 Exit Opus using Break Clause and appoint another managed Master or Neutral vendor. Fees would be applied for the finder service, which would result in the arrangement we have today and not give the Council the specific arrangements they need to meet their agency staff requirements.

10. IMPLICATIONS

Financial Implications

10.1 *It is difficult to estimate the potential spend on social care and non-social care agency costs over the duration of the new contract, but expenditure data taken from the Council’s financial system in recent years is as follows:*

Year	Social Care	Non-Social Care
2018/19:	3,997,601	7,646,001
2019/20:	3,073,805	5,057,412
2020/21:	2,227,892	1,970,473
2021/22:	2,599,637	2,749,080
2022/23:	3,631,285	4,577,551

Agency staff, by definition, are used as a replacement for establishment staff or for specific purposes. As such there would be a budget available for their payment and they should not exceed existing budgets. Budget managers are responsible for monitoring agency spend within their respective budget areas to ensure that any agency commitments are affordable. In addition, it should be noted that not all agency spend is funded from Council resources. Some will be funded via external grants and other agreements.

Legal Implications

- 10.2 Procurement of the temporary resource solutions have been conducted in accordance with Public Contracts Regulations 2015.

Contracts shall be completed with all suppliers listed within the recommendation section.

In relation to recommendation 3, the Council's Constitution at Part 3, Section 3.6.6 authorises a director to deal with contractual matters in accordance with the Contract Regulations, specifically the award of contracts below £500k. Call-off contracts, that shall be awarded in accordance with recommendation 3 of this report, shall be completed between the Council and the supplier.

Equalities Implications

- 10.3 None.

- 10.4 No carbon impact associated with this call-off contract. Carbon Impact Assessment completed.

11. BACKGROUND DOCUMENTS

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

- 11.1 None.

12. APPENDICES

- 12.1 None.

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CABINET	AGENDA ITEM No. 10
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Legal, Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Emma Riding, Service Director- Financial Management & Deputy s151 Officer	Tel. 01733 452520

BUDGET CONTROL REPORT JUNE 2023 - QUARTER 1

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and S151 Officer	Deadline date: N/A
<p>It is recommended that the Cabinet notes:</p> <ol style="list-style-type: none"> 1. The budgetary control position for 2023/24 on 30 June 2023 is a forecast overspend of £5.1m position. 2. The key variance analysis and explanations are contained in section 4.2 and Appendix A to the report. 3. The Council's performance with respect to Business Rates (NNDR) and Council Tax Collection, as outlined within Appendix B to the report. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet to provide an update on the Councils forecast Outturn Position for 2023/24, following review and consideration from the Corporate Leadership Team.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide Cabinet with an overview of the Councils forecast outturn for 2023/24, as at 30 June 2023.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.12, 'To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 Revenue Summary

At the end of quarter 1, the forecast outturn position for 2023/24 is showing a projected overspend of £5.1m. A key driver for this pressure is the rise in the number and complexity of placements within Childrens services, with one single case forecasting to cost the Council more than £3.5m, this financial year.

The Council has identified a number of budgetary risks (covered in section 4.4), which have not yet been reported within the financial position. These will be monitored these closely as part of the monthly Budget reporting process. Officers have developed detailed plans to mitigate these and are actively delivering these. The risks identified are similar to those being highlighted by other Local Authorities and includes the cost of meeting the rising demand for services such as housing, children's and adults social care, legislative changes, challenges with delivering elements of the savings programme and inflation.

Inflation remains high at 6.8% and continues to put pressure on the cost of delivering services. The Council is continuing to closely manage expenditure within the budget, and in the instance of an immediate pressure look at mitigating through the use of our inflation reserve while plans for the longer-term are developed.

Over the last 18 months the Council has made huge improvements to its financial position . Delivering on savings and transformation plans and maintaining a tight grip on expenditure has enabled the reserves balances to be replenished, building back some financial resilience. The Council is focussed on continuing to deliver on this and will be strengthening controls and putting new measures in place to reduce the £5.1m overspend as far as possible. This includes:

- Holding ongoing discussions with multiple government departments and partners about the high complexity of some of the cases coming through children's social care and the financial impact of these.
- Tightening recruitment controls to permanent and agency appointments
- Reviewing the current use of agency
- Capital Programme- delaying or pausing schemes where they rely on Council funding.
- Ensuring we maximise all grant and funding opportunities, including the use of tools such as grant finder.
- Review all current reserves commitments.
- Clear staff communication about the financial position, to all staff and specifically to budget managers regarding reducing non-essential spend.
- Maximising investment income via Treasury management- new trading portals and training in place.
- Mid-year implementation of Sales Fees and Charges increases (also on this Cabinet agenda)
- Procurement activity to review where there are any exemptions to the PO process and review the use of Government Purchase Cards, otherwise known as P-Cards.

The following table below sets out the Council's Forecasted Position by expenditure type:

Table 1: 2023/24 Forecast Position- Subjective Analysis Excluding DSG

	Budget £000	Actual £000	Forecast £000	Projected Variance £000
Employees	74,233	15,368	72,828	(1,405)
Premises	16,880	2,973	16,170	(710)
Transport	7,052	1,269	7,255	203
Supplies and Services	110,892	20,810	111,738	846
Third Party Payments	55,385	8,917	55,690	305

Transfer Payments	68,602	17,787	72,926	4,324
Income	(161,457)	(52,810)	(159,932)	1,525
Financing Capital Expenditure	34,578	4,023	34,578	0
Total Expenditure	206,165	18,339	211,252	5,087
Funding	(206,165)	(15,671)	(206,165)	0
Net Expenditure	(0)	2,668	5,087	5,087

- **Employee:** This includes agency and salary costs and is currently underspending by £1.4m due to a number of restructures and vacancies across the organisation
- **Transfer Payments:** mainly relates to the pressure reported for Children's Social Care Placements. The main cause of this pressure is the high-cost placement which is forecast to cost £3.5m.
- **Income:** This variance is mainly caused by Children's and Young People due to a reduction in School contribution to fund Academy PFI Schools forecast as utility costs and Clare Lodge income due to lower occupancy per Ofsted, which is being offset by reducing expenditure within the unit.

4.2 DIRECTORATE SUMMARY

The following table summarises the forecast outturn position by directorate:

Table 2: 2023/24 Forecast Position- Directorate Analysis

Directorate	Budget £000	Actual £000	Forecast £000	Projected Variance £000	Overall Status
Place & Economy	22,457	2,417	22,720	264	Overspend
Children and Young People	48,497	(14,732)	53,632	5,135	Overspend
Adult Social Care	64,599	12,705	64,121	(478)	Underspend
Public Health	(304)	(3,579)	(304)	0	On Budget
Corporate Services	37,349	4,286	37,516	167	Overspend
Capital Financing	33,566	(1,183)	33,566	0	On Budget
Total Expenditure	206,165	(85)	211,252	5,087	Overspend
Funding	(206,165)	(15,671)	(206,165)	0	On Budget
Net Expenditure	(0)	(15,756)	5,087	5,087	Overspend

The following section summarises the key variances (see Appendix A for a further breakdown):

Adult Social Care **Favourable:**

- The favourable position in this area is largely attributable to staffing costs in the Adults and safeguarding area due difficulties in recruiting to posts and the shared service arrangements due to end.

Children and Young People **Pressures:**

- Children's Commissioning £4.4m** due to Children's Social Care Placements. The main cause of this pressure is a high-cost placement which is forecast to cost £3.5m.
- Schools Direct Revenue Financing £0.3m.** due to a change in approach, to reduce borrowing costs, in line with the Capital Strategy. This will be considered as part of the 2024/25 budget planning process.
- Transport £0.1m** due to increase in the number of Looked after Children placed out of the City.
- Children's Operations £0.4m** due to the need for additional Social Care agency staff and additional staffing costs resulting from the decoupling of shared Children's Social Care Services with Cambridgeshire County Council.

Corporate Services **Pressures:**

- Legal Services £0.2m** pressure mainly due to an increase in external legal fees.

Place & Economy **Pressures:**

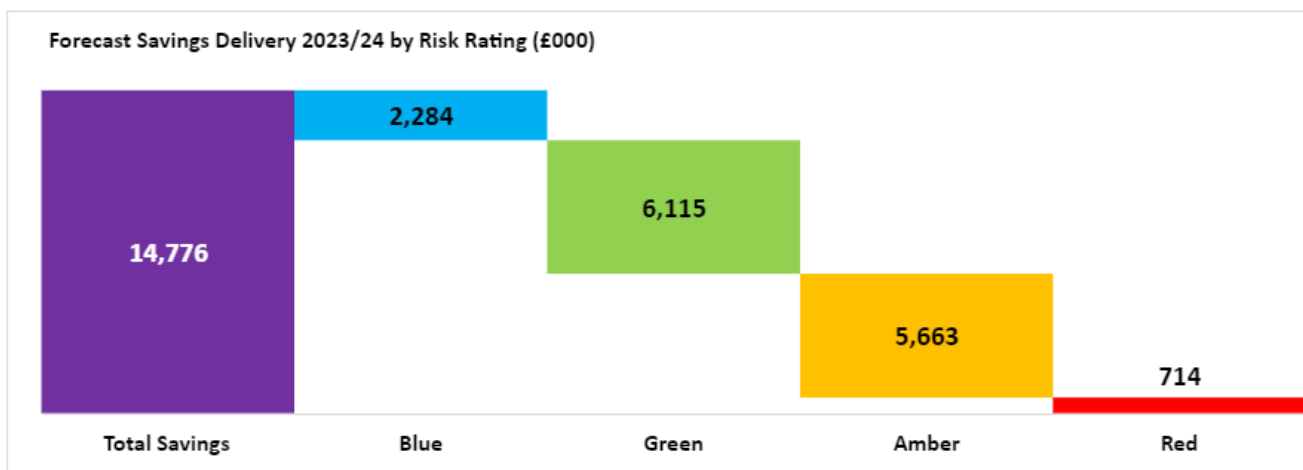
- Safer Communities £0.2m** several small pressures across the service but mostly due to reduced income in on-street parking fees and pedestrian area trading due to a government enforced flat rate.

4.3 SAVINGS PROGRAMME

The savings programme is being monitored by the Capital and Invest to Save Board to review, challenge and provide support to each directorate to ensure the Council's £14.8m savings plan is being delivered.

The following chart summarises the current RAG status of the 2023/24 Savings Plans, outlining:

- 57% are categorised as blue (realised) and green (low risk to achievability in year)
- 38% as amber (moderate risk to achievability in year)
- 5% as red (high risk to achievability in year)



At the end of quarter 1 the Council remains confident it can deliver the full programme by the end of the year and will use the RAG rating to identify where additional oversight and support needs to be focussed. The board is looking at options for mitigation and will keep monitoring this to ensure the savings are delivered in full. Below is a list of the 4 reported red items:

- **Adult Skills & City College Peterborough (£0.3m)** - a project group has been set up to take this item forward.
- **Peterborough Ltd Transformation & Company Restructure (£0.3m)** - Full review of the company practice and structure to be undertaken working closely with the management team at Peterborough Ltd.
- **Waste Improve Recycling Rates (£0.2m) red and (£0.2m) amber** - Recruitment process commenced, and interviews scheduled. However, we will be unable to fill all the posts due to lack of applicants. Further recruitment will therefore be progressed.
- **Energy, Environment, Climate Change- Energy measures- Local Energy Advice Partnership - Solar Together (£0.02m)** - Under review as the local authority we were due to partner with has withdrawn from the project.

4.4 KEY RISKS

The following table outlines the Council's current known budgetary risks at the end of June. These have not been fully incorporated within the forecast outturn position as the anticipated pressure has not yet materialised. The strategic direction and approach to mitigating these risks are considered and implemented.

It should be noted that since the reporting date significant progress has been by officers to reduce these risks, and this will be reflected in future BCR reports. These improvements include:

- **Housing:** the risk is now estimated to be c£1m, as a number of workstreams are being progressed and starting to take effect.
- **Clare Lodge:** all placing local authorities have accepted in writing the new fees and a revised placement forecast suggest this will now break even by the end of the financial year. This has now been categorised as an amber risk.
- **Adult Social Care Safeguarding:** due to the improvement in reablement recruitment, this has now been categorised as an amber risk.

Table 3: Budgetary Risks at 30 June 2023

Key Risk	Value	Risk Description	Mitigating Action
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Environmental Enforcement income	£0.4m	Underachievement of income on Fixed Penalty Notice income within Environmental Enforcement. At present it is not reported as a projected overspend as there is a focus on reducing this or identifying alternatives to mitigate the financial impact.	The overall income pressure is £0.4m, staffing costs have been reduced and posts will be removed permanently reducing spend in this area, and bringing the pressure down to £0.2m. Work to mitigate the pressure will take place across the Safer Communities budget area.
Coroners Service- rise in demand/cost of service.	£0.2m	Increase in the cost of the Coroners Service provided by Cambridgeshire County Council (CCC). This Increase is predominantly due to third party contract costs for services required. Exceptional cases also add to this pressure.	Opportunities to reduce cost escalation are being implemented where possible including: <ul style="list-style-type: none"> • de-risking contracts during contract re-tendering exercises by reducing scope for providers to increase costs during the contract. • Scrutiny of all invoices from contractors is ensuring payment of approved spend in line with contract terms only. • Performance management is ensuring reduced expenditure on non-core coroner spend, by maximising capacity inhouse. • Forward planning is ensuring that large inquests can take place in council facilities thereby avoiding external venue hire. • Discussion with Senior Coroner taking place to challenge whether there is a need for the level of expert witnesses requested, to explore potential for reduced expenditure.
Culture & Leisure Services	£1.2m	There is a risk that service reorganisation will not sufficiently reduce costs to offset expenditure pressures and meet the saving target. The Regional Pool recently had a survey, which identified an isolated area of asbestos. There will be additional costs associated with remedial works taking place in September and loss of income as a result of closure.	Proposals are being progressed with Peterborough Ltd to achieve savings by providing services through a subsidiary in line with the cabinet decision of 23 March. Alongside these further options were approved by CLT in July 2023 to achieve a balanced in year position. Within the proposals, a pressure of £0.6m is identified for 2024/25 in Heritage services – proposals to mitigate this are underway as part of the budget planning process.
Housing	£2 - £3m	Risk of pressure on temporary housing accommodation budget.	Extensive work is underway to accurately forecast demand and demonstrate the impact of mitigations and interventions on that demand; these include private sector leasing, acquiring additional properties, much earlier preventative activity, and seeking to bring more empty homes into use.
Energy Income	£2m	Following a period of sustained high tariff rates for Electricity Income from the Energy Recovery Facility (ERF) prices have dropped with a potential pressure against the targeted budget. However, there is still significant uncertainty in the market over energy prices for the remainder of the year, and particularly going into the next winter period.	The position will be closely monitored, and consideration will be given to smoothing the budgetary impact of this by using the reserve that was set aside during the period of high wholesale energy price.
Energy Generator Levy	£2.6m	The Council generates Electricity from its ERF. New legislation for an Electricity Generator Levy although passed, is still	The Council has sought updated legal advice from external experts, and we are awaiting their report.

		<p>unclear and could result in a Levy charge from January 2023.</p> <p>The Council would fall under the threshold of liability; however, if it is deemed that the contractor, Viridor, are the generator, a liability could arise which would impact the Councils financial position. An estimated value of this liability for 2023/24 is £1m. Also, potential liability of £1.6m for period Jan-Mar-23.</p>	The Council has raised these concerns in respect of the legislation, but until legal opinion over the application of the legislation is received, the financial impact remains unclear.
Children's Social Care staffing investment	£1.5m	Additional Children's Social Care staffing within the Integrated Front Door and Child Sexual Exploitation including the Multi-Agency Safeguarding Hub.	Ongoing resource requirements under review by Officers and the CLT alongside the decoupling work.
Children's Social Care High-Cost Placements & Short Breaks for Children with disabilities.	unknown	<p>The current level of high-cost complex placements within this area means that the Council is carrying a significant pressure. As noted above, placement searches are ongoing to identify more suitable placements for these young people.</p> <p>There are more Children presenting for Short Breaks or support from the Children with disabilities team with multiple and complex needs.</p>	<p>Realisation of Fostering Transformation.</p> <p>Commissioners are working with providers regarding group provision and to encourage more providers into the Market.</p>
Clare Lodge	£2.5m	Clare Lodge was subject to an Ofsted review at the end of September 2022, which resulted in lower occupancy levels. Going into 2023/24 the financial challenge remains, with the unit struggling to break even.	<p>A dynamic pricing model approach has been agreed which will flex the rate based on occupancy and staffing structure- to ensure the costs of the service are fully recovered.</p> <p>This model is being implemented in addition to a change in payment terms. This should mitigate this risk in full and ensure that the council does not subsidise placements from other local authorities as it would be unlawful to do so.</p>
DSG- Schools High Needs Block & School admissions	£1.3m (Covered by CF DSG in current year)	<p>Joint funded placements arising from increase in EHCP's, complexity of need & Commissioned Alternative Provision for Medical Needs and Inclusion.</p> <p>Revised pupil admissions Sept 23, additional classes to be opened sooner than planned at newly opened St John Henry Newman School.</p>	<p>A review will be undertaken of the DSG High Needs Block to identify mitigations to the pressure identified. The service will also review the DfE Safety Valve and Delivering Best Value programmes to see what can be applied to Peterborough. There is an expansion of places in special schools coming on stream to ease capacity</p> <p>These pressures are not expected in future years and will be covered by the DSG carry forward this year.</p>
Adults - Commissioning	TBC	Some care providers are requesting contract uplifts higher than budgeted for. The commissioning and Contract teams will evaluate each request but risk of needing to go above budget levels could exceed allocations	Reviewing and challenging each request to understand the inflationary requirement of providers.
Adults Social Care- rising Demand	TBC	Increasing demand on care placements from all sources. Carrying pressure from 2022/2023 into 2023/2024	Adult Social Care teams continue to stringently apply eligibility and utilise early intervention, prevention and low-cost options wherever possible.

Adults and Safeguarding	TBC	Recruitment issues in key teams such as Social Work, Reablement and Occupational Therapists will have detrimental impact on residents' lives and could increase costs of care provision.	Reablement have recruited to a bespoke recruitment role focussed on recruiting reablement support workers and Occupational Therapists. Agency continues to be used for short term grant funded posts.
Serco	£1.6m	Savings targets established within the 2022/23 budget were achieved on a one-off basis last year are now carried forward into 2023/24 with the addition of new and increased targets.	The Council is in discussion with Serco around the future delivery model for these services.
Inflation	£7.3m	Current inflationary rates have remained high, with the latest ONS forecast rates of 6.8% (CPI). This is impacting on the cost of living and will be additional costs to the Council for providing services. The Council is experiencing pressures on the following budgets: Adult Social Care- linked to the work around market sustainability. <ul style="list-style-type: none"> Electricity and Gas (inc Street Lighting) Home to School Transport Pay award (latest employer offer for 2023/24 represents a £0.9m potential budget pressure) 	The Council is monitoring the economic position and where possible putting mitigations in place to reduce the risk exposure to these external factors. In addition to the Inflation reserve which is in place to mitigate any immediate inflationary pressures.
Savings Plan Delivery	£0.7m-£5.7m	The Council set a budget for 2023/24, which included a £14.8m transformation and savings programme. There is currently £0.7m of the plan identified as High (red) risk and £5.7m as moderate (amber) risk. Within the £5.7m amber, is a £2m vacancy factor target. Current reporting is indicating that this saving could be difficult to achieve due to the level of agency being used to fulfil required roles and a higher than normal volume of staff movement due to restructures ongoing across the organisation in addition to decoupling	Officers and members are committed to the delivery of the savings. Where there are delays in delivery against the plans mitigating savings are being put in place. This is being monitored in a monthly Capital and Savings board attended by the Executive Leadership Team. To review the approach to delivering the vacancy factor including completing monthly provisions to allocate actual staffing underspends against the target.

4.5 RESERVES

The following section and table summarise the current forecast reserves position:

- General fund stands at £5.3m, at present £5.1m is being used to support the current overspend, with £0.4m being moved to this reserve in line with the Council reserves from the Tax income Reserve.
- The Innovation Fund is used to fund the cost of the transformation and the improvement plan.
- Departmental & Grant Related- These are usually grant funds which have been received in advance for specific projects covering multiple years. This includes balances for schemes such as the Ukrainian refugee scheme £0.8m, integrated communities £0.4m and Dedicated Schools Grant (DSG) £4.5m
- Ring-Fenced Reserves are held for a specific purpose. These include Insurance, Schools Capital Expenditure, Parish Council Burial Ground, Hackney Carriage and Public Health reserves.
- Inflation Reserve was established to provide the Council with a safety blanket to mitigate the financial impact of any immediate inflation related financial pressures

- Tax Income Reserve is being used to mitigate the pressure from the Business Rates Forecast, currently £0.7m shortfall.

Table 4: Reserves Position

	Bal as at 31/03/23	Cont from Reserve	Cont to Reserve	Transfer between Reserve	Est balance at 31/03/24	Est balance at 31/03/25	Est balance at 31/03/26
	£000	£000	£000		£000	£000	£000
General Fund	9,942	(5,087)	-	400	5,255	5,665	6,055
Usable Reserves (Innovation Fund and Departmental and Grant Reserves)	34,084	(16,819)	3,765	-	21,030	20,402	20,012
Inflation Risk Reserves	11,532	(7,301)	-	-	4,231	4,231	4,231
Tax Income Risk Reserve	9,555	(676)	-	(400)	8,479	7,258	6,013
Ring-Fenced Reserves	4,883	(526)	474	-	4,831	4,595	4,595
Total Earmarked and General Fund Balance	69,996	(30,408)	4,239	-	43,876	42,191	40,956

Inflation Reserve - The inflation Reserve was created to mitigate the financial risk resulting from rising rates of inflation. During 2022/23, £3.4m of this was utilised to fund the in-year inflationary pressure from higher-than-expected pay awards and rising energy costs. The Council operates an Energy Recovery Facility (ERF) which generates income from selling the electricity it generates. As a result of the current energy market, £9.9m of income, in excess of the budget, has also been transferred to the inflation reserve. We know that the energy market is volatile, so the additional income from ERF will be used as a smoothing mechanism to mitigate any future fluctuations, in addition to mitigating inflationary pressures. This means the Council had £11.5m at the end of 2022/23.

Some inflationary risks have been identified for the current year this includes energy costs, pay award and some key contracts such as those that provide social care. To be prudent we have assumed £7.3m (as outlined in table 4) of the inflation reserve may be required to mitigate the financial impact of this year, but this will be monitoring this closely and all options are being reviewed as part of the budget and MTFS process.

Innovation Fund - This reserve is held to fund one-off type expenditure, such as service transformation, which will improve the longer-term financial position of the Council as contained in the MTFS.

The commitments during 2023/24 cover a range of activity including transformation, phasing the separation of Social Care from their shared services arrangements between Peterborough City Council and Cambridgeshire County Council, the implementation of a refreshed Culture and Leisure service and the start of the local plan development. As outlined within the budget report £5.6m has been committed to fund transformational/invest to save capital projects, where it is expected efficiencies or savings will be generated as a result.

Public Health (within the ringfenced balances) - at the start of 2023/24 this reserve totals £1.7m after a £0.7m contribution at the end of 2022/23 which was possible due to underspends generated by the use of other grants throughout the year. Work is ongoing to determine areas of one-off opportunities for expenditure against this reserve, that have a high impact on health outcomes of residents and meet grant criteria.

4.6 CAPITAL PROGRAMME

Overview

Peterborough City Council spends 15% of its revenue budget on capital financing. This puts the Council in the top quartile of Councils for capital financing costs. Given the increase in interest rates and the pressures on the revenue budget it is therefore important that new capital borrowing is kept to a minimum.

The Council's capital strategy is to reduce borrowing and maximise third party grants for capital spend. Borrowing should only be approved where it is a statutory requirement or an invest to save.

The following table outlines the current Capital Programme, with the following sections providing an overview of the scheme performance.

Table 5: Capital Programme Actual Performance

	£m
Capital Programme agreed at Council on 22 Feb 2023	82.5
Slippage brought forward from 2022/23	14.1
Sand Martin House Acquisition*	50.4
Total Capital Programme	147.0

*as per [report](#) approved at Council on 22 May 2023.

Overview of the Key Schemes

Place & Economy

The Growth & Regeneration capital programme budget includes £14m in 2023/24 for the University and £4.3m for the Station Quarter projects, supported by Levelling Up Funding (LUF); and £9.8m for the Towns Fund projects for which grant has been secured. These projects remain on track for delivery within the timeframe for overall completion - there will be some re-profiling of funds to later years for Station Quarter and Towns Fund, to reflect the spend plans developed through the detailed business cases.

The Housing and Homelessness programmes include external funding for two rounds of the "Local Authority Housing Fund" schemes and "Single Homelessness Accommodation Programme" scheme. Delivery is planned to be completed by March 2024 for these schemes, with the first house purchases completing in August 2023.

Peterborough Highway Services projects include major works to Nene Parkway (near Serpentine Green), and various access points around the Eastern industrial area (Oxney Road, Eye Road). These works are funded through grant from CPCA, and are progressing well, alongside the DfT funded Local Transport Plan of Integrated Transport Improvements; Highway Improvements; Pothole Prevention; Street Lighting & Bridge works which are all on track for completion by March. Some grant funding for Active Travel will be re-programmed to 2024/25 due to an extension of the scheme.

People Services

The People's capital programme is estimated to be £21m over the next three financial years, including the building of a new primary school in the Great Haddon area and for the extension of an existing primary school. These projects are in the early stages of feasibility, there may be some re-profiling of this spend into next financial year depending on the progress of the feasibility stage.

The three year programme also includes a £8.8m SEND project financed by the High Needs Capital Allocation this includes the conversion of the former St Georges Hydro Pool into teaching space for children at Heltwate school and will be used the following 2 years will be used to provide additional SEND pupil places.

There is £2.7m for Disabled Facilities Grant (DFG) projects, all fully grant funded and expected to be spent during 2023/24. There is also a £1.1m scheme for the adaptations to a house purchased for Vulnerable people and for the purchase of another property, which will take place towards the end of the financial year

Corporate Services

The ICT Capital programme of work for 2023/24 includes the following key projects, along with the current status:

- Improvements for Finance, HR & Payroll, and Procurement systems. This programme started in July 2023.
- Core Education system procurement has been delayed as a retender exercise had to be undertaken. Submissions are due end of September 2023.
- A review of the customer journey in a number of departments is being undertaken to ensure that the most efficient touch points for customers.
- The Mosaic system (Adult Social Care) is being migrated to Cloud which improves the resilience of the system for service users.
- Secure Web Gateway is being implemented which ensures greater cyber security for the organisation, especially when working out of the office.

As aforementioned the Council also acquired Sand Martin House in May, which it previously leased from Legal and General. Although this purchase has increased the Capital programme by £50.4m, the business case outlined a significant financial benefit over the remaining 20 year lease.

Table 6: Forecast Capital Programme

Schemes	Budget	Forecast	Projected Variance
Corporate Services			
Crematoria/Cemeteries Development	552,648	552,648	-
Hilton Hotel Loan	120,404	-	-120,404
ICT Projects	4,227,333	2,723,000	-1,504,333
Installing Solar Photovoltaic Capability on Council Buildings	219,668	219,668	-
Leisure Trust - Property	437,753	437,753	-
North Westgate Development	8,719	8,719	-
Property Acquisitions (including Sand Martin House)	50,395,930	50,595,930	200,000
Strategic Property Portfolio Asset Management Plan	2,493,234	2,493,234	-
People Services			
Aids And Adaptations	825,000	825,000	-
Capital Maintenance On Schools	2,227,404	2,227,404	-
Disables Facilities Grant	2,669,546	2,669,546	-
Eye Green Traffic Mitigation Scheme	400,000	-	-400,000
Heltwate School	2,344,289	1,464,289	-880,000
Housing for Vulnerable People	1,054,890	-	-1,054,890
Mobiles Purchase/Lease	450,000	450,000	-
New School Places	1,140,363	540,363	-600,000
Other Schools	601,961	-	-601,961
Manor Drive Schools	270,463	-	-270,463
PFI Condition Works	344,000	344,000	-
Repair Assistance	270,000	270,000	-
Transformation	40,901	40,901	-
Place & Economy			

A1260 Nene Parkway Improvements	11,114,774	11,114,774	-
A16 Norwood Dualling	1,228,712	1,228,712	-
A47/A15 Lincoln Road Junction 18 Improvements	2,127	2,321	194
Allotments & Neighbourhood Parks	31,483	31,483	-
Aragon Fleet Replacement Programme	3,632,401	3,632,401	-
CCTV	100,558	100,558	-
City Centre Counter Terrorism Improvement Works	240,000	240,000	-
Communities - Other Infrastructure	441,000	441,000	-
Eastern Industries Access	7,084,919	7,084,919	-
Emergency Active Travel (Grant)	944,975	375,000	-569,975
Extreme Weather Network Improvements	1,000,000	1,000,000	-
Green Wheel Improvements	754,321	754,321	-
Highways and Transport minor schemes	50,586	50,586	-
Housing	9,537,500	7,287,500	-2,250,000
Leisure Equipment	400,000	-	-400,000
Local Authority Treescape Fund - Forestry Commission	176,000	114,956	-61,045
LTP - Bridges & Structures Improvements	894,713	894,713	-
LTP - Highway Improvements	1,234,000	1,234,000	-
LTP - Integrated Transport Improvements	1,298,194	1,298,194	-
LTP - Pothole Prevention Improvements	1,921,000	1,921,000	-
LTP - Street Lighting Improvements	500,000	500,000	-
LUF - Station Quarter	4,300,000	4,300,000	-
LUF - University	12,790,848	12,790,848	-
Peterborough University Access	1,283,533	1,283,533	-
Parking	973,397	1,154,397	181,000
Peterborough Builds Back Better/Cafe Culture project	45,474	45,474	-
Play Area Improvement Programme	310,036	310,036	-
Regeneration Masterplan	550,000	550,000	-
Renewable Energy Projects (PIRI)	714,230	714,230	-
Safety Fencing Network	750,000	750,000	-
Structural Bridge Works	783,458	783,458	-
The Boardwalks Local Nature Reserve Enhancements	120,000	120,000	-
Towns Fund	9,819,960	5,617,018	-4,202,942
Towns Fund - Accelerated Fund	308,828	308,828	-
Traffic Signals - Lincoln Road/Taverners Road junction (J19J) Improvement Scheme	344,754	344,754	-
Waste Management Strategy	78,375	78,375	-
Westcombe Engineering	139,250	139,250	-
Total	146,993,913	134,459,094	-12,534,819

Looking forward

The Council is still improving processes around monitoring and reporting Capital performance. So far budget managers have all received training and have signed a budget manager accountability letter, which sets out their role and expectations.

At the start of the year budget holders profiled their predicted spend for 2023/24 into quarters, expenditure to the 30 June suggests programmes are running at only c40% against the first quarter budget profile, the same as in 2022/23. However, at this stage the forecast indicates lower levels of slippage (c10%) by the end of the financial year. Work is continuing with budget managers to challenge the current year performance and

develop the future years Capital Programme, with a key focus on reducing Capital expenditure and therefore any associated borrowing.

5. CORPORATE PRIORITIES

5.1 Monitoring the Councils in year forecast outturn is a key part of the Council's performance and improvement framework and aims to demonstrate how the Council manages its finances and expenditure throughout the year. This therefore supports all the council's priorities, but it is strongly geared towards enabling the Council to deliver on the following priority:

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

6. CONSULTATION

6.1 Not Applicable - Performance report, item for information

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 For Cabinet to review and note the Councils current year forecast Outturn Position for 2023/24.

8. REASON FOR THE RECOMMENDATION

8.1 To ensure members of the Cabinet are abreast of the Councils current year forecast Outturn Position for 2023/24.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Not Applicable - Performance report, item for information.

10. IMPLICATIONS

Financial Implications

10.1 Not Applicable - Performance report, item for information.

Legal Implications

10.2 There are no legal implications in respect of what is proposed in the report which is a performance report.

Equalities Implications

10.3 Not Applicable - Performance report, item for information

11. BACKGROUND DOCUMENTS

12. APPENDICES

- 12.1
- Appendix A – Departmental Variances
 - Appendix B – Council Tax and Business Rates Performance

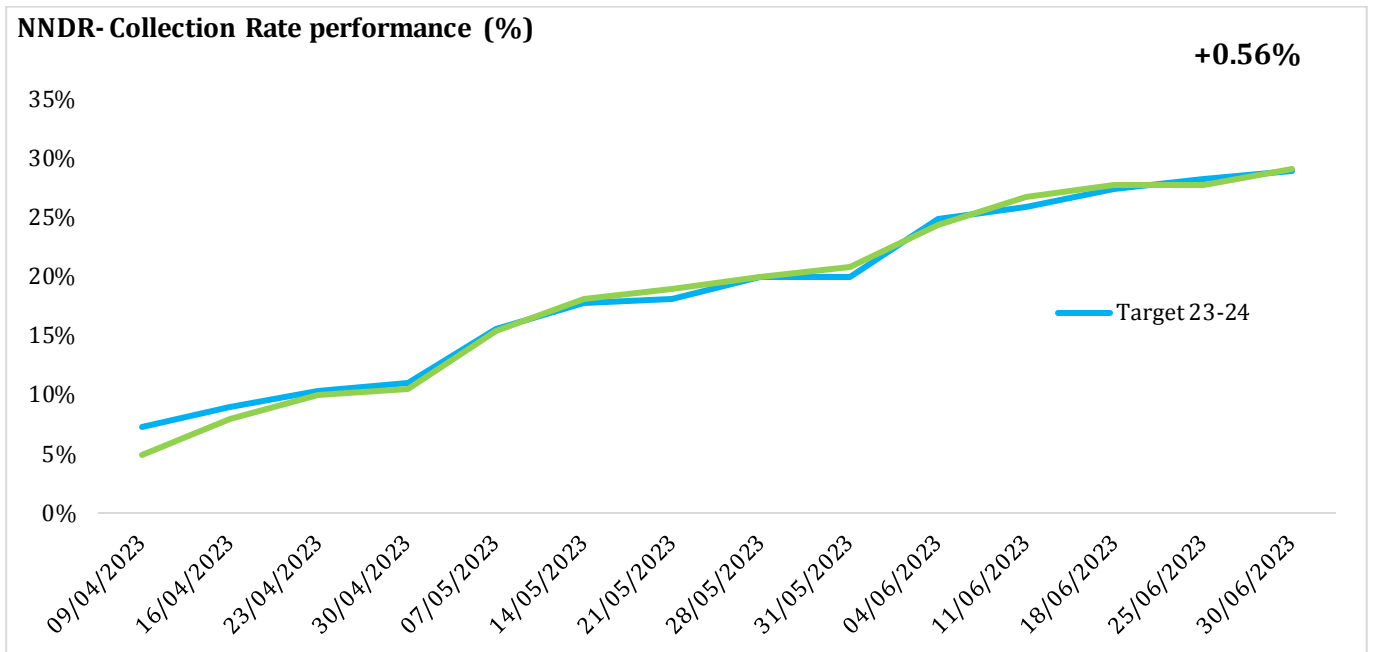
Appendix A – Departmental Variances

Budget Group	Budget £000	Actual £000	Forecast £000	Projected Variance £000	Overall Status
Director Place & Economy	335	74	335	-	On Budget
Infrastructure & Environment - Highways & Transport	4,727	(212)	4,727	-	On Budget
Growth & Regeneration - Planning & Building Control	2,048	(137)	2,048	(0)	Underspend
Infrastructure & Environment - Environment & Climate Change	7,516	3,002	7,520	4	Overspend
Infrastructure & Environment - Westcombe Engineering	36	143	121	85	Overspend
Housing & Communities - Domestic Abuse Partnership	112	(984)	112	0	Overspend
Growth & Regeneration - Growth & Economic Development	175	218	175	-	On Budget
Housing & Communities - Stronger Communities	6,470	1,276	6,514	44	Overspend
Housing & Communities - Safer Communities	(1,160)	(764)	(968)	193	Overspend
Infrastructure & Environment - Regulatory Services	2,059	(221)	1,997	(62)	Underspend
Housing & Communities - Emergency Planning	138	24	138	-	On Budget
Total Place & Economy	22,457	2,417	22,720	264	Overspend
Adults - Commissioning	53,778	11,484	53,769	(9)	Underspend
Adults and Safeguarding	9,324	1,504	8,980	(345)	Underspend
Executive Director Adult Social Care	1,133	(306)	1,015	(117)	Underspend
Performance & Strategic Development	159	24	155	(4)	Underspend
Principal Social Worker	206	-	202	(4)	Underspend
Total Adult Social Care	64,599	12,705	64,121	(478)	Underspend
Executive Director of Children's Services	873	(175)	882	8	Overspend
Education	9,007	455	9,472	465	Overspend
Children's - Operations	14,551	(1,359)	14,937	385	Overspend
Children's Commissioning	21,793	4,189	26,299	4,507	Overspend
Commercial Operations	2,273	582	2,043	(231)	Underspend
Total Childrens and Young People	48,497	3,692	53,632	5,135	Overspend
Children 0-5 Health Visitors	3,748	463	3,748	0	Overspend
Children 5-19 Health Programmes	1,001	194	1,001	-	On Budget
Sexual Health	2,096	65	2,088	(8)	Underspend
Substance Misuse	2,407	(686)	2,407	-	On Budget
Smoking and Tobacco	268	(10)	267	(0)	Underspend
Contain Outbreak Management Fund	(0)	(1,285)	-	0	Overspend
DPH Office & Intelligence Team and Projects	1,083	395	1,080	(3)	Underspend
Health Check Services	155	(8)	155	-	On Budget
Healthy Lifestyles & Publicity	278	138	277	(1)	Underspend
Public Mental Health	10	-	10	-	On Budget
Weight Management and Obesity	296	140	293	(3)	Underspend
Public Health Grant	(11,645)	(2,986)	(11,630)	16	Cont to Ringfenced Reserve
Total Public Health	(304)	(3,579)	(304)	(0)	On Budget
Director of Corporate Services	307	76	305	(2)	Underspend
HR & Workforce Development	1,566	381	1,566	0	Overspend
Financial Services	2,238	696	2,235	(3)	Underspend
Corporate Items	13,641	(3,099)	13,641	-	On Budget
Peterborough Serco Strategic Partnership	6,135	1,573	6,197	63	Overspend
Digital, Data & Technology Services	7,122	2,976	7,176	54	Overspend

Budget Group	Budget £000	Actual £000	Forecast £000	Projected Variance £000	Overall Status
Cemeteries, Cremation & Registrars	(1,689)	(575)	(1,691)	(2)	Underspend
Corporate Property	888	(257)	888	(0)	Underspend
Marketing & Communications	538	141	538	0	Overspend
Health & Safety	197	25	197	-	On Budget
Internal Audit and Insurance	1,718	641	1,700	(18)	Underspend
Chief Executive	325	111	327	2	Overspend
Director of Legal & Governance	229	52	207	(22)	Underspend
Legal Services	1,858	656	2,010	152	Overspend
Information Governance	199	62	187	(12)	Underspend
Constitutional Services	2,081	829	2,035	(46)	Underspend
Total Corporate Services	37,349	4,286	37,516	167	Overspend
Capital Financing	33,566	(1,183)	33,566	-	On Budget
Total Capital Financing	33,566	(1,183)	33,566	-	On Budget
Total Expenditure	206,165	18,339	211,252	5,087	Overspend
Funding	(206,165)	(15,671)	(206,165)	-	On Budget
Net	(0)	2,668	5,087	5,087	Overspend

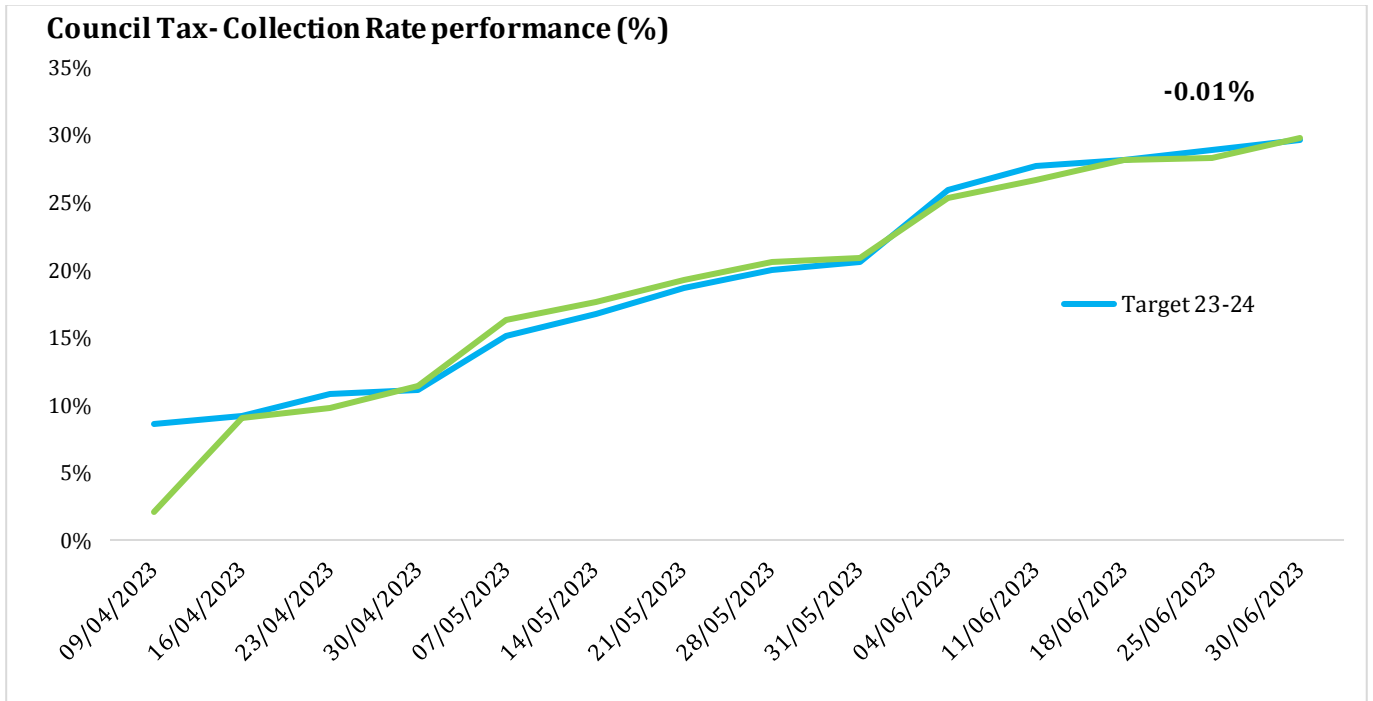
Business Rates

The Council’s collection rate for Business Rates income is 0.56% ahead of target for 2023/24



Council Tax

Collection rate for Council Tax income collection is 0.1% behind target. This performance will remain under dose observation throughout 2023/24 especially in light of the current economic climate.



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CABINET	AGENDA ITEM No. 11
18 SEPTEMBER 2023	PUBLIC REPORT

Report of:	Matt Gladstone (Chief Executive Officer)	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald (Leader of the Council)	
Contact Officer(s):	Ray Hooke (Head of Corporate Delivery Unit)	Tel. 07803 038774

QUARTERLY PERFORMANCE REPORT – QUARTER ONE (2023/24)

RECOMMENDATIONS	
FROM: Matt Gladstone – Chief Executive Officer	Deadline date: 18 September 2023
It is recommended that the Cabinet notes the Corporate Performance Report for Quarter One, 2023/24.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from the Corporate Leadership Team to provide a Quarterly update to Cabinet on the council’s Corporate Performance

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an update to Cabinet and to provide the direction of travel on the Council’s corporate performance in line with our priority outcomes as set out in the Council’s Corporate Strategy 2022-25:

1. The Economy & Inclusive Growth - maximising economic growth and prosperity for Peterborough as a City of Opportunity and doing so in an inclusive and environmentally sustainable way, together with our city partners and communities.

2. Our Places & Communities – creating healthy and safe environments where people want to live, work, visit and play, enabled by effective community engagement and strong partnerships.

3. Prevention, Independence & Resilience - help and support our residents early on in their lives and prevent them from slipping into crisis.

4. Supported by a Sustainable Future City Council - adjust how we work, serve and enable, informed by strong Data & Insight capability and led by a culture of strong Leadership.

- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1

To take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. **BACKGROUND AND KEY ISSUES**

4.1 Full Council approved the Sustainable Future City Council Strategy 2022-25” at a meeting on 12 October 2022

Within it, the Council has committed to deliver a Sustainable Future City Council which requires us to have an organisational structure that is built around needs, fixes the basics and delivers excellent customer services using a ‘OneCity – OnePartnership’ approach. This means looking at all aspects of not only what we do but how we do it, together with our city partners. This covers:

- How we serve – delivering excellent services to our customers and partners at all opportunities, based on their needs rather than our structures.
- How we work - maximising flexibility and minimum constraints to optimise performance in support of those who depend on what we do.
- How we enable - creating highly performing services including HR, IT, Finance, Procurement, and key capability in data and insight.

As part of those plans, we have set out a range of Key Performance Indicators which we use to track progress against our Corporate Strategy goals, measure our outcomes and track the social progress of the city. This report describes performance highlights identified from this reporting for the first quarter of 2023/24.

5. **CORPORATE PRIORITIES**

5.1 The Corporate Performance report reflects progress made against all council priorities and their associated outcomes.

1. The Economy & Inclusive Growth
2. Our Places & Communities
3. Prevention, Independence & Resilience
4. Sustainable Future City Council

Further information on the Council’s Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

6. **CONSULTATION**

6.1 This is a monitoring report only, therefore consultation is not required.

7. **ANTICIPATED OUTCOMES OR IMPACT**

7.1 The corporate performance report will support members to identify areas where improvement in performance is required.

8. **REASON FOR THE RECOMMENDATION**

8.1 The corporate performance report will support members to identify areas where improvement in performance is required.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Do not publish a regular performance report – *this option was considered but rejected as it would not provide CLT and Cabinet with oversight of the council's performance and progress.*

10. IMPLICATIONS

Financial Implications

- 10.1 None

Legal Implications

- 10.2 There are no legal implications in respect of what is proposed which is an update report on corporate performance. As and when various projects are implemented, legal advice should be sought where appropriate.

Equalities Implications

- 10.3 None

11. BACKGROUND DOCUMENTS

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

- 11.1 PCC Corporate Strategy 2022-25 – [Corporate Strategy - Peterborough City Council](#)

12. APPENDICES

- 12.1 Appendix 1 – Corporate Performance Report (Quarter 1 2023/24)

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AUGUST 2023 CORPORATE PERFORMANCE REPORT







KEY ACHIEVEMENTS:

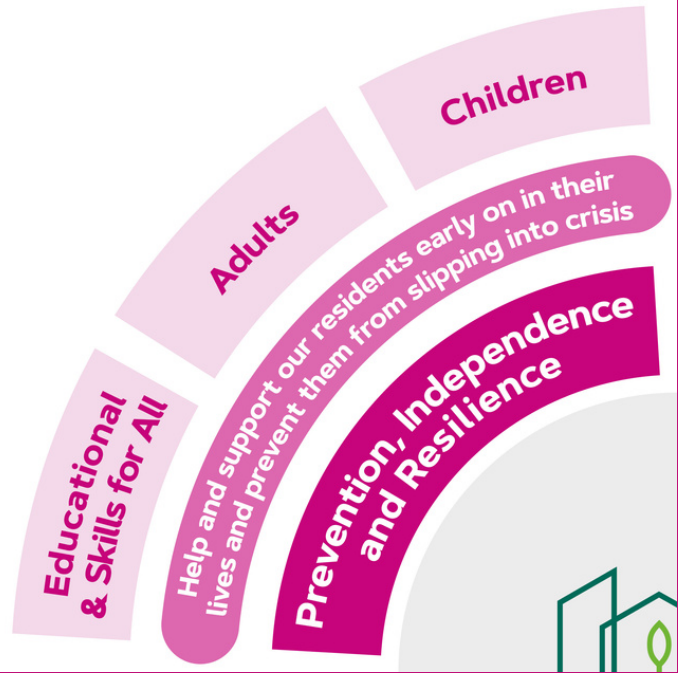
- 53% of residents hold a level 3 qualification or equivalent, compared to 50.7% nationally.
- 37% of adults in the city are at graduate level or above, compared to 33.8% nationally.
- 61% of children achieve a good level of development at the end of the early-years foundation stage. An improving picture, but means not all children are ready for school at the age of 5.
- 1,956 young people progressing to higher education.
- 2,344 people participating in apprenticeships, traineeships and T Levels.

- 80.6% of schools judged good or better by Ofsted. Performance is improving but target of 90% is not yet met.



CHALLENGES:

- Number of apprenticeship completions was 170 – 20 lower than target.
- 2.9% surplus school places available – target is 5%.
- Peterborough lags behind the rest of Cambridgeshire in workforce skills and continued focus is needed to ensure opportunities to upskill are available to our residents.



EDUCATION AND SKILLS FOR ALL





CHILDREN



KEY ACHIEVEMENTS:

- The number of children subject to a Child Protection Plan has increased to 177 (from 138 in March). This is due to an increase in demand due to the complexity of need and post Covid challenges for families including the cost of living crisis.
- There were 410 children in care at the end of May. This number has stabilised over recent months, and the overall rate of children in care is 76.3 per 10,000.

- The percentage of care leavers has increased. We are increasing our focus on supporting individual young people to access education, employment and training.

CHALLENGES:

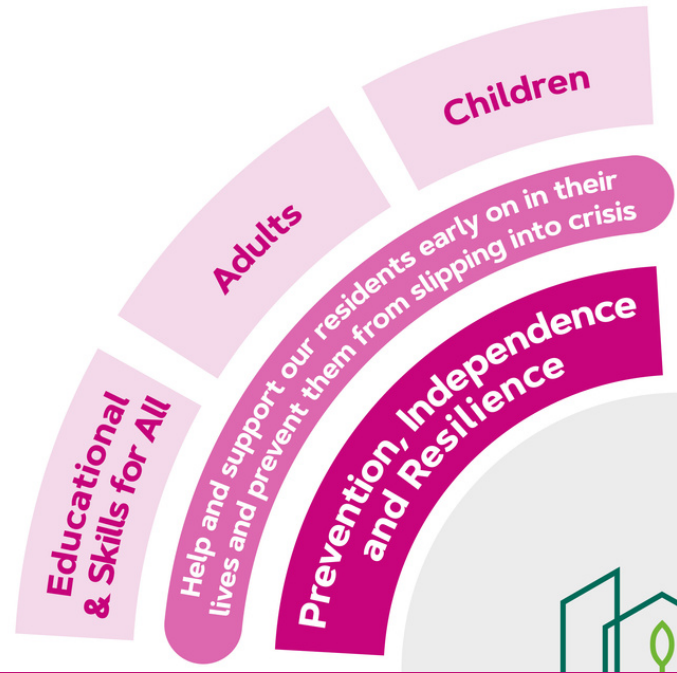
- The number of children and family assessments achieved within timescale is 59%. Work is ongoing to increase performance in this area.
- Recruitment of foster carers, which is a national challenge.

KEY ACHIEVEMENTS:

- 68% of older people who received long-term support were able to be supported in their own home rather than a care home.
- 195 people completed a period of reablement to support them in recovering from a stay in hospital or a period of poor or worsening health, at the end of which 81% required no further long-term care and support.
- In 88% of safeguarding enquiries carried out in response to a safeguarding concern being raised, a risk was identified which was then able to be reduced or removed by the end of the enquiry.

CHALLENGES:

- We are working hard to make our safeguarding process personalised and proportionate. In Quarter 1, 76.8% of people involved in safeguarding enquiries were asked what outcomes they would like to achieve. We want to increase this further.
- Although performance was better than target in Q1, residential care home admission rates continue to be high compared to previous years.
- We need to increase the number of carers receiving an assessment. We have a Carers Strategy in place, which should result in an increase in the number of assessments.



ADULTS





KEY ACHIEVEMENTS:

- There were 6 fewer anti-social behaviour incidents recorded in the city centre per month.43 in total in Q1.
- We are refreshing the Culture and Leisure strategy and putting in place a new survey and measures to provide better insight into our success in engaging residents in culture and leisure activities.



CHALLENGES:

- Continued focus is needed on improving the experience for visitors to our city centre, including tackling anti-social behaviour and ensuring a diverse retail and leisure offer.



PLACES & SAFETY





KEY ACHIEVEMENTS:

- Under 24s Future You Careers Fair held at Sand Martin House.
- 87% of compliance interventions led to a positive outcome. Those businesses become broadly compliant within 3 months of first contact.
- City centre market occupancy rate is 100%.
- 90.2% of premises have access to Gigabit connectivity. Compared to 81.2% across the Cambridgeshire & Peterborough Unitary Authority area.

CHALLENGES:

- Improve our nighttime economy offer in both the city centre and across our neighbourhoods.
- Maintain a clear focus on developing our new Local Plan, to ensure we develop the city in ways which benefit and support existing communities as well as new ones.



LIVES & WORK





KEY ACHIEVEMENTS:

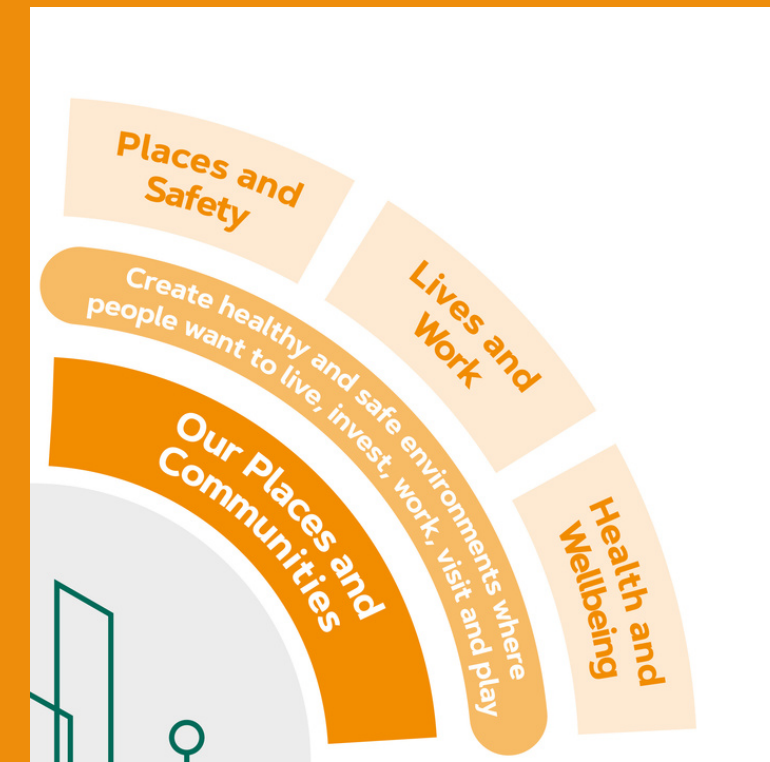
- 71.2% of children achieved a good level of development by the age of 2.
- 5.5% achievement against target for drug service users who successfully complete treatment. There has been a significant improvement in performance over the past 12 months and our rates are well above the national average.
- 33% achievement against target for alcohol service users who successfully complete treatment. Local performance is improving whereas national performance is reducing.

- 105% achievement against target for completed NHS Health Checks (national benchmark). Our target was set at below 100% of people having a check, and more people had a check than we had set the target for.



CHALLENGES:

- 41% of children are overweight or obese – this is an area of focus.
- Only 59% of the adult population are active (150+ minutes exercise per week). This is lower than we would like.



HEALTH & WELLBEING



KEY ACHIEVEMENTS:

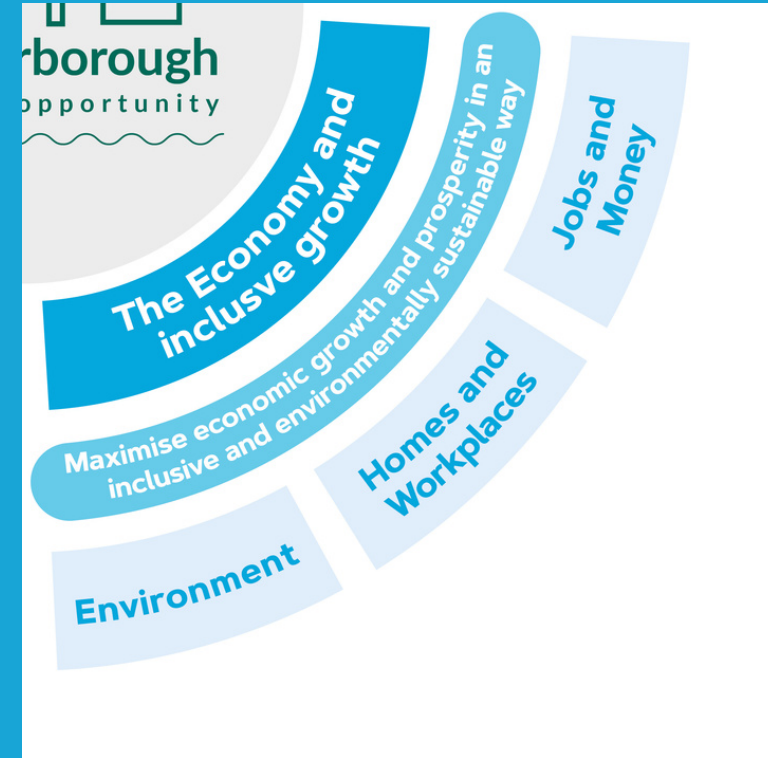
- 14,789 tonnes - council CO2e equivalent gross emissions (tCO2e). This is a reduction of 917 tonnes on the previous year (15,706).
- 35 publicly available electric vehicle charging devices at all speeds by local authority per 100,000 population. Our target is 37.
- 2,554 flytipping incidents reported this quarter. Our quarterly target is 2,025. Last year's average was 2,245.

CHALLENGES:

- 38% of household waste recycled – plans are in place to increase this, including the appointment of a waste engagement officer to work with communities to increase awareness.
- Average Daily Traffic Flow – 22,821. This is the average daily number of vehicles passing the Highways England traffic sensor on the way into the city centre from the A47.
- 38% of adults walk at least 3 times a week and 9.5% of adults cycle at least once a week – both need to increase.



ENVIRONMENT



KEY ACHIEVEMENTS:

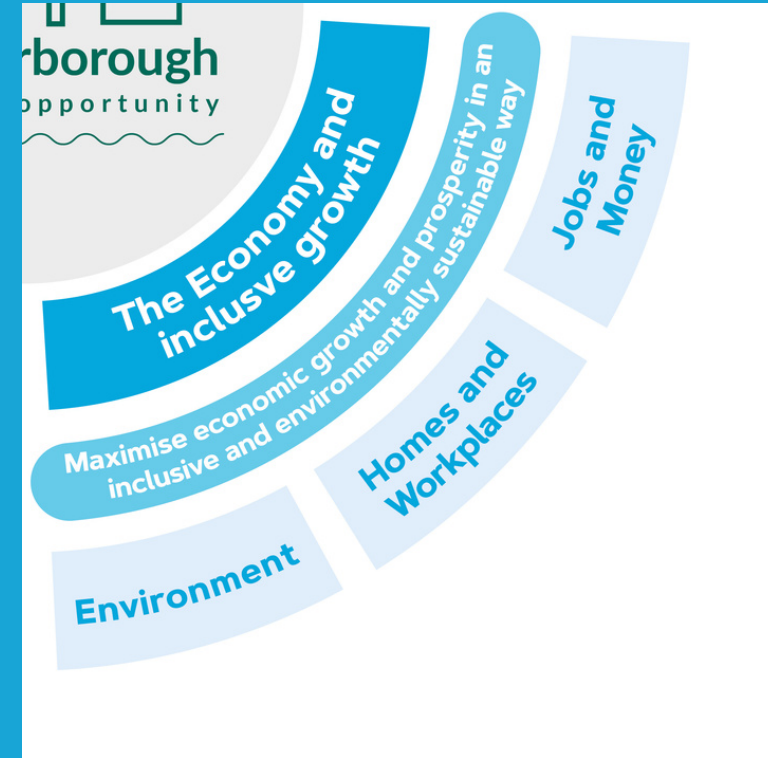
- 997 new homes, including market and affordable dwellings completed in each financial year – above our annual target of 982.
- 15 vulnerable households who would struggle to live independently by themselves were helped into supported accommodation.

CHALLENGES:

- Continued focus needed on preventing homelessness when someone presents in housing difficulty.
- Number of rough sleepers bedded down in the city – estimated to be 30 in Q1. Target's 15.



HOMES & WORKPLACES





KEY ACHIEVEMENTS:

- The net number of new jobs created last year was 5,600. Our target was 4,200.
- The number of people aged 16-64 in employment is increasing. Currently 79% and our target is 83%.
- 11,775 people in-work claim Universal Credit. This is lower than our baseline of 11,943 but still higher than we would like.
- 7,980 business enterprises, this number is increasing.
- 1,315 new business start-ups last year.

- 58% of new businesses survived for three years i.e. 58% of business started in 2018/19 were still trading in 2021/22. All of these new businesses still trading were set up just before, and survived through, the pandemic.

⚠️ CHALLENGES:

- Average weekly wage is £586.20 which is below the target of £604.90.
- More businesses are closing each year than we would like.



JOBS & MONEY



KEY ACHIEVEMENTS:

- Community asset review underway to determine which properties the council should invest in, dispose of or repurpose. This will generate capital receipts and reduce revenue costs.
- Target is for chargeable services to be 100% recovered from service users - currently at 83%. For example, the cost of running car parks is fully recovered from the people who use them, and not from taxpayers in general.
- 29.7% Council Tax (Domestic Rates) collected - on track for time of year.

- 29% National Non-Domestic Rates collected - on track for time of year
- 57% of savings identified for the current financial year delivered or on track for delivery against original plan. Target is 100% by year end.
- 95% of invoices paid within 30 days of receipt.
- 51% of all suppliers used are within Peterborough.

CHALLENGES:

- 2.6% variance of revenue expenditure forecast in comparison to the approved budget. The council is managing an in-year predicted overspend of £5.3m.



HOW WE WORK



KEY ACHIEVEMENTS:

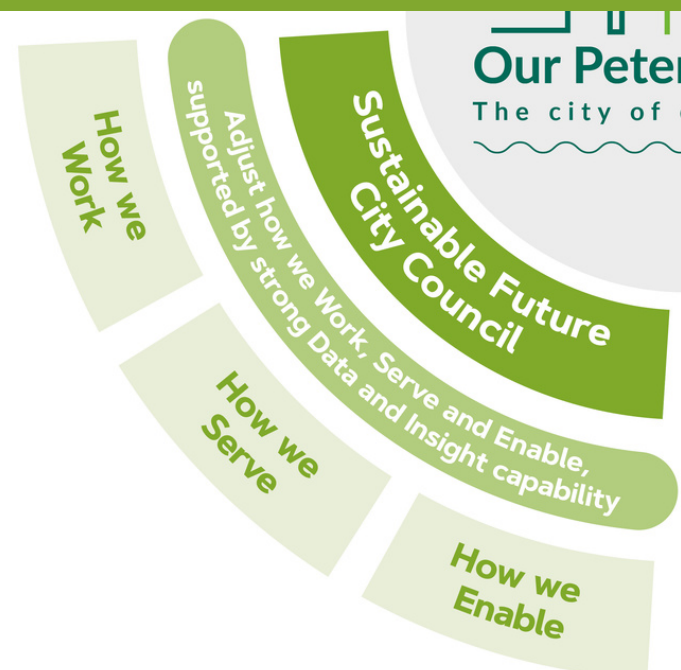
- 97% of calls to the call centre resolved at the first contact.
- Adult's and children's services uncoupled from Cambridgeshire and executive directors and departments now dedicated to Peterborough.
- Plans progressing to make it easier for residents to engage with the council and have their say.

CHALLENGES:

- Further work is needed to improve the customer journey.



HOW WE SERVE



KEY ACHIEVEMENTS:

- Three graduates appointed as part of the National Graduate Development Programme due to start in post in September, working across the council.
- 19 new apprentices will start work with the council in September.
- New corporate values launched across the organisation following a major staff consultation exercise.

- 91% of Freedom of Information Requests responded to within 28 days.
- On average 7 days lost to absence per employee (rolling 12 months). Same as last year.

CHALLENGES:

- Recruitment and retention of staff remains challenging.



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HOW WE ENABLE

