

CONSULTANCY REQUIRED FOR IMPLEMENTATION OF IMPROVEMENT PLAN
COUNCILLOR ANDY COLES – CABINET MEMBER FOR FINANCE AND CORPORATE GOVERNANCE
JULY 2022
Deadline date: N/A

Cabinet portfolio holder: Responsible Director:	Councillor Andy Coles – Cabinet Member for Finance and Corporate Governance Matthew Gladstone – Chief Executive
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/25 APR2022 /04
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

RECOMMENDATIONS

The Cabinet Member is recommended to:

1. Approve further contracts to CIPFA of up to £500k to provide expertise and delivery capacity to support the implementation of the Council's Improvement Plan, to allow it to achieve financial sustainability. This will bring the total contracted value with CIPFA of up to £1m. Reliance on CIPFA is now reducing as the Council moves towards financial sustainability. Each brief for CIPFA is formally agreed by the Corporate Leadership Team and regular updates are given to FSWG and the improvement board on delivery.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member for Finance and Corporate Governance to consider exercising delegated authority under paragraph 3.4.8 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (a) and (c).

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

3. BACKGROUND AND KEY ISSUES

3.1 The Council engaged with the Department for Levelling Up, Housing and Communities (DLUHC) in October 2020 to request exceptional financial support for its 2021/22 budget. DLUHC granted this support for the 2020/21 and the 2021/22 financial years. However, the support in 2021/22 was subject to a DLUHC-led review of the council's finance and governance processes. These reviews took place in July and August 2021.

The Council had identified a budget deficit in 2022/23 of over £27m. In Phase 1 of the 2022/23 MTFs, this was brought down to £18m. The remaining budget gap was closed during the detailed budget setting process with a challenging savings plan in place.

The two Government reviews were published on 2 November 2021 along with a letter from the Minister. In that letter the minister says

“After careful consideration, I agree with Andrew Flockhart’s findings that, with the right support in place, the Council should be able to respond to these challenges. I will need assurance that the Council accepts the Reviews findings and are motivated to improve the Council’s financial standing. This includes the principal recommendations of agreeing a revised Medium Term Financial Strategy, producing an improvement plan, and appointing an independent Improvement and Assurance Panel. I will also be expecting to see the Council’s plans relating to the recommendation of a four year “all out” electoral cycle in due course.”

The council closed the £18m gap with a comprehensive savings plan, and with a view of moving to financial sustainability. Work has been completed / is underway on five workstreams:

- The reduction of the Capital Programme (as per the DLUHC reports) to fund only the capital spend required to satisfy minimum legal requirements, and which can be funded by the Council and not by additional borrowing.
- Review of all assets in order to use their sales to fund any 2022/23 budget gap and transformation through Capital Receipts (in progress).
- Review of contracts to ensure they are correctly specified and managed (in progress, some completed).
- Forensic reviews of Adults, Children’s, Housing, Culture Leisure & Communities, and planning – as per the DLUHC reports (most completed, some in progress)
- Existing projects already highlighted by officers and being worked on through the Rapid Improvement Team (RIT) (completed)

The previous work package was for the five forensic reviews that needed to take place plus reviews of the work that the council was already undertaking. The council engaged CIPFA for this piece of work. It came to this decision after conversations with DLUHC and CIPFA and due to the fact, that:

- CIPFA are trusted delivery partners of DLUHC
- CIPFA are already providing intervention support at Nottingham and Liverpool and are also in discussion with the Wirral.
- CIPFA have a clear understanding of the financial position at the council having written the finance report for DLUHC
- That the Minister, in her statement, sets out that the council should put the right support in place to move to sustainability.
- CIPFA provided a schematic of how this work was to be undertaken and the following distinct forensic reviews and work packages are underway or have been completed:
 - Adults and Children’s review

- Housing and planning review – the housing review proposal is being re-drafted and the planning proposal will not go ahead now as other reviews have replaced it.
- Community and Leisure Services review – The review of Peterborough Limited and Medesham Homes have recently commenced.
- Evaluation of Companies, Joint Ventures and Commercial arrangements – as above
- Support for member training and finance and drafting of the Implementation Plan – in progress, some training has already been delivered.

Some of the above workstreams need to continue at pace along with the additional work required arising from the in-depth reviews, including interim support in key areas such as finance and property.

This work will need to be contracted with CIPFA and will be up to a value of £500k. This potential additional work, together with that already contracted, may be up to the value of £1m.

The Council's reliance on CIPFA is now reducing and other additional further parcels of non-urgent work will be procured via a mini competition process through an appropriate framework and will be awarded to the bidder offering best value.

The Council is striving to become a financially sustainable organisation, and is making good progress in line with its Improvement Plan. This can only be achieved through the support of organisations such as CIPFA.

4. CONSULTATION

- 4.1 Consultations have taken place with the Improvement Panel

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 Upon approval the Council will be able to continue the workstreams started by the CIPFA team and continue to award further contracts if awarding to CIPFA offers best value.

6. REASON FOR THE RECOMMENDATION

- 6.1 The Council's contract rules require any contract in excess of £500k to be approved by the appropriate Cabinet Member. The original contract awarded to CIPFA was below this threshold, however any further contract awards to CIPFA will take their total contract value for this project to over £500k

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Doing nothing cannot be considered. The minister has been very clear that the Council must get to a sustainable budget by the 2023/24 financial year and if progress is not made there will be the possibility of intervention.

Undertaking a full procurement exercise is not an option as the Council must maintain the work already underway and continue to act at pace as per the DLUHC reports. Alternative providers would require considerable familiarisation with the CIPFA work to date which would be reflected in charges and delays.

8. IMPLICATIONS

Financial Implications

- 8.1 In the budget approval by Full Council in March 2022 a commitment was agreed from the Innovation Fund (formally the Capacity Building Reserve) to fund the cost of transformational investment and the implementation of the Improvement Plan. This decision relates to the award of contract against the agreed reserve.

The report is seeking approval for a total spend with CIPFA of up to £1m. However, as the original set of work packages were for a value up to £500k, any additional packages commissioned will only be up to the value of £500k

Legal Implications

- 8.2 The proposed action will enable the Council to comply with all relevant legislation including the Public Contracts Regulations and the Councils own Constitution.
The monitoring of the spend as set out and identification of future parcels of work at an early stage is essential if the Council to properly procure by competitive tender spend in excess of that for which authority is sought herein.
The urgency exemption within the Public Contract Regulations and the Council's Constitution cannot be used for the direct award of future parcels of work as its clear proper planning and management of future parcels can be competitively tendered.

Equalities Implications

- 8.3 *None*

Carbon Impact Assessment

- 8.5 The contract is for consultancy advice and the provision of that advice has no Carbon Impact

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 Peterborough City Council Improvement Plan 2021-2024

11. APPENDICES

- 11.1 *None*