APPENDIX B

Review of Cipfa Recommendations and progress to date:

CIPFA recommended that the Council should:

CAPITAL / ASSET MANAGEMENT:

• Determine on a disposal of assets programme designed to generate a capital receipt within the 2022/23 financial year that avoids the need for a further capitalisation directive and makes a significant contribution to the Council's reserves.

Action taken: The asset disposal programme was halted by the Interim Director of Resources in January 2022 pending a full review. The Interim Head of Property Services identified sufficient capital receipts to meet the 2021/22 requirements, and a plan to generate the required capital receipts for 2022/23 and beyond. A new Asset Management Strategy and Plan will be developed by the end of May 2022, incorporating a new Asset Disposal Schedule. The aim is to ensure the Council invests in the assets required to support the Capital Programme and disposal of those that don't. The schedule will include a phased disposal of Council owned farms.

• Fully detail the business case for the Transformational Capitalisation including reviewing the intentions for the earmarked reserves before any further support is agreed and as part of this the Council needs to engage an independent body to provide robust challenge and focus on the development of that plan.

Action taken: A capitalisation direction was not required for 2021/22, and no application has been made for 2022/23. We do not intend to use the facility of flexible use of capital receipts for Transformation in 2022/23. This recommendation can therefore be closed.

CHILDREN'S AND ADULT SERVICES:

• Undertake a comprehensive review of the Children's service in relation to:

- **o The approach to demand management**
- **o Linked to the above, comprehensive modelling of future demand pressures and costs (or a full review of the detail provided for the MTFS)**
- **o Forensic review of expenditure**

Action taken: CIPFA and Peopletoo have carried out detailed Services Reviews in both adults and children's and the outcome of those reviews has fed into the MTFS process and areas for cost avoidance or savings have been identified and are being worked upon and fed back through the savings board, IIP Board and IIP Panel.

Areas identified for children were more in-house foster care, reunification and children's social care income. CIPFA are currently undertaking further work on these. Children's services are currently red and we are still working on these with Cipfa.

We have also identified further stretch targets in ASC, such as Direct Payments. We are carefully monitoring the bottom line in terms of P &C forecast outturn as with a demand led budget there are many factors that impact. We have also identified further stretch targets in ASC, such as Direct Payments. Adult Social Care current has a target of 300,000 in this area. ASC did over deliver on this target last year but this was partly a result of the pandemic and people not being able to access support. Therefore a stretch target of an additional 500,000 has been set. This will be monitored through the People and Communities Delivery Board and the Savings Board.

The reviews and deep dive exercise concluded that Children's Services were maximising opportunities to contain cost and demand, and this is shown in the relatively low levels of spend and children looked after compared to other Councils. PCC could not generate any further savings in this area. A forensic review of expenditure was also completed as part of this process and will continue on a case by case basis. Whenever a placement or care package is requested, this goes through a comprehensive panel process which CIPFA/ Peopletoo had the opportunity to observe and complete a desk top review of.

It is recognised that there is a need for a much more targeted focus on Fostering. The ambition is to significantly increase in-house fostering to the point where it can really impact on placement sufficiency and availability for children with additional needs; older young people and young people stepping down the care continuum - and thereby budgets. We will be bringing a business case forward shortly around this issue and would see this as a significant area to focus on going forward.

Areas identified for adults were direct payments, front door, hospital discharges, reablement, technology enabled care and adult's social care income. Adult's social care income has been verified by CIPFA as an area where there is no potential for saving, leaving a £500k shortfall in savings delivery. All other areas of adults are currently amber. Alternative plans to cover the shortfall will be presented to the June Savings Board meeting.

The reviews and deep dive exercise in adults concluded that opportunities to contain cost and demand were being maximised and this is evidenced in the relatively low levels of spend, including well below average placement costs, e.g. domiciliary care. However, further opportunities to maximise cost avoidance were identified. This included increasing the use of prevention and early intervention services, e.g. Technology Enabled Care (TEC) and reablement to reduce, delay or prevent the onset of more costly levels of care. This included a targeted focus in areas of hospital discharge and early help.

HOUSING, PLANNING AND DEVELOPMENT AND CENTRAL SERVICES:

- **Undertake Service reviews of Housing, Planning and Development and Central Services where there is over average spending and Adult Care services to establish the extent of the demand pressures.**

Action taken: A Cipfa-led deep dive into our housing services has concluded its first phase, identifying three broad areas of focus and a proposed new ambition for the service. Two internal officer workshops have been held to socialise these findings, and subsequent sessions are being arranged with Members and external partners. The deep dive has helped to shape our thinking around future structural arrangements and the strategic role the council should play as a housing authority. The short-term financial pressure that has been included in the 2022/23 budget linked to a housing restructure have now been. The amount the council spends on temporary accommodation is still too high, and the review sets out headline arrangements for how this might be dealt with. Critically, the council will be developing a new Local Plan and Housing Strategy and will adapt its role to become an enabler rather than a provider. These changes will help us to ensure we are in greater control of our spend and commissioning arrangements.

The review of the Planning service is progressing at pace, following receipt of the LGA Peer Challenge report into the service. Six broad recommendations were identified in that report with multiple sub recommendations, and a delivery plan has been developed and is being implemented to drive these and other changes forward. An interim assistant director for planning has been recruited to lead the work and to reunify the service which is currently split across two departments. All funded and established vacant posts have been filled, and immediate changes have been made in those parts of the service which the LGA report described as being in crisis. A development team whole-council approach to major schemes is being piloted alongside a review of our use of Planning Performance Agreements, both to ensure we identify the true costs of supporting growth and regeneration from a Planning perspective and drive up our income. We are also establishing a more resilient way to identify and secure external grant and other investment funding, including that available via the Combined Authority or direct from Government. The overall aim of this review and change programme is to ensure the end-to-end Planning service is able to enable and facilitate the level of growth, regeneration and inward investment necessary to support our long-term financial sustainability.

All of the above to be undertaken within 6 months (i.e. April / May 2022), although appendix to report indicates earlier date.

FINANCIAL MANAGEMENT:

• The Council should continue its expenditure controls - Timescale immediate

Action taken: A revenue and capital spending moratorium was implemented with immediate effect. The revenue moratorium, combined with improved external funding, resulted in a significantly improved financial position and the requested capitalisation direction in 2021/22 was therefore not needed. At Month 10, the projected overspend position reduced to £0.7m. As at 31st March, the financial position has improved significantly; the outturn position is a £4.6m underspend and there is no gap to be funded from reserves.

Tight revenue budget controls remain in place for 2022/23, however, a formal moratorium is not in place at this stage. These controls include:

- An employment panel reviews all recruitment and agency requests.
- Business case requirement for all expenditure in excess of £10k - providing additional scrutiny and challenge with regular review from the Heads of Finance for the directorates. Signed off by the S151
- All Agresso approvals over £1k signed off by the DS151. This will soon be transferred to the Procurement Team as part of the roll out of the Agresso Procurement module.
- All controls recognised as part of the Improvement Plan
- Departmental Management Teams (DMTs), together with the Corporate Leadership Team (CLT), review the revenue and capital position monthly, including debt management and risks. Appropriate action is taken to address budget variances and reported in monthly Budgetary Control Reports to Cabinet.
- Enhanced officer budget governance, with a new Capital Programme Board, Savings Board and Procurement Board, overseeing delivery and monitoring savings.
- Enhanced member governance structure, in particular around the Financial Sustainability Working Group (FSWG) to ensure involvement and engagement from all political parties, with a common goal of achieving financial sustainability for the Council.

The controls will be reviewed in due course as part of the work on the Improvement Plan.

The Capital Moratorium remains in place. In early April, the S151 Officer issued a reminder of this instruction to Directors and their key Heads of Service that any capital expenditure that is not legally required, and that is funded by Council Resources must come through the Capital Programme Board

Cecilie Booth, May 2022

for consideration. This is to limit capital expenditure funded from borrowing and will limit new expenditure whilst a full review of the capital programme is completed. This review is required as part of the savings target identified in the MTFS as part of both Phases 1 and 2, as well as delivering the revised Capital and Treasury Management Strategies.

A new Capital Strategy was approved as part of the 2022/23 budget setting process. The strategy says that capital expenditure should be funded from grant / capital receipts wherever possible, and new borrowing should only be undertaken in exceptional circumstances. The capital moratorium remains in place while a full review of the capital programme is undertaken, to ensure all schemes and projects are current and essential.

• **Undertake a review of the Council's external commercial relationships and in particular a review of the need for and future role of a corporate shareholder. – Timescale 6 months**

Action taken: Cipfa are undertaking a full review of commercial relationships, we are currently awaiting reports.

• **The membership of the Council's Audit Committee should be strengthened by the appointment of external independent members to improve its expertise and independence - Timescale 3 months**

Action taken: Three new independent audit committee members have been appointed, including an independent chair. The strengthened audit committee has met twice, and the new members have provided robust challenge to the Audit Plan, the structure and remit of the internal audit team and the Treasury Management Strategy Statement (TMSS)

ASSETS AND COMMERCIAL:

• **Immediately halt spend any capital spend funded by borrowing for which there is no legal commitment and there should be a detailed review process of all schemes. – Timescale immediate**

Action taken: Fully implemented, as set out above. The capital moratorium remains in place for 2022/23, as confirmed by corporate communication. The Interim Head of Property Service is currently reviewing all assets and preparing a new asset disposal programme to generate capital receipts to repay debt and fund future capital expenditure, expected to be completed by the end of May.

• **Verify valuation of assets individually, including rural estate, and carry out detailed options and market appraisal of all assets to establish asset disposal list. - Timescale 1month**

Action taken: Fully implemented as set out above. There are currently no proposed asset disposals pending a full review of all assets, including the rural estate. A new and independent valuation was obtained for the Northminster deal, which significantly improved the proposed price from £1.5m to £4.1m

• **Investigate difference in valuation data of £118m and develop consolidated list of assets with property details, current valuations and income to enable a disposals strategy to be developed. – Timescale 1 month**

Action taken: NPS have been notified of the Council's concerns around the quality of the valuations for accounting purposes, and the overall relationship between PCC and NPS is under review. No disposals will be undertaken without an up to date professional valuation.

• **Complete valuations on the 2023/24 disposal list so the receipts planned can be established. - Timescale 1 month**

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Action taken: As above – this is work in progress and an updated disposal list for will be completed by the end of April 2022.

• Sign no new Farm Business Tenancies, so that agricultural land can be sold free of tenancies where possible. - timescale immediate

Action taken: No new farm tenancies are signed.

• Make no further capital investment in farms such as new grain stores. - timescale immediate

Action taken: No new capital investment in the farms will be approved.

• Assess current values of retail assets and options for income potential and/or alternative uses. - timescale two months

Action taken: This is part of the overall review of the asset base.

• Investigate the commercial basis for Peterborough Investment Partnership (PIP) to establish the value of assets held by the joint venture, future capital requirements and options for realising value for the Council. – timescale one month

Action taken: Cipfa are currently looking at the PIP and we are awaiting the report. Two members have stepped down as directors of the PIP Board and replaced by two officers. Further work is being undertaken.

• Verify valuation of assets individually, including rural estate, and carry out detailed options and market appraisal of all assets to establish asset disposal list. - Timescale 1month

Action taken: Fully implemented as set out above. There are currently no proposed asset disposals pending a full review of all assets, including the rural estate. A new and independent valuation was obtained for the Northminster deal, which improved the valuation from £1.5m to £4.1m

• Complete valuations on the 2023/24 disposal list so the receipts planned can be established. - Timescale 1 month

Action taken: As above – this is work in progress and an updated disposal list for will be completed by the end of May 2022.

• Investigate the commercial basis for Peterborough Investment Partnership (PIP) to establish the value of assets held by the joint venture, future capital requirements and options for realising value for the Council. – timescale one month

Action taken: Cipfa are currently looking at the PIP and we are awaiting the report.

MEDESHAM HOMES:

The housing joint ventures of Meacham Homes and Medesham Homes should be reviewed to understand the potential for realising capital receipts.- timescale three months

Action taken: Cipfa are currently reviewing the governance arrangements for MH and the links with other Council related companies, e.g. PIP. The review will assess the extent to which Medesham has delivered against its primary objectives, and consider the viability and options for MH going forward based on a realistic assessment of potential funding streams.

AGILE WORKING:

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• **Implement agile working policy to reduce office space required at Town Hall and Sand Martin House by 30%- timescale three months.**

Action taken: Continuation of the laptop roll out to support staff to work more productively in a hybrid manner.

Meeting rooms have been checked to ensure the correct equipment to facilitate hybrid meets is in place.

Engagement with managers continues to ensure we reduce the office space where appropriate, understanding that there isn't a one fits all approach, and the needs of the services are me t within the buildings. We have moved away from applying desk ratios, replacing this with agreements with teams to reduce desk space where possible.

The buildings are currently being mapped out to reduce the office space required allowing staff more collaborative areas to work from as requested in the team charters.

Work is being commissioned to improve ventilation etc at the Town Hall to ensure Council meetings can resume.

Cecilie Booth, May 2022