

Consultancy support to ensure delivery of the 2020/21 Medium Term Financial Strategy

Councillor David Seaton, Cabinet Member for Finance

October 2019

Deadline date: N/A

Cabinet portfolio holder:	Councillor David Seaton, Cabinet Member for Finance
Responsible Director:	Peter Carpenter, Acting Corporate Director for Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/19AUG19/03
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to approve expenditure of £736,200 with Grant Thornton to complete the work as part of the Officer Decision Note for Phase 1 of the 2020/21 Medium Term Financial Strategy.

1. PURPOSE OF THIS REPORT

1.1 This report is for the Cabinet Member for Finance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (a) and (b).

In order to deliver the 2020/21 budget within the required timescales specialist expertise is required to supplement work being undertaken by Council officers and add expertise in following areas:

- 1) Detailed data and benchmarking information to check that all services being provided are value for money;
- 2) Complex contractual negotiations;

- 3) Technical and commercial skills;
- 4) Business case development

2. **TIMESCALES**

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

- 3.1 Peterborough City Council and Cambridgeshire County Council (CCC) commissioned Grant Thornton (GT) through a CCC Contract to undertake 2 pieces of work using the GT Financial Foresight model to assess the present financial position of each organisation.

For Peterborough this was a particularly important piece of work as the 2019/20 MTFS highlighted the requirement for Circa £20m of ongoing savings for which a significant portion needed to be ready for implementation by the end of the summer in order to deliver a balanced budget for 2020/21.

Work on the Peterborough position took place at a number of workshops during April and May with results being presented back to CMT in May. At the workshops a number of ideas were presented, commercial and other, for possible inclusion in the MTFS but all required significant work and a gap of circa £10m remained even if all were delivered.

A decision was made to engage an implementation team through Grant Thornton via an Officer Decision Notice so that the Council could deliver the savings proposals required to close the budget gap in the short term and also move the Council forward to a sustainable budget. The meetings highlighted that this expertise (or capacity) was not available in house or within Cambridgeshire.

The work required includes:

- Reassessing existing spending to ensure deliverability and linking this to business criticality;
- Highlighting areas of spending that could be reduced/switched off in either 2019/20 or 2020/21;
- Assessing and approving new spending options to bridge the budget deficit;
- Putting in place robust governance and reporting arrangements to ensure this becomes the focus of officers activities;
- Reviewing and simplifying the existing Council Board structures to make the process streamlined and reduce duplication within the existing system.

This piece of work is time limited as Tranche 1 of the MTFS must be dispatched to Cabinet in October 2019. The Council requires additional expertise in order to challenge existing and new delivery decisions across the full range of services.

GT have been undertaking an initial piece of work, approved via an Officer Decision Note for a total of £363,800. However, the scope of work requiring delivery has increase to a total level of £1.1m which is an additional £736,200. As Grant Thornton had already partially delivered the initial piece of work the decision has been taken to continue with them for the now full package of work. This will ensure continuity of service and no need to undertake handover processes with another contractor in the limited timescale available.

The team undertaking this work, which is over and above the Council staff working on savings initiatives include the access to a range of Subject Matter Experts (both financial and service) to provide the appropriate level of challenge and rigour.

GT have quoted an additional £736,200 to complete this piece of work and have provided details of the team and associated project plans.

This work will be funded through the Capacity Building reserve. The work will also highlight the requirement for possibly more investment in order to deliver fully the savings requirements. The output of this piece of work will be circa £20m of ongoing sustainable savings for the City Council.

This work will be called off the CCS MCF2 Management Consultancy framework which sets out the T&C's.

4. CONSULTATION

4.1 Consultation will be undertaken with Service departments in coming to savings proposals. These will then follow the standard budget consultation process.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 A set of robust initiatives that will come out of this work will form the basis of the proposals going into the 2020/21 MTFS programme

6. REASON FOR THE RECOMMENDATION

6.1 There is the requirement to ensure that the Council sets a balanced budget for 2020/21 without the use of "one-off measures" that have been used in the past. The use of Grant Thornton to help the Council deliver options ensures continuity from the first phase of work that was delivered and also access to their wider range of experiences and comparative data in order to facilitate the process.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 The Council must have a balanced budget for each financial year - this is a legal requirement. Initial work done highlights significant work is required for this to be delivered for 2020/21. Options for delivery are:

- Deliver in House - The Council has neither the capacity nor the expertise for deliver via this route. It could not be delivered within the timescales;
- Delivery through a set of Consultants through a new programme - this is a possibility but would take time to employ the consultants which would impact on the delivery deadlines;
- Use Grant Thornton to deliver the work. As they have undertaken the initial work they understand the issues facing the Council and also have access to the subject matter experts who could be deployed within the required timescales;
- Using LGA resource for the intervention - there would not be the time to set up a team to deliver this.

8. IMPLICATIONS

Financial Implications

8.1 GT have quoted £736,200 to complete this piece of work and have provided details of the team and associated project plans.

This work will be funded through the Capacity Building reserve. The work will also highlight the requirement for possibly more investment in order to deliver fully the savings requirements.

The output of this piece of work will be circa £20m of ongoing sustainable savings for the City Council.

Legal Implications

- 8.2 The council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. The Council must set and maintain a balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control.

Equalities Implications

- 8.3 There are no direct equalities implications of this contract, however the options coming out of this work to include in the 2020/21 budget might require Equalities Impact Assessments.

Carbon Impact Assessment

- 8.4 Limited carbon impact. Contractors will be using existing Council facilities. Only real impact linking to the Carbon Impact Assessment will be travel from Contractors "home location" to Peterborough.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 9.1 None.

10. 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.

- 10.1 None

11. APPENDICES

- 11.1 None.