

A meeting of the **OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND GROWTH)** will be held in **CIVIC SUITE, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **WEDNESDAY, 7 DECEMBER 2022** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES (Pages 5 - 10)

To approve as a correct record the Minutes of the Overview and Scrutiny Panel (Performance and Growth) meeting held on 2nd November 2022.

Contact Officer: B Buddle
01480 388008

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda item.

Contact Officer: B Buddle
01480 388008

3. NOTICE OF KEY EXECUTIVE DECISIONS (Pages 11 - 20)

A copy of the current Notice of Key Executive Decisions is attached. Members are invited to note the Plan and to comment as appropriate on any items contained therein.

Contact Officer: H Peacey
01480 388169

4. HUNTINGDONSHIRE UK SHARED PROSPERITY FUNDING (Pages 21 - 34)

The Panel is invited to comment on the Huntingdonshire UK Shared Prosperity Funding Report.

Contact Officer: K McFarlane
01480 388332

5. MARKET TOWNS PROGRAMME - WINTER UPDATE (Pages 35 - 50)

The Market Towns Programme Winter 2022 Update is to be presented to the Panel.

Contact Officer: P Scott
01480 388486

6. INFRASTRUCTURE FUNDING STATEMENT (Pages 51 - 58)

The Panel is invited to comment on the Infrastructure Funding Statement.

Contact Officer: C Burton
01480 388274

7. GREATER CAMBRIDGESHIRE PARTNERSHIP "MAKING CONNECTIONS" CONSULTATION (Pages 59 - 74)

The Greater Cambridge Partnership Making Connections Consultation is to be presented to the Panel.

Contact Officer: C Bond
01480 387104

8. FINANCE PERFORMANCE REPORT 2022/23 QUARTER 2 (Pages 75 - 112)

The Panel is to receive the Finance Performance Report 2022/23 Quarter 2.

Contact Officer: K Sutton
01480 387072

9. TREASURY MANAGEMENT 6 MONTH PERFORMANCE REVIEW (Pages 113 - 142)

The Panel is to receive the Treasury Management 6 Month Performance Review Report.

Contact Officer: K Sutton
01480 387072

10. OVERVIEW AND SCRUTINY WORK PROGRAMME (Pages 143 - 144)

The Panel are to receive the Overview and Scrutiny Work Programme.

Contact Officer: B Buddle
01480 388008

29 day of November 2022



Head of Paid Service

Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests.

Further information on [Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests is available in the Council's Constitution](#)

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The District Council also permits filming, recording and the taking of photographs at its meetings that are open to the public. Arrangements for these activities should operate in accordance with [guidelines](#) agreed by the Council.

Please contact Mrs Beccy Buddle, Democratic Services Officer (Scrutiny), Tel No. 01480 388008/e-mail Beccy.Buddle@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the [District Council's website](#).

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND GROWTH) held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 2 November 2022.

PRESENT: Councillor C M Gleadow – Chair.

Councillors A M Blackwell, S Cawley,
I D Gardener, J A Gray, J E Harvey,
S A Howell, Dr M Pickering and N Wells.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors S J Corney, R Martin and R A Slade.

IN ATTENDANCE: Councillors S W Ferguson and S Wakeford .

35. MINUTES

The Minutes of the meeting held on 5th October 2022 were approved as a correct record and signed by the Chairman.

36. MEMBERS' INTERESTS

No declarations were received.

37. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which has been appended in the Minute Book) which has been prepared by the Executive Leader for the period 1st November 2022 to 28th February 2023.

38. ACTIVE TRAVEL STRATEGY FOR CAMBRIDGESHIRE PUBLIC CONSULTATION

By means of a report by the Chief Planning Officer (a copy of which is appended in the Minute Book), the Active Travel Strategy for Cambridgeshire Public Consultation report was presented to the Panel.

It was observed by Councillor Gray that the rural nature of Huntingdonshire was not at the heart of the strategy, in particular the lack of focus on walking and cycling routes in rural areas as compared to urban areas. The Panel heard that this sentiment was understood and covered by section six of the response.

In response to statements by Councillor Gardener and Councillor Pickering, who felt that positive improvements and options to improve active travel should form part of the

response, the Panel heard that such suggestions would be welcomed by the Executive Councillor. The Panel agreed that there were many issues across the district with the failure to link pedestrian and cycle routes to form a district wide network, specific examples from Alconbury and Hail Weston were given by Councillor Gardener and Councillor Cawley. It was further observed that until valid alternatives were offered for rural areas, residents would not have a valid alternative to private cars thus affecting carbon targets and aspirations for the district. Councillor Cawley also observed that stronger language could be used in the response to reinforce this sentiment.

Councillor Howell questioned the lack of public consultation events in the north of the district, following which the Panel heard that the events had been arranged by the County Council who had also made the consultation and plans available at key libraries and online for all residents.

Having welcomed the report, it was thereupon

RESOLVED

that the Cabinet be recommended to endorse the recommendations within the report.

39. HUNTINGDONSHIRE TRANSPORT STRATEGY

By means of a report by the Chief Planning Officer (a copy of which was appended in the Minute Book) the Huntingdonshire Transport Strategy report was presented to the Panel.

Councillor Gray observed a carelessness in the approach of the County Council on this strategy with incorrect road labelling on the map at page 5 and incorrect figures for the population of Huntingdonshire, it was further noted that these inconsistencies did not inspire confidence in the Strategy. Councillor Gray also observed that the strategy did not address the significant developments across rural areas of the district with specific reference to policy TSH1 in regards to sustainable growth, by this omission and the broad assumptions made, the robustness of the strategy must therefore be called into question. The Panel heard that the strategy will support the delivery of the Local Plan 2036. The Local Plan has sustainable growth at its core with not only the market towns but key services centres and smaller settlements being identified within the strategy. The rural nature of the district is understood but the Council need to be mindful of what can realistically and reasonably be achieved.

The growth of developments in key services areas was observed by Councillor Gray, along with the lack of active or

alternative travel options thus encouraging reliance on private car usage. The Panel heard that Huntingdonshire would be unlikely to see the disappearance of the private car any time soon, however it should be possible to use alternative transport methods for part journeys which would be progress.

It was observed by Councillor Gardener that the document holds grand aspirations but lacked in the detail of how this would be achievable for the district. The Panel heard that the detail is expected to follow as the strategy is finalised and the action plan taken forward and linked into the County Council Transport Investment Plan.

In response to a question from Councillor Howell on the development of 5,000 homes at Great Haddon, which is outside of the County but bordering on the north of the district, the Panel heard that planning process would have been followed for this development with local infrastructure and transport options being taken into account.

Following a question from Councillor Cawley, the Panel heard that the Council would continue to work with the County Council and would involve Councillors in this conversation as much as practicable.

Having discussed the report, it was thereupon

RESOLVED

that the Cabinet be encouraged to endorse the recommendations within the report.

40. CORPORATE PERFORMANCE REPORT 2022-23 QUARTER 2

By means of a report by the Business Intelligence and Performance Manager (a copy of which was appended in the Minute Book), the Corporate Performance Report 2022/23 Quarter 2 was presented to the Panel.

Following a question from Councillor Harvey, the Panel heard that changes to attendance at One Leisure were likely due to early cost of living pressures and that the One Leisure team continued to monitor and react accordingly to attendance reports. It was also advised that increased energy costs would likely impact the service in the coming months.

Councillor Cawley and Councillor Gray observed that the One Leisure offer is not the same as it was pre COVID and enquired on plans to reinstate fitness classes and activities which were previously available. The Panel were advised that as that level of detail is not available within the report this would be investigated and communicated back at a later date.

In response to a question from Councillor Wells, the Panel heard that the Council continued to work with partners on the development and availability of Cambs WiFi across the district and that performance feedback could be relayed back to the providers.

The Panel heard that Community Chest Grants, where payment details were available, were paid to date in reply to an enquiry from Councillor Howell.

Following a question from Councillor Cawley on the difference in tonnage between green compostable and dry recycling waste in PI1, the Panel were advised that a detailed explanation would be sought and circulated to the Panel following the meeting.

Councillor Gardener enquired about the increase in days to process new benefit claims in PI13, the Panel heard that whilst there is some seasonality to claim processing this is reflective of the increase in claims received for processing due to the current economic climate.

Councillor Gray questioned the statement at KA1 and observed that a Climate Emergency had not been declared. He stated that this related to the cost of living crisis and felt that this inaccuracy was misleading.

Some concern was expressed surrounding continued delays to the Market Town Programme projects in St Ives and St Neots, in particular the effect of these delays to the residents of the town due to the continued decrease in spending power of the available funds as goods and services continue to rise in line with the economic climate. Following debate on the progress of the Market Town Programme projects, the Panel were assured that detail on this would be sought and reported back. Councillor Wakeford, who at the invitation of the Chair, joined the Panel, clarified that ongoing work with partners would ensure the right projects were commissioned and remained affordable.

Councillor Gray observed that the project at St Neots Riverside Walks should be shown as Red status due to unresolved objections from the Environment Agency making the project undeliverable within the given timescales. The Panel were advised that a progress status would be sought and reported back along with revised timescales.

Councillor Blackwell challenged the stated forecast decline of footfall for Huntingdon Town Centre in PI5 as many activities were being undertaken by the Town Council to engage and encourage the community to the area.

Having welcomed the report, it was thereupon

RESOLVED

that the Cabinet be recommended to endorse the recommendations within the report.

41. OVERVIEW AND SCRUTINY WORK PROGRAMME

With the aid of a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book) the Overview and Scrutiny Work Programme was presented to the Panel.

Chairman

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NOTICE OF EXECUTIVE KEY DECISIONS INCLUDING THOSE TO BE CONSIDERED IN PRIVATE

Prepared by: Councillor Sarah Conboy, Executive Leader of the Council
Date of Publication: 11 November 2022
For Period: 1 December 2022 to 31 March 2023

Membership of the Cabinet is as follows:-

Councillor Details		Councillor Contact Details
Councillor S J Conboy	Executive Leader of the Council and Executive Councillor for Place	Cloudberry Cottage 9 Earning Street Godmanchester Huntingdon PE29 2JD Tel: 01480 414900 / 07831 807208 E-mail: Sarah.Conboy@huntingdonshire.gov.uk
Councillor L Davenport-Ray	Executive Councillor for Climate & Environment	73 Hogsden Leys St Neots Cambridgeshire PE19 6AD E-mail: Lara.Davenport-Ray@huntingdonshire.gov.uk
Councillor S Ferguson	Executive Councillor for Customer Services	9 Anderson Close St Neots Cambridgeshire PE19 6DN Tel: 07525 987460 E-mail: Stephen.Ferguson@huntingdonshire.gov.uk

Page 11 of 14

Agenda Item 3

Councillor M Hassall	Executive Councillor for Corporate & Shared Services	Care of Huntingdonshire District Council St Mary's Street Huntingdon Cambridgeshire PE29 3TN Tel: 07825 193572 E-mail: Martin.Hassall@huntingdonshire.gov.uk
Councillor B Mickelburgh	Executive Councillor for Finance & Resources	2 Grainger Avenue Godmanchester Huntingdon Cambridgeshire PE29 2JT Tel: 07441 392492 E-mail: Brett.Mickelburgh@huntingdonshire.gov.uk
Councillor B Pitt	Executive Councillor for Community & Health	17 Day Close St Neots Cambridgeshire PE19 6DF Tel: 07703 169273 E-mail: Ben.Pitt@huntingdonshire.gov.uk
Councillor T Sanderson	Deputy Executive Leader and Executive Councillor for Planning	29 Burmoor Close Huntingdon Cambridgeshire PE29 6GE Tel: 01480 436822 E-mail: Tom.Sanderson@huntingdonshire.gov.uk

Councillor S Taylor	Executive Councillor for Leisure, Waste & Street Scene	66 Wren Walk Eynesbury St Neots Cambridgeshire PE19 2GE Tel: 07858 032076 E-mail: Simone.Taylor@huntingdonshire.gov.uk
Councillor S Wakeford	Executive Councillor for Jobs, Economy and Housing	4 Croft Close Brampton Huntingdon Cambridgeshire PE28 4TJ Tel: 07762 109210 E-mail: Sam.Wakeford@huntingdonshire.gov.uk

Page 13 of 14

notice is hereby given of:

- Key decisions that will be taken by the Cabinet (or other decision maker)
- Confidential or exempt executive decisions that will be taken in a meeting from which the public will be excluded (for whole or part).

notice/agenda together with reports and supporting documents for each meeting will be published at least five working days before the date of the meeting. In order to enquire about the availability of documents and subject to any restrictions on their disclosure, copies may be requested by contacting the Democratic Services Team on 01480 388169 or E-mail Democratic.Services@huntingdonshire.gov.uk.

Agendas may be accessed electronically at the [District Council's website](#).

Formal notice is hereby given under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that, where indicated part of the meetings listed in this notice will be held in private because the agenda and reports for the meeting will contain confidential or exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. See the relevant paragraphs below.

Any person who wishes to make representations to the decision maker about a decision which is to be made or wishes to object to an item being considered in private may do so by emailing Democratic.Services@huntingdonshire.gov.uk or by contacting the Democratic Services Team. If representations are received at least eight working days before the date of the meeting, they will be published with the agenda together with a statement of the District Council's response. Any representations received after this time will be verbally reported and considered at the meeting.

Paragraphs of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) (Reason for the report to be considered in private)

1. Information relating to any individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the Financial and Business Affairs of any particular person (including the Authority holding that information)
4. Information relating to any consultations or negotiations or contemplated consultations or negotiations in connection with any labour relations that are arising between the Authority or a Minister of the Crown and employees of or office holders under the Authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
6. Information which reveals that the Authority proposes:-
 - (a) To give under any announcement a notice under or by virtue of which requirements are imposed on a person; or
 - (b) To make an Order or Direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon PE29 3TN.

- Notes:-
- (i) Additions changes from the previous Forward Plan are annotated ***
 - (ii) Part II confidential items which will be considered in private are annotated ## and shown in italic.

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Community Chest Grant Aid Awards 2022/23	Grants Panel	7 & 21 Dec 2022 4 & 18 Jan 2023 1 & 15 Feb 2023 1, 15 & 29 Mar 2023		Claudia Deeth, Community Resilience Manager Tel No: 01480 388233 or email: Claudia.Deeth@huntingdonshire.gov.uk		B Pitt & M Hassall	Customers & Partnerships
Approval of Council Tax Base 2023/24	Chairman of Corporate Governance and Section 151 Officer	6 Dec 2022		Amanda Burns, Revenues and Benefits Manager Tel No: 01480 388122 or email: Amanda.Burns@huntingdonshire.gov.uk		B Mickelburgh	Performance & Growth

Page 15 of 144

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Greater Cambridgeshire Partnership "Making Connections" Consultation***	Cabinet	12 Dec 2022		Clare Bond, Planning Policy Team Leader Tel No: 01480 387014 or email: Clare.Bond@huntingdonshire.gov.uk		S Wakeford	Performance & Growth
Infrastructure Funding Statement***	Cabinet	12 Dec 2022		Claire Burton, Implementation Team Leader Tel No: 01480 388274 or email: Claire.Burton@huntingdonshire.gov.uk		T Sanderson	Performance & Growth
UK Shared Prosperity Funding***	Cabinet	12 Dec 2022		Kate McFarlane, Corporate Director (Place) Tel No: 01480 388719 or email: Kate.McFarlane@huntingdonshire.gov.uk		S Wakeford	Performance & Growth

Page 16 of 144

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Market Towns Programme - Winter Update	Cabinet	12 Dec 2022		Pamela Scott, Housing Strategy and Delivery Manager Tel No: 01480 388486 or email: Pamela.Scott@huntingdonshire.gov.uk		S Wakeford	Performance & Growth
Rural Settlement List - Business Rates	Cabinet	12 Dec 2022		Amanda Burns, Revenues and Benefits Manager Tel No: 01480 388122 or email: Amanda.Burns@huntingdonshire.gov.uk		S Ferguson	Customer & Partnerships
Place Strategy Update***	Cabinet	24 Jan 2023		Kate McFarlane, Corporate Director (Place) Tel No: 01480 388719 or email: Kate.McFarlane@huntingdonshire.gov.uk		S Conboy	Performance & Growth

Page 7 of 144

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Local Plan	Cabinet	24 Jan 2023		Clara Kerr, Service Manager - Growth Tel No: 01480 388430 or email: Clara.Kerr@huntingdonshire.gov.uk		T Sanderson	Performance & Growth
Climate Change Strategy	Cabinet	24 Jan 2023		Neil Sloper, Assistant Director Strategic Insights and Delivery Tel No: 01480 388635 or email: Neil.Sloper@huntingdonshire.gov.uk		L Davenport-Ray	Customer & Partnerships
Final 2023/24 Budget and Medium-Term Financial Strategy (2024/25 to 2027/28) including Capital Programme	Cabinet	7 Feb 2023		Karen Sutton, Director Finance and Corporate Services Tel No: 01480 387072 or email: Karen.Sutton@huntingdonshire.gov.uk		B Mickelburgh	Performance & Growth

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
2023/24 Treasury Management, Capital and Investment strategies	Cabinet	7 Feb 2023		Karen Sutton, Director Finance and Corporate Services Tel No: 01480 387072 or email: Karen.Sutton@huntingdonshire.gov.uk		B Mickelburgh	Performance & Growth
Non-Domestic Rates Discretionary Relief Policy	Cabinet	7 Feb 2023		Amanda Burns, Revenues and Benefits Manager Tel No: 01480 388122 or email: Amanda.Burns@huntingdonshire.gov.uk		S Ferguson	Customer & Partnerships
Tenancy Strategy	Cabinet	7 Feb 2023		Pamela Scott, Housing Strategy and Delivery Manager Tel No: 07874 887465 or email: Pamela.Scott@huntingdonshire.gov.uk		S Ferguson	Performance & Growth

Page 19 of 41

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private (paragraph no.)	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Market Towns Programme - Spring Update***	Cabinet	21 Mar 2023		Pamela Scott, Housing Strategy and Delivery Manager Tel No: 01480 388486 or email: Pamela.Scott@huntingdonshire.gov.uk		S Wakeford	Performance & Growth
Place Strategy***	Cabinet	21 Mar 2023		Kate McFarlane, Corporate Director (Place) Tel No: 01480 388719 or email: Kate.McFarlane@huntingdonshire.gov.uk		S Conboy	Performance & Growth
Corporate Plan***	Cabinet	21 Mar 2023		Dan Buckridge, Business Intelligence and Performance Manager Tel No: 01480 388065 or email: Dn.Buckridge@huntingdonshire.gov.uk		S Conboy	Performance & Growth

Page 20 of 144

Public
Key Decision – YES

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Huntingdonshire UK Shared Prosperity Funding

Meeting/Date: Overview & Scrutiny (Growth & Partnerships) – 7th December 2022

Executive Portfolio: Executive Councillor for Jobs, Economy & Housing

Report by: Corporate Director (Place)

Ward(s) affected: All

RECOMMENDED

The Overview and Scrutiny Panel is invited to comment on the Huntingdonshire UK Shared Prosperity Funding Cabinet report which is attached at Appendix A.

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Huntingdonshire UK Shared Prosperity Funding

Meeting/Date: Overview & Scrutiny (Performance & Growth)
7 December 2022

Cabinet
12 December 2022

Executive Portfolio: Cllr Sam Wakeford, Executive Councillor for Jobs, Economy & Housing

Report by: Kate McFarlane, Corporate Director (Place)

Ward(s) affected: All

Executive Summary:

This report provides an overview of the new UK Shared Prosperity Fund (UKSPF) and outlines proposed areas of activity to be delivered in Huntingdonshire that are included in the Cambridgeshire and Peterborough UKSPF Investment Plan that remains subject to approval by Government.

Cabinet is asked to endorse the proposed areas of activity and approve the recommendations to ensure appropriate delegations are in place to progress UKSPF project activity at pace to maximise opportunities to deliver the best outcomes for our residents, businesses, and place.

Recommendation(s):

Cabinet is requested to:

- Endorse the submission of the programme of Huntingdonshire wide UKSPF activity.
- Delegate authority to the Corporate Director (Place) in Consultation with the Executive Councillor for Jobs, Economy & Housing and Executive Councillor for Finance and Resources to make amends to Huntingdonshire programme activity following feedback from the Department for Levelling Up, Housing and Communities and/ or Cambridgeshire & Peterborough Combined Authority on the proposed programme of activity in response to any changes arising from the Autumn 2022 Budget.

- Delegate authority to the Corporate Director (Place), the S151 Officer and Head of Legal Practice in Consultation with the Executive Councillor for Jobs, Economy & Housing and Executive Councillor for Finance and Resources to:
 - a) enter into the Funding Agreement with the Cambridgeshire & Peterborough Combined Authority to enable the delivery of the Huntingdonshire UKSPF Programme, including the Rural England Fund.
 - b) enter into all relevant and necessary grant Funding Agreements and contracts for the successful delivery of the Huntingdonshire UKSPF Programme, including the Rural Fund.
- Delegate authority to the Corporate Director (Place) and the S151 Officer in Consultation with the Executive Councillor for Jobs, Economy & Housing and Executive Councillor for Finance and Resources to re-allocate UKSPF and Rural Fund to existing or new activity to ensure the Huntingdonshire allocation is fully utilised by March 2025.

1. PURPOSE OF THE REPORT

- 1.1 To provide an overview of the proposed activities to be delivered through the UK Shared Prosperity Fund (UKSPF) in Huntingdonshire that support the delivery of Council priorities and align with other external funding streams to maximise opportunities to deliver the best outcomes for our residents, businesses and place.

2. BACKGROUND

- 2.1 Following the Government's Levelling Up White Paper published in February 2022 and many previous references to UKSPF as the successor fund for the EU structural funds, the UK Government published the UKSPF prospectus on 13 April 2022.
- 2.2 The UKSPF is a central pillar of the UK government's Levelling Up agenda and provides £2.6 billion of new funding for local investment by March 2025. All areas of the UK will receive an allocation from the Fund via a formula. It is intended to help places across the country deliver enhanced outcomes whilst recognising that even the most affluent parts of the UK contain pockets of deprivation and need support.
- 2.3 The fund will allow places to target funding where it is needed most, building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances. Local Authorities, working with stakeholders, will define their own local priorities within the Government's published framework.

The three UKSPF investment priorities are:

- **Communities and Place:** enabling places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. The intention of this is to strengthen the social fabric of communities, supporting in building pride in place.
- **Supporting local business:** enabling places to fund interventions that support local businesses to thrive, innovate and grow.
- **People and Skills:** enabling funding to help reduce the barriers some people face to employment and support them to move towards employment and education.

UKSPF Funding Allocations

- 2.4 The Department for Levelling Up, Housing and Communities (DLHUC) will oversee the Fund at UK level. The lead Authority in Cambridgeshire is the Cambridgeshire and Peterborough Combined Authority (CPCA) with the CPCA in receipt of core UKSPF allocation to 2024-25 of £9,872,624, this includes a fixed 4% of the allocation for programme administration and should cover legal, finance and staff costs. A further £3,999,186 has also been allocated to the CPCA to support the government's flagship Multiply programme, to support adults to improve their numeracy skills.

- 2.5 Across Cambridgeshire an agreed allocation model has resulted in Huntingdonshire District Council receiving £1,878,645.43, after a fixed 4% programme admin is removed, this 4% is to be split equally between the Council and the CPCA. In addition, £304,749.89 of the Huntingdonshire allocation has been set aside to support Cambridgeshire wide priorities as summarised in table 1 below.

Table 1. Funding breakdown

	Amount
Huntingdonshire Allocation (minus fixed 4% admin fee)	£1,878,645.43
Contribution to Cambridgeshire wide priorities	£304,749.89
Remaining for Huntingdonshire based activity	£1,573,895.54

- 2.6 The funding is a mixture of revenue and capital with the capital component increasing over the first 3 years as a minimum element in the allocations, this minimum level of Capital spend in each year is 10% in year one, 13% in year 2 and 20% in year 3 of the indicative allocation as shown below. It should be noted that this profile may change in light of the Autumn 2022 Budget.

Table 2. Spend profile with capital and revenue split

	2022/23	2023/24	2024/2025	Total
Revenue	£169,980.71	£328,629.39	£805,834.52	£1,304,444.62
Capital	£18,886.75	£49,105.54	£201,458.63	£269,450.92
Total	£188,867.46	£377,734.93	£1,007,293.15	£1,573,895.54

Rural England Prosperity Fund

- 2.7 In September 2022 Government announced a further element of UKSPF, Rural England Prosperity Fund (REPF), known as the rural Fund to improve productivity and strengthen the rural economy and rural communities. This funding is again routed through the CPCA, with Huntingdonshire being allocated £957,788.00 for the period 2023 to 2025 for capital spend in rural areas. There are some additional interventions available, but the priorities are limited to the UKSPF Communities and Place and Local Business Investment priorities. Details of the fund can be found here [Gov.uk: Rural England Prosperity Fund: prospectus](#). The deadline for the submission of additional Rural Fund information is the 30th November 2022. The CPCA are responsible for this submission.
- 2.8 At the time of writing the proposed interventions to deliver against the Council's priorities are still being developed. Likely areas of focus will be supporting rural businesses with grants, piloting how to improve rural digital connectivity to deliver community benefits and investment to improve rural buildings achieve net zero. Due to the tight timeframes available minimal specific engagement has taken place with stakeholder and rural communities, with engagement primarily via Cambridgeshire ACRE and soundings from rural businesses. However, feedback received

from residents, on what is most important to them as part of the development of a new Huntingdonshire Place Strategy, Huntingdonshire Futures has been considered. Details of this are available at www.huntingdonshirefutures.net. As the proposed interventions are further developed engagement with relevant stakeholders will be scheduled.

Huntingdonshire Investment Priorities

- 2.9 The Cambridgeshire & Peterborough Investment Plan, which included proposed activities in Huntingdonshire was approved at the CPCA Board on [27 July 22](#) and submitted at the beginning of August 2022. This high-level plan allocates the available fund to pre-defined interventions which were set out in Government guidance, each with pre-set output and outcome indicators. The Investment Plan is currently being reviewed by Government, with a formal response anticipated in late 2022.
- 2.10 The UKSPF investment in Huntingdonshire will directly deliver against the Council priorities outlined in paragraph 5.1. It will enable funding to continue activity that was previously funded by other organisations via European funding and would otherwise have ceased, it will maximise impacts by bringing external funding streams together, add value to existing activities, deliver new interventions and investment to support future opportunities to secure further external funding.
- 2.11 The Huntingdonshire priorities were developed following engagement with local businesses and business intermediaries, recognised organisations in the voluntary & community sector, drawing from draft masterplans and in consultation with Cabinet. Local MPs and their constituency offices were briefed on the emerging priorities on the 1 July 2022 and their feedback taken on board.
- 2.12 A total of 9 projects were originally included within the Huntingdonshire section of the Cambridgeshire & Peterborough Investment Plan, however this has reduced to 8 with the merger of Visitor Economy activity into the Vibrant Communities project. In identifying these projects consideration has been given to investing in Council priorities, availability of other funding, deliverability and benchmarking of unit costs. The Huntingdonshire projects in receipt of UKSPF funding are therefore summarised in table 3 below.

Table 3. Summary of Huntingdonshire UKSPF projects

Project Title	UKSPF Priority	Brief Description	Delivery Method	Funding
Reaching for Net Zero	Supporting local business	Supporting SMEs to reduce their carbon footprint, increase their utilities costs and become net zero with a net zero plan and capital grants for implementation.	To be commissioned (led by Cambridge City)	£320,000
Start Up & Entrepreneurship	Supporting local business	Intensive support for pre-start and early-stage ventures via a series of workshops designed to help candidates through the process, equipping them with the skills and knowledge they need to apply for funding and launch their new business idea.	To be commissioned (HDC)	£100,000
Business & Intellectual Property Centre	Supporting local business	Business and IP Centres across Cambridgeshire and Peterborough Libraries provide vital market intelligence/data and support services to earlier stage new start-ups, start-ups and SMEs. This project will continue this support, particularly in supporting new start-ups in the underrepresented female/ BAME groups.	Direct Award	£75,000
Manufacturing Digitisation	Supporting local business	Dedicated programme of support and funding to our manufacturing sector to improve productivity and efficiencies of local SMEs through free consultancy advice on integrating new technologies.	To be commissioned (HDC)	£280,000
Active Travel Feasibility Studies	Place & Communities	Commission to produce up to five route feasibility studies to support future external funding bids for new active and sustainable travel routes in Huntingdonshire.	To be commissioned (HDC)	£150,000
Ramsey Great Whyte Improvements	Place & Communities	HDC have submitted a CPCA LGF bid to deliver the improvements to the Great Whyte. A project consisting of a proposed new Market / Agriculture Produce Hub for local producers, retailers and businesses and delivery of circa 600 m2 public realm around the Produce Hub. This revenue investment will provide funding to promote the facility, to support community development and events and activities.	To be agreed	£220,835
Vibrant Communities	Place & Communities	To support events (arts, culture, skills, seasonal & environmental events) in town centres and large villages as part of a wider package of activity to increase up footfall and build on success from the Welcome Back Fund. This is linked to a	Allocations to towns & villages (See MTP paper, item 5 at Cabinet 12 Dec 2022)	£155,000

		broader range of capital focussed interventions.		
Community Based Employment & Skills	Place & Communities	Engaging economically inactivity via key community nodes providing tailored and targeted support, including focus on mental health & wellbeing, volunteering as a route to employment and progression pathways to further develop skills and employment through existing mainstream provision.	Allocations to Recognised Organisations (ROs)	£273,061
				£1,573,895.54

2.13 The Council will ensure that the UKSPF allocation is effectively managed as a programme ensuring spend against agreed funding profiles and delivery of agreed outputs, with regular reporting to the CPCA in line with a future funding agreement.

2.14 Given the breadth of the interventions and linkages with existing activity it should be noted that some of the projects will fall within existing programmes of activity to ensure we maximise operational efficiencies and delivery of benefits sought. For example, the Ramsey Great Whyte Improvements project and Vibrant Communities form part of the Market Towns Programme (MTP) and will also feature MTP December 2022 update, item 5 at the 12 December 2022 Cabinet meeting.

Wider Cambridgeshire & Peterborough activities

2.15 The CPCA are leading the delivery of 3 People and Skills projects starting in year 3 (2024-25), with activity being coordinated by the CPCA Skills team working with all Local Authority Skills Leads over the next 18 months. A needs-based analysis will be utilised to inform the design of projects, the delivery mechanism and deployment on the ground, to ensure the projects deliver the impact where there is highest need and inequality within the Combined Authority's whole geography. The 3 People and Skills projects are:

- **Holistic Online Skills Support:** This investment will see the continuation of Growth Works with Skills, maintaining the Digital Talent Platform with access to resources, diagnostic tools, vacancy listing and candidate matching will maintain support for employers large and small across all six districts. It will also see the integration of Regions of Learning providing people with low skill to access credentials that demonstrate their capability; providing them with opportunity to transition into further or higher education or into work or self-employment. The Regions of Learning platform will continue to develop online credentials via Open Badges, and host opportunities, such as internships and early careers vacancies, on the Talent View platform.
- **Supported Internships:** Consisting of three main areas of activity; Personal Skills Analysis to guide individuals in understanding and identifying opportunities for re-skilling, up-skilling and re-training. Real-world experiences of work through funded internships. Funding will be

provided to employers to provide new work opportunities. Training Needs Analysis to identify re-skilling, up-skilling and inclusive recruitment practices within a business.

- **All Age Careers Service:** Working within the current funding boundaries of the National Careers Services (NCS) and the Careers Enterprise Company (CEC), the service would be expanded to support careers related learning in primary school settings, mirroring the approach used by CEC for older young people and adults. A localised campaign will be launched working with key stakeholders to increase awareness of technical routes. Enhanced provision would be offered to schools allowing them to access provision such as workshops, Science, Technology, Engineering & Maths (STEM) events, and employability skills etc.

2.16 In addition, a final project that has been championed by the Police & Crime Commissioner is a project to prevent and tackle fly-tipping through increased signage, monitoring, education campaigns and sharing best practice.

3. COMMENTS OF OVERVIEW & SCRUTINY

3.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

4. KEY IMPACTS / RISKS

4.1 **Budget management risk:** At a time of rapidly rising costs, it is important to ensure spend within budget, in line with the agreed funding profile and that financial regulations are complied with. Mitigation: Individual project funding profiles will be agreed along with an overall programme funding profile. Ongoing monitoring of actual spend versus profile will inform financial claims submitted in accordance with DLUHC and CPCA claiming and reporting requirements.

4.2 **Programme Timescales risk:** This is an ambitious programme of delivery, with the funding yet to be confirmed even though in 2022/23 Q3. Mitigation: Individual project plans will inform an overall programme plan incorporating design to delivery, this will be continually reviewed and will incorporate key delivery and funding milestones.

4.3 **Programme Resources risk:** The programme itself has multiple projects which have to be managed simultaneously and via different delivery mechanisms. Mitigation: High level programme resource plan developed, programme management resource established, reporting via agreed governance routes and communications strategy with stakeholders.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 Subject to confirmation of UKSPF Funding and the signing of Funding Agreements with the CPCA the intention is to bring annual update on UKSPF activity. This would also include the approach to the use of any future UKSPF funding beyond 2024/25.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 6.1 The delivery of the UKSPF aligns to Huntingdonshire District Council's Corporate Plan which sets out the Council's objectives, key actions and performance measures, the recently revised 2022/23 Corporate Plan is a transitional, interim plan at the start of a new four-year administrative term. The Council's objectives are:

- **Tackling Climate Change and caring for the environment** with UKSPF investment looking at future active sustainable travel routes and supporting businesses to reduce their carbon emissions through business advice and grants to deliver physical improvements to buildings.
- **Enhancing employment opportunities and supporting businesses** with UKSPF activity supporting residents who want to start a business, through entrepreneurship programmes and SMEs in the manufacturing sector being assisted to improve productivity and digital technologies.
- **Supporting needs of residents** through a programme of engagement and support focussed on Employment & Skills engaging economically inactive through community-based groups and community locations.
- **Strengthening our communities** by investing UKSPF to support vibrant communities.

7. CONSULTATION

- 7.1 The Huntingdonshire UKSPF priorities were developed following engagement with local businesses and business intermediaries, recognised organisations in the voluntary & community sector, drawing from draft masterplans and in consultation with Cabinet. Local MPs and their constituency offices were briefed on the emerging priorities on the 1 July 2022 and their feedback taken on board. The priorities for the Rural Fund are being informed by an online consultation which closed on the 30 October 2022.

8. LEGAL IMPLICATIONS

- 8.1 Once the Cambridgeshire & Peterborough Investment Plan is formally agreed by DLUHC the allocation of funds will be legally covered by a grant agreement between DLUHC and the CPCA. The CPCA will in turn issue a grant Funding Agreement to Huntingdonshire District Council. This Funding Agreement will be subject to review by the Council's legal team, senior officers and members in line with the delegation recommendations.

- 8.2 Individual contracts with delivery partners will also be subject to review by HDC legal team and senior officers and members in line with the delegation recommendations.

9. RESOURCE IMPLICATIONS

- 9.1 There are a number of delivery mechanisms for the individual projects. In the main projects will be managed by existing staff resource, or via additional resource built into project costs some funded from UKSF, or other sources given the alignment of some activities. The Council will receive £39,138.44 to support overall programme management, this is the maximum amount available and staff time spent on programme management will be claimed from this.

10. HEALTH IMPLICATIONS

- 10.1 As set out in the Community (Transition) Strategy 2021-23, Huntingdonshire District Council are committed to supporting residents through a positive and ongoing working relationship with local communities. Delivery of the Community and Skills employment based project will support economically inactive residents via key community nodes providing tailored and targeted support, including focus on mental health & wellbeing, volunteering as a route to employment and progression pathways to further develop skills and employment through existing mainstream provision. Support in these areas will directly contribute to positive health outcomes.

11. ENVIROMENT AND CLIMATE IMPLICATIONS

- 11.1 The Council has a duty to ensure we continue to promote an environmentally positive recovery following the Covid-19 pandemic, we also have a duty to deliver sustainable place making. The Council has direct control of only a tiny proportion of all the carbon emissions within Huntingdonshire, but we can adopt a key role to influence the district, demonstrating good practice whilst setting policies and strategies to influence businesses and communities to tackle climate change whilst enabling sustainable living and growth. These principles are embedded within the identified UKSPF investment priorities.
- 11.2 In December 2021 the Council adopted a core set of environmental principles, the Council are now committed to the development of a new Huntingdonshire Climate Strategy. In October 2022 the Council passed a Cost of Living and Climate Change motion that recognises that the current cost of living and climate crises require joint attention to support the wellbeing of residents and businesses. In passing this motion, the council committed to not only the delivery of a Climate Strategy but also that in making decisions on investment and delivery we will wherever possible seek to contribute to positive environmental and social benefits.

12. EQUALITIES

- 12.1 The Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster

good relations in respect of nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 12.2 Good planning and effective regeneration can improve environments and opportunities for communities experiencing disadvantage. Planning which does not adequately engage with or consider the needs of local communities is unlikely to improve their life chances and may further entrench area-based disadvantage.

13. REASONS FOR THE RECOMMENDED DECISIONS

- 13.1 To provide Cabinet with an overview of the breadth of activity proposed to be delivered through the new Huntingdonshire UKSPF Programme and ensure appropriate delegations are in place to progress delivery at pace upon confirmation of Huntingdonshire's allocated UKSPF funding.

14. BACKGROUND PAPERS

UK Government guidance on UKSPF is available at:

<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

CPCA UKSPF Investment Plan is available at: [Agenda Item No \(cmis.uk.com\)](#), [Document.ashx \(cmis.uk.com\)](#) and [Document.ashx \(cmis.uk.com\)](#)

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Public
Key Decision – YES

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Market Towns Programme – Winter 2022 Update
Meeting/Date: Scrutiny (Growth & Partnerships) – 7 Dec 2022
Executive Portfolio: Executive Councillor for Jobs, Economy & Housing
Report by: Corporate Director (Place)
Ward(s) affected: All

RECOMMENDED

The Overview and Scrutiny Panel is invited to comment on the Market Towns Programme Winter 2022 Cabinet report, which is attached at Appendix A.

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Market Towns Programme – Winter Update

Meeting/Date: Overview & Scrutiny (Performance & Growth) – 7th
December 2022
Cabinet – 12th December 2022

Executive Portfolio: Executive Councillor for Jobs, Economy & Housing

Report by: Corporate Director (Place)

Ward(s) affected: All wards.

EXECUTIVE SUMMARY:

This report provides the 2022 Q4 update on the Market Towns Programme (MTP).

The MTP is an ambitious programme of economic led interventions to support Huntingdonshire's town centres both recover from the Covid-19 Pandemic whilst also looking forward to renewing and reshaping our town centres and high streets for the future in a way that promotes growth, improves experiences, and ensures sustainability. The MTP is underpinned by creating a renewed sense of place, igniting civic pride, and providing attractive new destinations for our residents and businesses alike. The longer-term ambition is to stimulate public and private sector investment, bringing forward future opportunities for jobs and skills.

The MTP is funded through a combination of external funding from the Department for Levelling Up, Housing & Communities (DLUHC), Cambridgeshire and Peterborough Combined Authority (CPCA), Huntingdonshire District Council (HDC) Community Infrastructure Levy (CIL) and National Highways.

This update particularly highlights:

- Consultation activity on the draft masterplans for Huntingdon, St Ives and Ramsey that concluded on 14 November 2022
- Within St Neots, the considerable progress made on the highways projects, enabling the commencement of the detailed design stage, ensuring procurement of contractors to commence in January 2023 and closer working with St Neots Town Council on the Priory Centre.
- Subject to agreement at Cabinet (Under item 4 on UK Shared Prosperity Fund) the release of £155,000 of funding to 14 Towns and Villages to support activities and events to support town centre vibrancy and local retailers.

RECOMMENDATION UPDATE

Cabinet is asked to:

- Note progress on the Market Towns Programme (MTP) over the last quarter.
- Delegate authority to the Corporate Director (Place) in Consultation with the Section 151 Officer, Executive Councillor for Jobs, Economy & Housing and Executive Councillor for Finance and Resources to submit proposals to the Cambridgeshire & Peterborough Combined Authority (CPCA) to fully utilize unallocated CPCA Accelerated Programme funding ensuring the Huntingdonshire allocation is fully utilized by March 2024, subject to CPCA Board approval.

1. PURPOSE OF THIS REPORT

- 1.1. To provide an update on activity across the strands of the MTP, the report also updates on funding opportunities particularly noting activity on the St Neots Fund Future High Street highways related projects, engagement carried out regarding the wider draft masterplans for St Ives, Ramsey and Huntingdon and the imminent external funding opportunities.

2. UPDATE ON MARKET TOWNS PROGRAMME

ST NEOTS PROGRAMME:

St Neots Transport Projects - High Street/Market Square/Road Bridge

- 2.1. Work has progressed at pace with the St Neots' Transport schemes in the last quarter, with progress made in line with the agreed project plan. Following a period of intense activity between July and the end of September work commenced on the detailed design stage in October. Cambridgeshire County Council and WSP have both been re-appointed to progress work from detailed design stage, through to contractor procurement and delivery of the scheme itself.
- 2.2. Further to the resident and stakeholder engagement events which were conducted throughout May 2022, a special briefing was most recently held with St Neots Town Council and ward members during October. An additional briefing for the Town Council and Ward members is scheduled for December, for the purpose of reviewing the first drafts of the detailed scheme designs.
- 2.3. At the time of writing the MTP team have planned a week of engagement activities in St Neots from the 28th of November to the 1st of December 2022. The purpose of which is to inform local businesses, town councillors, market traders, residents and other stakeholders on the progress the transport projects as well as other activities to date and what to expect moving forward. This period of engagement has been widely advertised on social media, with the Town Council, businesses and other stakeholders such as neighbouring Parish Council's being approached directly to book time to meet with the team.
- 2.4. Prior to works commencing, further briefings and updates will be provided to the local community and wider stakeholders via the Council website, social media, and the newly re-launched Market Town Newsletter. Residents wanting to sign up to this will be able to email the team at markettowns@huntingdonshire.gov.uk.
- 2.5. The procurement of contractors is scheduled to start in early 2023. Following the appointment of a scheme contractor, construction will commence in summer 2023 with an anticipated completion date of summer 2024.
- 2.6. The most significant risk for the transport projects is ensuring that the scheme is deliverable within the existing funding envelope. Construction costs in all parts of the economy have increased due to inflation and are forecast to continue increasing in the near future. Whilst we have allocated significant levels of contingency and risk funding to mitigate this issue, we are also investigating options for early contractor involvement in the project. This will be undertaken

as part of a 'buildability' assessment, to sense check and validate cost assumptions, based on contractor's experience of current market conditions.

- 2.7. The type of contract which will be used to procure a construction partner (NEC, type C) will also provide contractors with an incentive to reduce scheme costs by sharing efficiency savings and costs increases with Huntingdonshire District council (HDC). Until procurement has been completed and construction commenced, however, the overall risk associated with construction costs remains significant.

Old Falcon

- 2.8. The Old Falcon is a Grade II listed building and holds a prominent position in the Market Square. The building is privately owned and in a poor condition. If the building is left with no repair works carried out the Old Falcon will eventually fall into further disrepair. We recognise from resident and stakeholder feedback that improvements to the Old Falcon are an absolute priority for the town, but there are many challenges with delivering these much sought after improvements.
- 2.9. HDC has been liaising closely with the property owner to identify viable options for bringing the building back into active use. In consultation with the existing owner a condition survey / structural reports have been completed on the Old Falcon. This provides an up-to-date assessment of the building fabric, identifying internal and external works required.
- 2.10. Following on from this, certain reports have been commissioned to fully understand how best to proceed. We are continuing to work with the existing owner, HDC internal teams, external technical experts and DLUHC to agree how to bring the Old Falcon back into active use. This work is ongoing, and we anticipate seeking cabinet approval in Q4 2022/23.

Priory Centre

- 2.11. The Priory Centre is an important community facility located in St Neots town centre, tenanted by St Neots Town Council. The main functions of the Priory Centre include Town Council offices, meeting rooms, a community café, theatre/performance space and associated bars.
- 2.12. The Council previously commissioned an options feasibility study (by Mott Macdonald) for refurbishment and full redevelopment of the Priory Centre. This work was undertaken alongside a wider visioning of the Priory Quarter and built on earlier works undertaken in the area, especially in relation to flooding. This report helped inform the case for investment as well as the steps now being taken forward.
- 2.13. Our immediate focus is on making improvements to the Priory Centre as a building which is in the direct control of HDC (and its tenant, St Neots Town Council), as opposed to the wider 'quarter,' although funding permitting, we would seek to make minor improvements to the outside space with public realm improvements, which will be addressed in tandem with efforts to enhance access to the Riverside, which was previously referred to as a separate project.

- 2.14.** To this end, we are developing a stronger partnership approach with the Town Council to agree proposals for delivery, including shared objectives. During October, the Town Council established a new 'contact' group to provide feedback and information to the Project Team concerning proposal development. The Town Clerk will also form part of this Project Team, which will be led by HDC.
- 2.15.** Furthermore, the Town Council has informed HDC that they are investigating the purchase of the neighbouring Oast Lounge. This property is complementary in terms of facilities to the Priory Centre. If the Town Council were to acquire this property, this would represent a notable change and accordingly HDC and the Town Council are rapidly revisiting the refurbishment options for the Priory Centre as well as updating costings to take into account the effects of inflation.
- 2.16.** The Priory Centre project benefits from funding via the Future High Street fund, which must be fully spent by March 2024. Consequently, by the end of 22/23 Q4 we intend to gain agreement on the preferred option allowing 12 months to complete detailed design, planning and building regulation approvals and completion of construction and/or refurbishment works.

MASTERPLANNING IN ST IVES, HUNTINGDON & RAMSEY

- 2.17.** The Masterplan(s) for Huntingdon, St Ives and Ramsey were commissioned in the summer of 2021 and have been completed by Tetra Tech. The masterplans set out a range of aspirational concept schemes.
- 2.18.** The draft Masterplans were promoted on the Council's website with residents, businesses and other stakeholders invited to submit their responses. Engagement meetings have also been held with Ward and Town Council members relating to each of the Masterplan towns.
- 2.19.** The consultation on the documents was due to end on the 28th of October, however, was extended to the 14th of November 2022 at the request of St Ives Town Council. Whilst feedback received to date has been generally positive in Huntingdon and Ramsey the responses from St Ives have raised several points. A total of 234 responses were received online, over 30 direct written responses from organisations, groups or individuals and feedback received from 8 briefing sessions attended by Ward Members, Town Councillors and representatives from neighbouring parishes. A full analysis of responses received is currently being produced. This analysis (alongside the final masterplan documents) will be published on the Council's website, after consideration by Cabinet.

ACCELERATED PROJECTS PROGRAMME

- 2.20.** The Accelerated projects programme has successfully delivered several schemes. In St Ives and Huntingdon, projects delivered included improvements to the Public Convenience, Parklets and Electric Vehicle Charging points. In Ramsey, Parklets, Planters and a Modern Waste Solution scheme were also delivered. There are three projects currently in delivery as shown below.

Ramsey Civic Hub

- 2.21.** The Ramsey Civic Hub, which was acquired by the Town Council, is still in delivery. Work commenced on this scheme in July 2022 and is due to conclude in this financial year. The second significant Ramsey focused project within the Accelerated programme, is the Great Whyte pedestrianisation scheme. This is linked to a funding application to the CPCA for the Local Growth Fund project, more detail is provided on this project in para 3.1 and the separate paper on UKSPF (UK Shared Prosperity Fund).

Smarter Towns

- 2.22.** The Smarter Towns project will deliver a standard based Low Power Wide Area (LPWA) network within Huntingdon, Ramsey, and St Ives. This will form the basis for the deployment of Internet of Things (IoT) devices by the council, businesses, and community groups to create a rich data landscape of our market towns that can support business to become more efficient and provide data to help shape we best support our towns. This can include, for example, sensors which can collect data on air quality, pollution, and river levels.
- 2.23.** This project had been paused due to limited staff resources in the summer prior to the appointment of a full programme team. The Market Town Programme team is, however, now fully resourced, and the project recommenced in November. The scheme has funding of £91,300 and will be delivered in partnership with Connecting Cambridgeshire. The Huntingdonshire network will subsequently link into a County wide Smart Towns network. We are currently updating the Project Scope, including identifying and adjusting, where beneficial, sensor locations and communications infrastructure. Full delivery of the scheme will be completed by March 2023.

Wayfinding Project

- 2.24.** The Wayfinding project is a scheme which had been initially developed in 2021/22 but which was not taken forward at the time. HDC has recently decided to recommence work on this project, and Officers have restarted discussions with the main Project Partner, Connecting Cambridge, as to how best to develop and deliver this programme.
- 2.25.** The Wayfinding approach seeks to make best use of the most appropriate information, communication, and technology systems as a means of providing current information to residents, visitors, and other interested parties in Huntingdonshire's Market Towns. Digital screens and infrastructure will be positioned in town centre locations at St Ives, Huntingdon, Ramsey, and St Neots.
- 2.26.** Whilst St Neots was not included in the original Wayfinding project specification, we are proposing that (£60K) unspent funds from the Accelerated Funded Programme is utilised for this purpose, subject to CPCA Board approval.
- 2.27.** Initial work undertaken in 2021/22, prior to the previous administrations, postponement, included discussion with local stakeholders, identification of types and location of 'digital signage' in each of the three towns as well as cost estimates for same. Subject to agreement, this project may be re-commenced. There is an existing £200k budget from within the initial Accelerated Projects award of £1.85m of January 2021, providing a total budget of £260K, utilising underspend elsewhere in the programme.

Unallocated / unspent funding

- 2.28.** In total the Accelerated Fund programme has a confirmed underspend of £260K. In addition, there remains £802K of unallocated funds from this programme. A total of £1.060M is therefore available for reallocation, subject to approval of the combined CPCA.
- 2.29.** Of these funds, the proposal is to re-allocate £60K towards the Wayfinding programme, that was paused in 21/22 Q4 as detailed above in para 2.24. For the remaining balance of £1M, we are in the process of identifying potential schemes within Huntingdon and/or St Ives to be funded and will be considering feedback received from the Master planning process along with wider feedback received from residents, on what is most important to them as part of the development of a new Huntingdonshire Place Strategy, Huntingdonshire Futures. Details of this are available at www.huntingdonshirefutures.net. We will be required to provide the CPCA with proposals for use of this funding by mid-January, for consideration at Board level during March.

3. FUTURE FUNDING OPPORTUNITIES AND DELIVERY:

Local Growth Fund Bid – Ramsey Great Whyte Enhancements

- 3.1.** The submission to the CPCA Local Growth Fund (LGF) seeks capital funding of £1.15 million for an overall project cost of £1.45 million was made in the spring 2022. The project which is contained within the Ramsey Masterplan (Draft) is an innovative initiative that seeks to revitalise the Great Whyte area of Ramsey.
- 3.2.** It consists of two complementary elements (Produce Hub and public realm enhancements) that will significantly enhance the overall physical, economic, and social vitality of this section of the Great Whyte. HDC will lead delivery in partnership with Ramsey Town Council (RTC), Ramsey Heritage Trust and CCC (Cambridgeshire County Council) Highways and will procure design and build contractors.
- 3.3.** As reported previously, HDC submitted a funding application during May 2022 to the CPCA for £1.15M. A report was scheduled to be considered by the CPCA board during October, with a recommendation for approval of this application. Due to an unrelated issue, however, this item deferred to the next Board meeting on the 30th of November. In anticipation of a successful outcome, HDC has begun preparatory discussions with Ramsey Town Council and CCC Highways team. Should funding be secured, a combined Project Team will be established and briefing. consultative meetings will be scheduled with Town Council / Ward members in advance of the formal initiation of the project.
- 3.4.** Revenue funding of £225k has also been allocated to this scheme from the UK Shared Prosperity Fund, as part of the CPCA Investment Plan. The purpose of these funds is to provide resources to operate, manage and promote the Produce Hub to potential occupants. These funds will be programmed for spend in 2023/24 and 2024/25.

UK Shared Prosperity Fund

Vibrant Communities

- 3.5. The CPCA investment plan, drawing on the UKSPF, was submitted to Central Government in August 2022. This included several projects to be delivered across Huntingdonshire. Two UKSPF activities are of relevance to the MTP. The first is the use of funding to support the Ramsey LGF bid, highlighted in para 3.4 above. The second is the bringing together of Vibrant Communities (£90K) and Visit Huntingdonshire (£75k) into a single new project.
- 3.6. Whilst we have not yet received confirmation from Government to commence delivery, we are preparing to do so as soon as this is confirmed. To this end we will work with local organisations, including for example, Town and Parish Council's, Business Improvement Districts and others, to develop project proposals that can rapidly begin delivery.
- 3.7. The total funds available within the Vibrant Communities theme is £155,000, of which £20,000 is capital and the remaining revenue. £40,000 revenue and the £20,000 capital are scheduled to be spent in 2022/23 (subject to confirmation from Government) with the remaining balance to be spent during 2023/24. Funding will be allocated to settlements (representing towns/large villages) as identified in Huntingdonshire's current Local Plan and population bands, as per Table 1 and 2 below.

Table 1 – Funding bands

Population band	Funding allocation
0 to 5,000	£5,000
5,001 to 15,000	£10,000
15,001 and above	£20,000

Table 2 - Individual allocations

Location	Funding allocation
Kimbolton	£5,000

Buckden	£5,000
Fenstanton	£5,000
Little Paxton	£5,000
Somersham	£5,000
Warboys	£5,000
Brampton	£5,000
Sawtry	£10,000
Godmanchester	£10,000
Ramsey	£10,000
Yaxley	£10,000
St Ives	£20,000
Huntingdon	£20,000
St Neots	£20,000
Total allocated	£135,000

3.8. HDC will work with partners in each location to develop a Delivery Plan based on a simple proforma. The main requirement for approval of this Plan is that it must be aligned with the approved UKSPF Investment Plan. The small amount of capital funding available, is not included in the above allocations. These funds will be allocated through the Plan development process based on need and impact.

Eligible activities include:

3.9. Funding to support events (arts, culture, skills, seasonal & environmental events) in town centres and large villages as part of a wider package of activity to increase up footfall. Visitor economy promotion to build on increased footfall and tourism achieved through Welcome Back Fund. Promotion of existing farmers and artisan markets; further development of a new high street pop-up retail experience to enable home-based makers to highlight their products on a rotating and short-term basis. This supports new businesses to have a physical platform to launch their brands without the associated cost-prohibitive retail costs. Marketing and promotion of the countryside, heritage assets, waterways, and sporting activities of the district to drive footfall and tourism.

4. FINANCE UPDATE

4.1. The overall sources of confirmed funding for the MTP are shown below in Table 3. All funding identified below has been secured and is subject to contractual obligations and must be spent within the agreed guidelines and allocations only. This paper talks about a number of new funding streams, these will only be included in the below once funding has been confirmed. The

next quarterly update will, for the first time show levels of expenditure against external funds available.

- 4.2. Where CPCA funding is being proposed for reallocation within this report, it should be noted it is subject to approval by CPCA.
- 4.3. In addition, to the funding shown below, we have received confirmation that Cambridgeshire County Council anticipate spending circa £250K in St Neots to support highways improvements. This is funding that would have been spent even if there wasn't a St Neots programme, but this work will be scheduled as part of the overall St Neots transport projects.

Table 3: Overall MTP funding sources

Market Towns Regeneration		
St Neots Regeneration - Sources of Funds	£	Comment
Future High Street Funds (MHCLG now DLUHC)	£3,748,815	Formalised June 2021
HDC Community Infrastructure Levy (CIL)	£4,829,943	As per HDC Cabinet decisions
CPCA	£3,100,000	As per Funding Agreement (Dec '21)
National Highways	£3,493,218	As per decision in November 2021
Sub-total	£15,171,976	
CPCA Market Towns Initiative (Huntingdon, Ramsey, and St Ives)	£3,000,000	(Accelerated delivery £2.652M, Master planning £0.3M, Footfall cameras £42k).
Sub-total	£3,000,000	
TOTAL	£18,171,976	

5. ENGAGEMENT & CONSULTATION

- 5.1. **St. Neots:** At the time of writing a week of engagement is to be held w/c 28th November in St Neots town centre to update and discuss the Transport schemes with residents, visitors, and businesses. This includes the MTP team working from St Neots itself (at the Priory Centre) between Monday and Wednesday and being available for discussions with businesses and community groups. On the 1st of December, the MTP team will also attend the

St Neots Market providing information on the latest plans and schedule for delivery to enquirers. Information concerning activities and project designs /proposals will also be available online, via social media and through a dedicated newsletter for residents, businesses, and other interest parties. A further briefing update will be provided to St Neots Town Council and HDC ward members in December, following completion of these activities.

- 5.2. Masterplans:** Engagement has taken place from August 2022 to the 14th of November 2022 on the masterplans for St Ives, Huntingdon, and Ramsey. The consultation period was extended from the end of October at the request of St Ives Town Council. In this period, briefing meetings with Councillors and Councils across Huntingdonshire (including wider rural communities) have been held concerning the masterplans. An analysis of consultation responses is being prepared currently.

6. COMMENTS OF OVERVIEW & SCRUTINY

- 6.1.** The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

7. KEY IMPACTS/RISKS

- 7.1.** There are several risks associated with delivering an ambitious programme of this size and complexity, the notable risks are:

7.1.1. Budget management risk

The projects that sit within the MTP are at various stages and therefore, as options work progresses and high-level costings begin to emerge, we continue to review the individual projects viability and programme impacts, identifying any areas of risk. The construction industry has seen materials and labour costs significantly increase in cost over the past 12 months. Inflation continues to increase. Therefore, as we move from design into delivery any decisions on proposed options will require agreement that they can be funded within the approved Market Towns programme budget. Mitigation: We will continue to monitor the programme funding profile and anticipated spend against budgets, updating to Cabinet on a quarterly basis. We will also seek to engage Contractors as part of an early-stage pre-procurement process to assess 'buildability' and a sense check of construction costs based on current market activity. The MTP team continue to provide regular updates to funding bodies, briefing them on estimated costings, risks, issues and inter-dependencies.

7.1.2. Programme Timescales risk

This is an ambitious programme of delivery, with the funding for St Neots of £3.748m from the FHSF required to be spent by March 2024. The CPCA funding of £3.1m also has a deadline of March 2024, they recognise the strategic importance of this programme, and it is anticipated there will be some flexibility in the delivery timescales. National Highways have also indicated that they expect their funding of £3.49m to be spent by September 2024. Mitigation: The detailed programme plan covering feasibility, design and delivery phases, will

be continually reviewed ensuring focus remains on hitting funding milestones, claim dates and delivery milestones. The MTP team continue to provide regular updates to funding bodies, briefing them on progress, risks, issues and inter-dependencies.

7.1.3. Programme Resources risk

The MTP requires different skills, expertise, and external technical support at various stages of the project delivery. The programme itself has multiple projects which must be managed simultaneously identifying all interdependences across the programme. There is significant internal and external stakeholder management and detailed consultation with partners and resident/ business groups. This could result in competing priorities across organisations that will require careful consideration. Mitigation: As part of the project a detailed resources plan and communications strategy with stakeholders has been developed to ensure the management of expectations and information being shared in a timely manner. The HDC's website is regularly updated with the progress across the core programme sites, more time is being invested in engaging stakeholders, a greater presence on social media and re-vamp of the newsletter.

7.1.4. Reputational risk

The MTP is a high priority for the Council and therefore monthly reporting, governance and timely decision making are critical to ensure that the programme is successfully delivered. Mitigation: The programme governance and reporting lines will be continually monitored throughout the next 12 months to ensure that the key programme milestones are managed and achieved.

7.1.5. Changes to Planning Legislation risk

Recognising the Government's ambition to overhaul the planning process, through the lifetime of this programme such changes may result in delays to the process. Mitigation: This situation will be continually monitored, and any impact will be reported to on a quarterly basis to Cabinet.

A full MTP programme risk register is in place along with individual project risk registers.

8. LINK TO CORPORATE PLAN 2022-2026

8.1. The delivery of the MTP aligns to HDC's Corporate Plan which sets out the Council's objectives, key actions, and performance measures, the recently revised 2022/23 Corporate Plan is a transitional, interim plan at the start of a new four-year administrative term. The Council's objectives are:

- Enhancing employment opportunities and supporting businesses
- Supporting the needs of residents
- Improving the housing situation
- Strengthening our communities
- Tackling climate change and caring for the environment

9. LEGAL IMPLICATIONS

- 9.1.** The Council, based on previously successful funding bids and Cabinet decisions has entered into several grant agreements with associated delivery and outputs frameworks. These are outlined in the Cabinet paper of Summer 2022.
- 9.2.** All Funding Agreements and contracts are subject to review by HDC legal team and senior officers and members as appropriate. Over the next quarter it is anticipated that several Funding Agreements / Contracts may require legal review.
- 9.3.** The LGF funding bid (as noted above) does not place the Council under any legal obligation. Should this be successful the CPCA will communicate the details of the grant agreement. Legal advice will be sought to support this as required.
- 9.4.** As noted above, consideration of procurement and commercial arrangements in relation to the St Neots Transport (HDC / CCC / Contractors) have commenced. These will be progressed in the coming weeks.
- 9.5.** There will be a requirement for ongoing legal input to support the further development of project options, these may include the Old Falcon and Priory Centre. Other areas include future land and property advice relating for example to acquisitions and may be required should there be any contractual disputes. Noting there are none currently within the programme.

10. EQUALITIES

- 10.1.** The Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 10.2.** Good planning and effective regeneration can improve environments and opportunities for communities experiencing disadvantage. Planning which does not engage with or consider the needs of local communities is unlikely to improve their life chances and may further entrench area-based disadvantage.

11. ENVIRONMENTAL

- 11.** The Council has a duty to ensure we continue to promote an environmentally positive recovery in Huntingdonshire following the impacts of COVID 19. We also have a duty to deliver sustainable place making. In December 2021, the Council adopted a core set of environmental principles which the new Administration are intending to review and further develop.
- 11.2.** The Council has direct control of only a tiny proportion of all the carbon emissions within Huntingdonshire, but we can adopt a key role to influence the district, demonstrating good practice whilst setting policies and strategies to

influence businesses and communities to tackle climate change whilst enabling sustainable living and growth. These principles are embedded within the MTP.

12. APPENDICES

N/A

BACKGROUND PAPERS

Report to Cabinet (FHSF) 13th February 2020 can be found [here](#)

Report to Cabinet (FHSF) 28th July 2020 - EXEMPT

Report to Cabinet (Market Towns Accelerated Programme) 18th March 2020 can be found [here](#)

Report to Cabinet (FHSF) 23rd. February 2021 can be found [here](#)

Market Towns Programme Spring 2022 Update to Cabinet, 17 March 2022 can be found [here](#)

Market Towns Programme Summer 2022 Update to Cabinet June 2022 can be found [here](#)

Market Towns Summer 2022 Update to Cabinet September 2022 can be found [here](#)

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Community Infrastructure Levy Spend Allocation

Meeting/Date: Overview & Scrutiny (Performance & Growth) –
7th December 2022

Executive Portfolio: Executive Councillor for Planning

Report by: Chief Planning Officer

Ward(s) affected: All Ward

RECOMMENDATION

The Overview and Scrutiny Panel is invited to comment on the recommendations for the Infrastructure Funding Statement 2021/22 from the Cabinet report attached at Appendix A.

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Infrastructure Funding Statement
Meeting/Date: Cabinet – 12th December 2022
Executive Portfolio: Executive Councillor for Planning
Report by: Chief Planning Officer
Ward(s) affected: All or list individual Ward(s)

Executive Summary:

Huntingdonshire District Council (HDC) has been a Community Infrastructure Levy (CIL) charging authority since May 2012. Under the CIL Regulations 2010 (as amended), a CIL contribution receiving authority, such as HDC, is required to publish an annual Infrastructure Funding Statement (IFS) covering the previous financial year by no later than 31st December including:

- A statement on the infrastructure projects or types of infrastructure which the Council intends will be, or may be, wholly or partly funded by CIL
- A report about CIL on matters specified in the regulations
- A report about planning obligations specified in the regulations

The IFS in this report covers the period 1st April 2021 to 31st March 2022 and provides detail on how the Council is delivering the Council's Corporate Plan (as of March 22) and Local Plan to 2036 with particular regard to infrastructure to enable growth. Members are requested to approve the Infrastructure Funding Statement as set out at appendix 1.

Recommendation(s):

The Cabinet is

RECOMMENDED

- a) To approve the statement on the infrastructure projects or types of infrastructure which the Council intends will be, or may be, wholly or partly funded by CIL stated at para 2.5 in the Infrastructure Funding Statement; and
- b) Delegate authority to the Executive Councillor for Strategic Planning in consultation with the Chief Planning Officer, to make any final amendments to the IFS, if necessary, prior to publication.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek endorsement of the Infrastructure Funding Statement (IFS) 2021/22 and the update on the infrastructure delivery during this time (to March 22). The statement also sets out projects that will or may be, wholly or partly, funded by Community Infrastructure Levy (CIL).

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Huntingdonshire District Council has been a CIL Charging Authority since May 2012. The system provides a framework to fund new infrastructure to unlock land for growth, enabling the delivery of the Huntingdonshire Local Plan 2036.
- 2.2 The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 introduced the legal requirement to publish an annual Infrastructure Funding Statement (IFS). The IFS must include:
- The Infrastructure List – a statement of the infrastructure projects or types of infrastructure which the charging authority will be, or may be, wholly or partly funded by CIL (other than CIL to which regulation 59E or 59F applies);
 - A CIL report setting out required details on income and expenditure in relation to the previous financial year; and
 - A S106 report in relation to planning obligations (S106 agreement obligations) for the previous financial year.
- 2.3 CIL governance outlining how CIL could be spent and the process for bidding and approving funding of infrastructure projects from the CIL receipts, as shown in the IFS, was originally agreed in October 2012 and subsequently updated in December 2015 working with the then Huntingdonshire Growth & Infrastructure (HG & I) group, which made recommendations to Cabinet. The current governance was approved by Cabinet in October 2020.
- 2.4 This annual IFS covers the financial year 1st April 2021 – 31st March 2022. The regulations require the final document to be published on the Council's website by 31st December 2022.
- 2.5 The IFS provides an opportunity to outline not only what funding has been received to support the delivery of infrastructure. It also enables the Council to provide information on infrastructure being delivered directly by developers, in accordance with S106 legal agreements. Where appropriate, infrastructure will be provided directly, in accordance with agreed specifications, to reduce the burden of cost on all and risk to the Council.

3. ANALYSIS

- 3.1 The annual Infrastructure Funding Statement 2021/22 is shown at Appendix 1. It is split into sections to cover the regulatory requirements as outlined above.
- 3.2 The statement includes reports outlining information relating to CIL and S106 planning obligations that have been approved, had monies received, funding allocated to infrastructure projects and funding spent during the financial year April 2021 – March 2022.
- 3.3 The infrastructure list at para 2.5 in the IFS, notes projects which CIL receipts could be used to fund, in line with current governance arrangements.

4. COMMENTS OF OVERVIEW & SCRUTINY

- 4.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 Following approval by Cabinet, the Infrastructure Funding Statement 2021/22 will be published on the Council's website by 31st December 2022 in line with the requirements under Regulation 121A of the Community Infrastructure Levy Regulations 2010 (as amended).

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES *(See [Corporate Plan](#))*

- 6.1 The IFS helps to show how several of the Council's priorities for 2018 - 2022 have and are being delivered, but specifically:
- Support development of infrastructure to enable growth; and
 - Improve the supply of new and affordable housing, jobs, and community facilities to meet current and future need.
- 6.2 It will also support the strategic priority to:
- Create, protect and enhance our safe clean built and green environment.

7. LEGAL IMPLICATIONS

- 7.1 Regulation 121A requires that no later than 31st December in each calendar year, an annual Infrastructure Funding Statement must be published covering the previous financial year. This report addresses this requirement.

- 7.2 Section 216 (2) of the Planning Act 2008 as amended by Regulation 63 of the Community Infrastructure Regulations 2010 (as amended) states that infrastructure ‘includes [and is therefore not limited to]:
- (a) roads and other transport facilities,
 - (b) flood defences,
 - (c) schools and other educational facilities,
 - (d) medical facilities,
 - (e) sporting and recreational facilities,
 - (f) open spaces.
- 7.3 The levy may not currently be used to fund affordable housing.

8. RESOURCE IMPLICATIONS

- 8.1 Staff resource is required to fulfil this regulatory requirement. This is funded through the administration costs permitted from the CIL receipts.

9. HEALTH IMPLICATIONS

- 9.1 The use of CIL receipts and S106 planning obligations to deliver infrastructure to support growth within the District will, in many instances, have a positive impact on the health and wellbeing of residents and business employees.

10. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

- 10.1 The use of CIL receipts and S106 planning obligations to deliver infrastructure to support growth within the District will, in many instances, have a positive impact on the environment and climate change, such as where strategic green space is provided or funding has supported projects such as cycling infrastructure to encourage a modal shift to active travel options.

11. REASONS FOR THE RECOMMENDED DECISIONS

- 11.1 The approval of the Infrastructure Funding Statement, subject to final amendments under delegated authority, enables the Council as a CIL Charging Authority to meet its statutory duty to publish an annual IFS by the 31st December.
- 11.2 The statement provides clear and transparent reporting of the CIL and S106 receipts and allocations and the infrastructure being delivered to support the needs of growth.

12. LIST OF APPENDICES INCLUDED

Appendix 1 - Huntingdonshire Infrastructure Funding Statement 2021/22

13. BACKGROUND PAPERS

Section 216 of [Planning Act 2008](#)
[Huntingdonshire Infrastructure Delivery Plan](#)
[Huntingdonshire Infrastructure Delivery Plan - Infrastructure Schedule June 2017](#)
[Huntingdonshire Infrastructure Delivery Plan Addendum November 2017](#)
[CIL Governance](#) October 2020

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Public
Key Decision - Yes

Huntingdonshire District Council

Title/Subject Matter: Greater Cambridge Partnership
Making Connections Consultation

Meeting/Date: Overview and Scrutiny (Performance and
Growth) – 7th December 2022
Cabinet – 12th December 2022

Executive Portfolio: Executive Councillor for Jobs, Economy and
Housing

Report by: Chief Planning Officer

Ward(s) affected: All

Recommendation:

The Overview and Scrutiny Panel is invited to comment on the recommendations for the Greater Cambridge Partnership: Making Connections Consultation from the Cabinet report attached.

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Public

Key Decision - Yes

* Delete as applicable

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Greater Cambridge Partnership Making Connections Consultation
Meeting/Date:	Overview and Scrutiny (Performance and Growth) – 7th December 2022 Cabinet – 12th December 2022
Executive Portfolio:	Executive Councillor for Jobs, Economy and Housing
Report by:	Chief Planning Officer
Ward(s) affected:	All

Executive Summary:

In April 2022 HDC provided comment on the 'Cambridge: Making Connections' consultation that ran from November-December 2021. Greater Cambridge Partnership have since published a consultation document 'Making Connections' Autumn 2022 which seeks to promote transformational change to the bus network within and into Cambridge including multiple routes serving Huntingdonshire. This is to be funded by a proposed Sustainable Travel Zone broadly aligned with the urban area of Cambridge within which a charging scheme will be introduced to pay for public transport and related improvements. Improvements would be introduced before the charging scheme was implemented.

The proposed scheme seeks to significantly reduce congestion and air pollution within Cambridge to contribute towards meeting carbon reduction targets and to facilitate a significant modal shift in transport usage through provision of cheaper, faster and more reliable bus journey options.

Connections to villages and the rural areas of Huntingdonshire and other surrounding districts are addressed through proposals for enhanced routes and extended service running times supported by a network of demand responsive bus services to enable people to access main connecting services and travel hubs. An additional 10,000 park and ride spaces are also proposed to serve people accessing Cambridge from outside the city; all park and ride sites will be outside the proposed charging zone.

Paragraphs 3.3 – 3.6 set out the approach to transforming the bus network. Paragraphs 3.7-3.9 set out the rationale and funding approach to the creation of a Sustainable Travel Zone (STZ).

The proposed timeline illustrated at paragraph 3.10 sets out an indicative timeline for implementation.

- Mid-2023 - Priority bus service improvements
- Early 2024 - Lower bus fares to be introduced
- 2025 - Potential phasing in period of sustainable travel zone (options outlined in consultation)
- 2027/28 - Full bus network in place; full sustainable travel zone implemented.

It is recognised that Huntingdonshire comprises many rural settlements. The introduction of reliable and frequent demand responsive transport services across Huntingdonshire's extensive rural area will be essential to the success of the scheme in terms of achieving modal shift and reducing car usage. Our proposed response makes it clear that HDC would welcome opportunities to work with the Greater Cambridge Partnership to shape the demand responsive transport offer within the district to ensure a truly sustainable, affordable, equitable, well-designed and timely bus service is available to all residents and businesses within Huntingdonshire.

The consultation is open from 17th October to 23rd December 2022. The [ConsultCambs Engagement HQ](#) contains all consultation documentation including an interactive future journey planner for people to see how their individual journey options would be impacted. Nine drop-in public engagement opportunities have been offered, four community fora and two consultation webinars. Paper copies of consultation materials are available in libraries in central Cambridge, Histon, Rock Road, Cherry Hinton and Cambourne.

Recommendation(s):

It is recommended that Cabinet

- a) Comment on the draft response letter as set out at Appendix B.
- b) Delegate authority to the Chief Planning Officer in consultation with the Executive Councillor for Jobs, Economy and Housing to make amendments to the Huntingdonshire District Council response prior to submission to the Greater Cambridge Partnership.
- c) Encourage Huntingdonshire residents and businesses, who it is recognised will have a range of opinions on the proposed scheme, to submit their own feedback to the consultation to ensure the Greater Cambridge Partnership has the fullest evidence base from within the district to inform its decision-making.

1. PURPOSE OF THE REPORT

- 1.1 The Greater Cambridge Partnership (GCP) has published a consultation document 'Making Connections for public consultation between 17th October and 23rd December 2022. This report seeks approval for submission of the letter as set out in Appendix 2 and in line with recommendations as our formal consultation response.

2. BACKGROUND

- 2.1. Consultation originally took place on Making Connections in November – December 2021 looking at a series of proposals for transforming public transport, cycling and walking within and into Cambridge whilst seeking the co-benefits of reducing pollution and congestion in the city. It also explored ways that the transport improvements might be funded.
- 2.2. Feedback on that indicated that respondents' priorities were for more frequent bus services, longer operating hours and cheaper fares with a preference for introduction of flat fares.
- 2.3. Assessment of a range of options was undertaken to raise the money needed to improve buses, walking and cycling provision and lower the traffic levels within Cambridge. The assessments have been supported by public engagement over several years. They have showed that:
- Higher parking charges or a workplace parking levy would not reduce traffic significantly and were the least supported option in the 2021 consultation
 - Road user charging would reduce congestion and facilitate more reliable journey times. This option received more support in 2021 than higher parking charges.
 - A pollution charge, with zero emission vehicles exempt, had limited benefits as usage of exempt vehicles is likely to increase over time reducing funding for buses and it was deemed discriminatory against those who cannot afford zero emission vehicles.
 - Varying the time of the charging period, for instance charging only in the morning peak, even with a £10 charge would not meet the objectives of creating better and greener transport networks and raising funding to deliver transformational bus network changes.
- 2.4. The current consultation document issued by GCP builds on the consultation carried out in 2021 and looks in more detail at ways to transform the bus services into and within Cambridge, reduce traffic in the city and raise money to pay for transport improvements. This includes proposals for more frequent and faster bus routes to/from Huntingdonshire.
- 2.5. Making Connections acknowledges that for many journeys there is still no viable alternative to car travel, reducing the range of opportunities open to

people. Congestion within Cambridge makes journeys unreliable, particularly at peak times, and poor air quality and high carbon emissions are significant challenges for the city.

- 2.6. The [Making Connections](#) brochure is supported by a range of other consultation documents, including a [Making Connections Map Book](#) which illustrates current and proposed bus routes and frequencies through Cambridgeshire that are potentially impacted by the proposals. This includes multiple routes within Huntingdonshire.
- 2.7. This consultation is from the Greater Cambridge Partnership. However, the proposed alterations to the public transport network, along with localised cycling and walking infrastructure improvements should be considered in the wider context of the draft Active Travel Strategy for Cambridgeshire, the Local Transport and Connectivity Plan, the draft Cambridgeshire Local Cycling and Walking Infrastructure Plan and the draft Huntingdonshire Transport Strategy. . Links to reports on these can be found in the background papers. Regard is also had to the developing CPCA Bus Services Improvement Plan and draft Bus Strategy

3. ANALYSIS

- 3.1. The Making Connections consultation focuses on three primary elements which are set out in more detail below:

- 1) Transforming the bus network
- 2) Investing in other sustainable travel schemes
- 3) Creating a sustainable travel zone

- 3.2. The consultation brochure details the key transport challenges faced by and within Greater Cambridge regarding congestion, limited public transport options and air pollution. It also reflects responses to the earlier consultation and notes in particular that 78% of respondents supported proposals to create a bus network with cheaper, faster, more frequent and reliable services and 68% supported reducing traffic to improve walking and cycling options. This report summarises the proposed changes detailed in the Making Connections brochure.

3.3.

Transforming the bus network

- 3.4. Making Connections states that it proposes a world-class bus network with improvements to regional and rural services as well as those within Cambridge. Significant improvements to the bus network are proposed to start from mid-2023 before any charge is introduced for driving into Cambridge. The key elements include:
 - Introducing flat fares from 2024 of £1 for single journeys within the current Stagecoach Cambridge zone and £2 for journeys in the wider Cambridgeshire area
 - New services between residential areas, towns, village, employment area, education and key service locations

- Higher frequency, faster services with a significant increase in services in villages and rural area; reduced traffic congestion is expected to make services faster and more reliable
 - Longer operating hours including early morning, late evening and Sunday services
 - Increase in rural services providing connections to market towns, rail station and the core bus network; regular services would be supported by demand responsive transport enabling every village to have access to a bus service
 - Simple ticketing with fare caps and special ticket options
 - Better bus infrastructure arising from investment in improvements to real-time information at bus stops, improved onward travel information at key interchanges and high standards of cleanliness and safety on buses and at bus stations
- 3.5. Bus improvements will be supported by an additional 10,000 Park and Ride parking spaces, improved walking and cycling provision. A series of travel hubs are proposed to promote better interchange facilities. Funding will be generated by users driving with the Sustainable Travel Zone as set out below.
- 3.6. Figures 2, 3 and 4 in Appendix 1 show the bus service connections proposed in the Making Connections consultation brochure.

Investing in Sustainable Travel Schemes

- 3.7. Making Connections proposes wider improvements to cycling and walking within Cambridge which could be achieved with lower traffic levels. These are of less immediate impact on Huntingdonshire but include proposals such as improving and extending the walking and cycling network to create more connections between surrounding villages and Cambridge, more secure cycle parking and improving public spaces.

Creating a Sustainable Travel Zone

- 3.8. The proposed Sustainable Travel Zone (STZ) is an area within which vehicles would be charged for driving, initially 7:00-10:00 and between 7:00-19:00 from 2027/28 when the full scheme might be implemented. Charges would apply to vehicles starting within the zone or crossing into it and apply once per day. The proposed STZ broadly follows the boundary of the urban area of Cambridge. All Park and Ride sites would be outside the STZ.
- 3.9. The proposed charge is £5 for a private car or motorbike, £10 for light goods vehicles and minibuses and £50 for coaches and heavy goods vehicles. A range of charging options were considered including making zero emission vehicles exempt, higher parking charges, peak hour only charging and a higher charge of £10 per car. The £5 charge is expected to achieve the required level of traffic reduction and the funding for the transformational bus project with a lower financial burden on those paying than other options might generate. The Making Connections consultation

brochure does not set out detail on how initial improvements and fare reductions would be funded prior to introduction of the STZ charging zone.

- 3.10. A series of exemptions and discounts are proposed such as blue badge holders receiving a 100% discount on up to 2 vehicles and a tapered discount of 25-100% for people on low incomes. Details of these proposals are still being developed. A reimbursement scheme is also proposed to be developed to compensate for journeys such as patients accessing accident and emergency services and social care workers.

Timeline and Benefits

- 3.11. Figure 1 below illustrates the proposed timeline for implementation of the proposals set out in the Making Connections brochure.

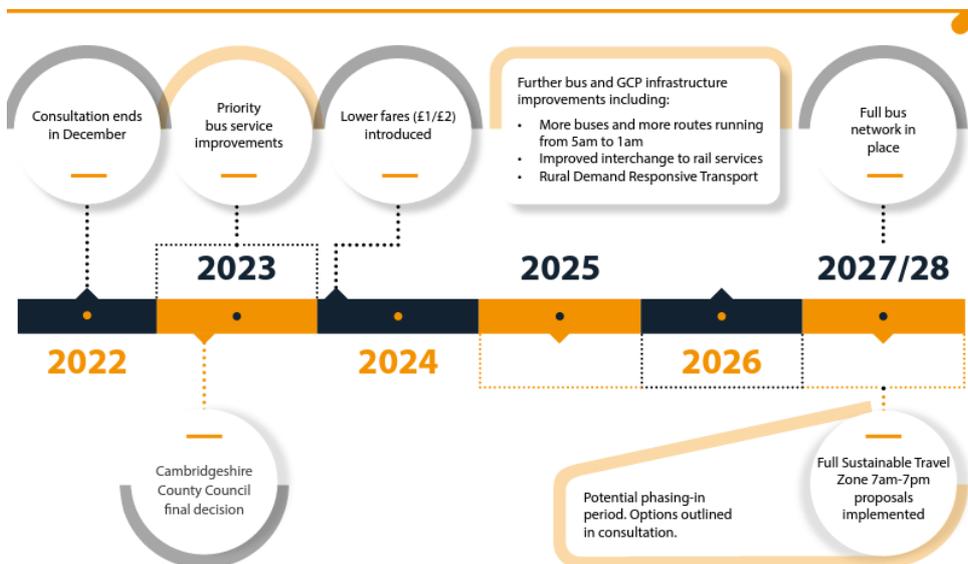


Figure 1: Making Connections Timeline

- 3.12. The proposals set out in Making Connections are anticipated to achieve a series of benefits:

- Tackling transport-related social exclusion of those currently unable to access opportunities, key services and community life because the bus services are inadequate, unreliable or too expensive
- Creating a healthier and cleaner environment arising from a 50% anticipated reduction in traffic, resulting in substantial reductions in air pollution
- Breaking the cycle of car dependency due to a lack of realistic alternatives
- Meeting carbon reduction targets and contributing to tackling the climate crisis
- Creating a stable and ongoing source of funding for the bus and active travel network reducing reliance on central government funding and increasing local control

4. COMMENTS OF OVERVIEW & SCRUTINY

- 4.1. The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

5. KEY IMPACTS

- 5.1. Access to the Greater Cambridge area is important for many residents of Huntingdonshire for employment, shopping, leisure, education and health. Access into Huntingdonshire in the opposite direction is also important for the district for similar reasons. The proposals set out in Making Connections are very ambitious but if delivered would represent a major step-change in the quality, availability and cost of public transport for Huntingdonshire's residents and those travelling into the district from the Greater Cambridge direction. In addition to the significantly enhanced routes serving the district's towns and larger villages the rural areas and smaller villages would have access to bookable buses through 'demand responsive transport' providing connections to market towns, rail stations and the core bus network allowing for connections to services into Cambridge if desired.
- 5.2. The consultation enables the District Council, as well as individual residents and businesses, to express priorities and seek to maximise the benefits for the district as well Cambridge city and its immediate environs. Through participation in this process the District Council has the opportunity to promote the needs of our communities in towns, villages and rural areas to ensure consideration is given to all both in accessing enhanced travel opportunities and the impact of the potential introduction of a charging zone surrounding Cambridge.

6. WHAT ACTIONS WILL BE TAKEN

- 6.1. Subject to approval, including having regard to any suggested revisions arising from the comments of Overview and Scrutiny, the response letter attached as Appendix B to this report will be submitted to GCP. External communications will also reinforce the District Council's encouragement to residents and businesses within Huntingdonshire to submit responses to the consultation directly prior to its close.

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 7.1. The Making Connections proposals could help to deliver several of HDC, in particular:
- Tackling climate change and caring for the environment
 - Enhancing employment opportunities and supporting businesses
 - Supporting the needs of residents
 - Strengthening our communities

8. CONSULTATION

- 8.1. Consultation started on the Making Connections brochure on 17th October 2022. The brochure and a range of supporting documents along with an online survey response option are all available at [ConsultCambs Engagement HQ](#). Nine drop-in public engagement opportunities have been offered, four community fora and two consultation webinars. Paper copies of consultation materials are available in libraries in central Cambridge, Histon, Rock Road, Cherry Hinton and Cambourne.
- 8.2. An interactive planner is available on the consultation website for people to explore how they would be able to travel on the proposed new network. This provides before and after scenarios to illustrate potential changes to service levels and travel opportunities.

9. HEALTH IMPLICATIONS

- 9.1. The Making Connections proposals focus primarily on bus transport improvements but includes some proposals for enhanced walking and cycling routes and improved public open spaces in Cambridge which could all offer health and wellbeing benefits. The introduction of widespread zero emission bus services and opportunities for substantial modal shift away from the use of private cars provides opportunities for significant reductions in air pollution.

10. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

- 10.1. Delivery of the proposals set out in the Making Connections consultation document has the potential for very significant reductions in greenhouse gas emissions throughout the Greater Cambridge area and surrounding districts. The proposals could provide opportunities to promote a substantial shift in travel modes away from private vehicles and to use of public transport. The impacts would be further enhanced by the pledge to have an entirely electric, zero emission bus network in the Cambridgeshire and Peterborough Combined Authority Area by 2030.

11. OTHER IMPLICATIONS

- 11.1. Making Connections contains reference to supporting people with a variety of protected characteristics and is supported by an [Equality Impact Assessment](#). The implications for people on low incomes were also considered. Overall, the Equality Impact Assessment identified that drawbacks of the scheme can be reduced by the proposed package of discounts, exemptions and reimbursements and that the transformation of the bus network could significantly benefit many protected groups, for example through access to more educational opportunities for young people.

12. REASONS FOR THE RECOMMENDED DECISIONS

- 12.1. The submission of a response to the making Connections consultation enables the district Council to influence the final proposals which could have significant impacts on Huntingdonshire's residents and businesses.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – Proposed Bus Connections

Appendix 2 – Proposed response on behalf of Huntingdonshire District Council

14. BACKGROUND PAPERS

[Making Connections consultation website](#)

[Huntingdonshire Transport Strategy](#) – Cabinet 15th November 2022

[Active Travel Strategy for Cambridgeshire](#) – Cabinet 15th November 2022

[Local Transport and Connectivity Plan](#) – Cabinet 19th July 2022

[Proposed Cambridge Congestion Charge](#) – Cabinet 21st April 2022

[Draft Local Cycling and Walking Infrastructure Plan](#) – Cabinet 15th July 2021

CONTACT OFFICER

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Email: clare.bond@huntingdonshire.gov.uk

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APPENDIX B – DRAFT LETTER TO GCP

Dear [name],

GCP Making Connections 2022: A City Access Consultation

I write on behalf of Huntingdonshire District Council to express its views in relation to the Making Connections 2022: A City Access Consultation by the Greater Cambridge Partnership (GCP).

At its meeting on [xxx], the Cabinet, on behalf of Huntingdonshire District Council [will have] considered the potential impacts of the proposals. We recognise this is a challenging issue, and our residents and businesses have a range of views. This response builds on earlier correspondence submitted to GCP pursuant to the consultation of December 2021.

Tackling climate change and caring for the environment is a key strategic objective of the Council, which is committed to proactively tackling the climate crisis and ecological emergency. We therefore welcome the introduction of measures that have the potential to improve sustainable travel across Cambridgeshire and specifically enhance economic opportunities in Huntingdonshire through improved connectivity.

An improved bus network could significantly reduce air pollution, contribute to carbon reduction targets and facilitate a modal shift in transport usage. A well-designed public transport system that is truly sustainable, affordable, equitable and timely would be transformative for residents and businesses within Huntingdonshire. Express services with faster journey times would be particularly valuable in overcoming immediate barriers to bus use from those otherwise able to access and travel on them already.

We do, however, continue to have concerns with some aspects of the proposals, particularly the impact that they may have upon lower income residents, residents living in rural communities, and businesses who are all—in the immediate term—facing incredibly challenging times, as we live through a cost of living crisis and high inflation against a background of great economic uncertainty.

Our primary areas of concern are outlined below:

- If this proposal proceeds, any Sustainable Travel Zone (STZ) must be truly sustainable for the long term and take account of shifting behaviours in light of changing work patterns post Covid-19. It is recognised that the city routes will be more profitable, often sustaining rural routes. With that in mind it is essential that the bus pricing must be modelled accordingly with clear evidence that it remains a truly affordable alternative to the car, alongside concrete assurances that rural routes will be maintained for the longer term.
- We remain of the view that the proposed arrangements may penalise residents in villages and more remote parts of the district for whom non-car journeys may involve multiple changes of modes and substantially longer journey times. We recognise the proposed increase in park and ride capacity and site locations, however these would still require significant driving

distances by Huntingdonshire residents making use of them to enter the STZ. We would welcome further investigation of the viability of park and ride locations more distant from Cambridge, which would enable visitors to the city to complete fewer miles by private vehicle.

- If the STZ succeeds in achieving the desired mode changes, it is unclear whether and how adequate funding sources will be secured to maintain support for the alternative travel options if the amount of private vehicular traffic significantly declines overall. We would need assurance that the improvements would remain viable over the long term.
- Clarity is needed on how the proposals are connected with other service reviews being undertaken by the Cambridgeshire and Peterborough Combined Authority, in particular the Local Transport and Connectivity Plan and the Transport Strategy Huntingdonshire, as well as the review of the Bus Strategy and its supporting plans.
- The refund strategy associated with visits to the Addenbrooke's/Rosie/Royal Papworth hospital site is unclear, and we are concerned it would be complex to claim. Given the wide catchment area for the hospital trusts operating on the site, and that a large section of our rural residents have no certainty of an affordable and timely travel alternative at this point, they may be disproportionately impacted. In light of this, we urge that a way be found of excluding the hospital site from the geographic area of the STZ. Ensuring all residents have access to healthcare when they most need it is essential. We agree that, with ongoing growth of the hospital site, the status quo (of inadequate parking on the site, inadequate road access to the site, and inadequate park and ride connectivity or public transport alternatives to mitigate the traffic challenges on the site) will not be sustainable either.
- The document makes reference to low income households but fails to define a low income household for the purposes of this strategy. More detail is also required on how the discount would work.
- We remain of the view that clarity is also needed on the relationship between GCP and Cambridgeshire County Council in these proposals, and the funding arrangements for initial improvements and fare reductions prior to introduction of the STZ. We would urge detail on which party would legitimately/legally/practically have the ability to spend revenue improving bus services outside of the GCP area be made available to HDC This will have significant implications for the provision, and long term maintenance of proposed service upgrades to and within Huntingdonshire.
- The current proposals and attached map book outline an improved bus network with Cambridge at the centre. For many of our residents, our market towns are the centre of their transport needs. Many residents of rural Huntingdonshire must travel to market towns for essential journeys to work, education, Hinchingbrooke Hospital, and to access council services. However, no routes have been included in the map book that would link, for example, rural residents

of western Huntingdonshire to the market town of Huntingdon. We urge further development and would welcome further investment in additional bus routes that link our rural communities to our market towns, to contribute to the overall user base and viability of the proposals.

It is imperative that the views of residents and businesses across Huntingdonshire are fully considered and visibly addressed in any future iterations of your proposal. We are also using our channels of communication to encourage their participation directly in the consultation in order to help GCP obtain the fullest evidence base reflecting the varied circumstances, needs and opinions of Huntingdonshire residents.

In light of all the above, we seek assurances that GCP has fully considered the impacts of its proposals on all those who travel across the county, to and from the city, and in particular our rural residents for whom access to convenient public transport options is, and is likely to remain for the foreseeable future, unrealistic.

Huntingdonshire District Council also seeks assurance from GCP that they will proactively engage to address the above issues. We would be pleased to work more closely in order to assist in addressing them.

Yours sincerely,

Councillor Sam Wakeford

Executive Councillor for Jobs, Economy and Housing

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Finance Performance Report (Q2)

Meeting/Date: Overview & Scrutiny (Performance and Growth) –
7th December 2022

Executive Portfolio: Executive Councillor for Finance & Resources

Report by: Director of Finance and Corporate Resources

Ward(s) affected: All Wards

Executive Summary

This report provides detail on the Council's budget and forecast expenditure for 2022/23 based on quarter 2 income and expenditure.

RECOMMENDATION

The Overview and Scrutiny Panel is invited to comment on Finance Performance Report (Q2) and Appendix 1.

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Finance Performance Report (Q2)
Meeting/Date:	Cabinet – 12th December 2022
Executive Portfolio:	Executive Councillor for Finance and Resources
Report by:	Director of Finance and Corporate Resources
Ward affected:	All

Executive Summary:

The quarter 2 expenditure forecast takes into account those factors affecting expenditure and income that are known by the end of September 2022.

Revenue Forecast;

The net revenue budget for 2022/23 totals £21.514m, the forecast outturn as at the end of quarter 2 is £21.933m, a forecast overspend of £0.418m.

This is as a result of (significant variations only)

Reductions in income - Parking £131k, One Leisure £257k, Markets £85k.

Increased staff costs- Development Management £239k, One Leisure £210k.

Increased operating costs – One Leisure £230k, ICT £171k, Housing Benefits £406k.

Underspends – Waste Management £793k, Corporate Finance £112k, Democratic and Elections £125k, Document Centre £68k, Licensing £77k, Parks £80k, Planning Policy £82k.

Capital Forecast;

The approved Budget is £12.776m plus re-phrasings of £26.790m and growth (funded by CIL) of £2.333m gives a revised total gross capital programme of £41.899m. The forecast outturn is £11.035m as a result of potential re-phrasings (subject to evaluation during the upcoming MTFs process) and underspends of £30.864m. The most significant variations being Huntingdon Redevelopment £16.095m, Future High Street /MTP £11.486m, Hinchingsbrooke Country Park £2.689m, vehicle replacements £0.622m.

Recommendation(s):

It is recommended that:

- Cabinet considers and comments on the financial performance to the end of September 2022, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the capital financial performance at the end of September 2022, as detailed in Appendix 1 and summarised in paragraph 3.3.

PURPOSE OF THE REPORT

- 1.1 To present details of the Council's projected financial performance for 2022/2023.
- Revenue outturn estimated overspend of £0.418m.
 - Capital outturn estimated underspend/rephasing of £30.864m.

BACKGROUND

- 2.1 The budget and MTFs for 2022/23 approved in February 2022, assumed a net expenditure budget of £21.514m, and a gross capital budget of £12.776m, increased to £41.899m due to re-phasing of schemes, and new schemes funded by CIL.
- 2.2 The detailed analysis of the Q2 forecast outturn as at 30th September 2022 is attached at Appendix 1.

FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year and the impact of variations will be incorporated within the MTFs.

Revenue The approved Budget is £21.514m, the forecast outturn is £21.933 which is an overspend of £0.418m.

This is mainly as a result of reductions in income;

- On street parking due to suspension of charges (£131k).
- One Leisure, reduced net membership fees across all sites (£257k).
- Markets income due to lack of trader interest (£85k)

As well as increased staffing costs;

- In Development Management due to use of agency staff to cover vacant posts and work through the backlog of cases (£239k)
- In Leisure and Health due to national living wage increases, market supplements, maternity pay, overtime (£210k).

In addition increased costs including;

- One Leisure gas and electricity costs (£230k)
- ICT change in share of staff costs (£171k)
- Housing Benefits, temporary accommodation costs not met through Housing Benefit payments and reduced court fees received (£406k)

To offset these factors there were underspends in relation to;

- Waste Management, new income streams, and reduced recycling costs (£793k).

- Corporate Finance reduced net interest charges (£112k)
- Democratic and Elections increased income and savings on members allowances (£125k)
- Document Centre staffing costs (£68k)
- Licensing team staffing costs (£77k)
- Parks staffing costs (£80k)
- Planning Policy staff costs (£82k)

MTFS The MTFS was updated as part of the 2022/23 Budget setting process and will again be updated as part of the 2023/24 Budget setting process which is now under way. The revision of the MTFS will include 2021/22 outturn variations and others occurring or foreseen in 2022/23 that have an impact on future years.

Capital The approved gross capital programme for 2022/23 is £12.776m, rephasing of schemes totalling £26.790m, and growth (schemes funded by CIL) of £2.333m gives a revised gross capital programme for 2022/23 of £41.899m. The forecast outturn is £11.035m giving an underspend of £30.864m.

3.2 Summary Revenue Variances by Service

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

Head of Service	Budget £'000s	Budget c/fwd £'000s	In year Changes £'000s	Revised Budget £'000s	Forecast Actual £'000s	Forecast Variance £'000s	Comments
Dir of Finance and Resources	6,878			6,878	6,857	(22)	Reduced commercial estates rent income, lower net interest payments, increased land charges fees, increased FM rent, vacant Director post.
Chief Operating Officer	5,176			5,176	5,287	111	3 vacant posts in the Document Centre, temporary accommodation costs not met from HB payments, reduced bad debt charge, vacant posts in Licencing.
Programme Delivery Manager	73			73	40	(33)	Vacant post
Chief Planning Officer	441			441	592	151	Increased costs because vacant posts and backlog work being covered by agency staff.
Economic Development	198			198	200	2	
Housing Manager	187			187	191	4	
Corporate Leadership	1,201			1,201	1,226	26	
Transformation	298			298	298	0	
Head of Operations	4,483			4,483	3,874	(610)	Reduced car park income, HCP delays reducing income, loss of markets income, Climate Strategy Review delay, Street Cleaning savings from new methods, increased recycling income and reduced recycling fees.
Head of Leisure and Health	(25)			(25)	592	617	Increased electricity costs, reduced membership income and minimum wage costs
Head of ICT	2,604			2,604	2,776	172	Digital Team funding partnership change
Total	21,514	0	0	21,514	21,933	418	

Further analysis of the revenue variance and service commentary are in Appendix 1. This provides the variances by service and where the variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Services. Where there are adverse variances the budget managers have provided details of the actions they are undertaking and where possible indicated if this will have an ongoing impact on the MTFS.

3.3 Capital Programme

The approved gross capital programme for 2022/23 is £12.776m, re-phasing of schemes totalling £26.790m, and growth (schemes funded by CIL) of £2.333m gives a revised gross capital programme for 2022/23 of £41.899m.

The capital programme is forecast to have an in-year underspend of £30.864m, as detailed in the table below. As part of the MTFS, the capital expenditure programme will be reviewed in line with future needs and available funding.

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

Service Area	Original Budget 2022/23 £	Budget B/F from 2021/22 £	Growth and Other Adjustments £	Current Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £50,000
Director of Finance and Resources	7,876,000	9,957,790	(7,680)	17,826,110	79,399	1,216,004	(16,610,106)	Huntingdon Redevelopment (£16.1m), feasibility not yet undertaken. Retrofit buildings (£226k) replaced by decarb scheme. Bridge Place car park (£93k) delayed until land sold.
Chief Operating Officer	47,000	88,000	0	135,000	15,385	46,718	(88,282)	Reduced conservation project costs (£94k)
Corporate Director Place	675,000	12,354,825	108,175	13,138,000	(22,574)	1,651,858	(11,486,142)	Future High St (£10.88m) and Market Towns (£610k) rephasing.
Growth Manager	200,000	806,000	0	1,006,000	98,687	3,054,937	2,048,937	Funding CIL schemes from CIL reserve £2.4m, A14 rephase (£200k).
Head of ICT	437,000	321,955	(6,945)	752,010	43,701	391,300	(360,710)	Datacentre Racks (£244k) partnership funding not yet available, telephone replacement (£67k)
Head of Leisure & Health	285,000	485,210	0	770,210	106,931	757,525	(12,685)	
Head of Operations	1,456,000	2,726,680	2,239,010	6,421,690	270,169	2,105,824	(4,315,870)	HCP (£2.7m) project rephasing, vehicle delivery delays (£621k), less wheeled bin purchases (£152k), Godmanchester weir (£163k), St Ives Park (£80k), St Neots Riverside (£433k), Cycle Storage (£128k)
Housing Manager	1,800,000	0	0	1,800,000	(500,667)	1,760,541	(39,459)	
Transformation	0	50,000	0	50,000	0	50,000	0	
Total	12,776,000	26,790,460	2,332,560	41,899,020	91,031	11,034,707	(30,864,317)	

Note; The projects funded from CIL (CIL funding in brackets) and included in the growth column are St Neots Riverside Paths (£445k), Godmanchester Weir (£248k), St Ives Park (£22k), Priory Park Mains Power (£15k), Hinchbrooke Country Park Enhancements (£1,495k).

3.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of quarter 2 (57.00%) is broadly in line with that for the previous year (56.96%).

The Business Rates collection rate at the end of quarter 2 (58.88%) is slightly higher than at the end of quarter 2 in the previous year (55.92%), due to continued covid related reliefs given to the retail, hospitality and leisure sectors.

The number of working age Council Tax Support claimants at the end of quarter 2 was 4,036 which is 438 less than at the end of quarter 2 in 2021/22 (4,474). The

number of pensioner CTS claimants has remained fairly static, 2,874 at the end of quarter 2 2022/23, compared to 2,951 for the same period last year.

UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY AND INVESTMENT PROPERTY

- 4.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget. The CIS supplements the income from the legacy estate of investment properties, held for the purpose of generating revenue income.
- 4.2 At the end of Quarter 2, the financial projections for the CIS and investment properties are:

CIS Investments	Budget (£'000s)	Forecast Outturn (£'000s)	Variance (£'000s)
Cash Investments			
CCLA Property Fund	(162)	(162)	0
Total Cash Investments	(162)	(162)	0
Property Rental Income	(4,696)	(5,501)	(805)
MRP	581	581	0
Net Direct Property Income	(4,115)	(4,920)	(805)
Management Charge	100	100	0
Total Property Investments	(4,015)	(4,820)	(805)
TOTAL	(4,177)	(4,982)	(805)
CIS Borrowing (Maturity Loans)			
Property	Lender	Amount	% (Fixed)
Wakefield	PWLB	£11,963,000	2.18
Fareham	PWLB	£5,000,000	2.78
Rowley Centre	PWLB	£7,292,000	2.49

4.3 Market Update and Activity

There remain very few investment opportunities within District or Cambridgeshire, which could be acquired from the limited funds in CIS reserve. PWLB borrowing is now restricted and is no longer available to fund investments for yield.

The majority of the Council's investment properties were acquired using earmarked reserves or cash balances. Investments at Fareham, Rowley Centre

and Tri-Link were funded from PWLB loans, although part of the price and acquisition costs were met from reserves.

Based on our own experience and anecdotally from discussions with local agents, there is still healthy demand in the small/starter units (up to 1,500sqft). However, enquiries for the larger industrial units have cooled; whether due to general economic uncertainty or specifics such as the rises in energy costs – meaning businesses are being cautious rather than committing to new leases.

The retail and the restaurant market remains fragile, the council has had a couple of approaches from small businesses enquiring about their options to vacate; considering their options dependent on business levels over Christmas 2022.

The table below show the activity in relation to leases, rents and vacant properties in the last quarter and a forecast for the next quarter.

The activity noted relates to investment property assets only, additional activity is undertaken to manage assets which fall under other services and every opportunity taken to maximise income from surplus space within offices and operational assets

CIS and Investment Property Activity	Quarter 1 Actual	Quarter 2 Actual Cumulative	Quarter 3 Forecast
Number of lettable units (shops, industrial units, warehouses and offices)	140	140	140
Number of leases renewed and rent reviews completed	3	6	13
Increases/(decrease) in annual rents receivable due to lease renewals	£8,000 (27.4%)	£16,650 (27%)	(£253,000)
Increase/(decrease) in annual rents receivable due to new leases	£1,700 (37.7%)	£1,700 37.7%	(£26,385)
Number of units under offer	3	5	2
Total number of vacant properties;	9	12^(a)	10
By town			
Huntingdon	2	2	2
St Neots	5	5	4
St Ives	2	3	2
Fareham	0	2	2
Units vacated (in each quarter)	1	3	2

^(a)8.6% of lettable units

5 COMMENTS OF OVERVIEW & SCRUTINY

Overview and Scrutiny comments to be added here.

6. RECOMMENDATIONS

- Cabinet is invited to consider and comment on the revenue financial performance at the end of September 2022, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the capital financial performance at the end of September 2022, as detailed in Appendix 1 and summarised in paragraph 3.3.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Financial Performance Monitoring Q2

CONTACT OFFICER

Karen Sutton, Director of Finance and Corporate Resources

 01480 387072

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Financial Performance Monitoring Suite September 2022 – Quarter 2

Executive summary

This report sets out the financial forecast for September 2022, for revenue and capital. The headlines are:

Revenue - the forecast outturn is an estimated overspend of £418,000 when compared to the current budget.

The main variations (over £100,000) are;

Underspends

Corporate Finance	£112,000	Lower interest payments
Democratic and Elections	£125,000	More income elections and land charges less expenditure on members allowances
Waste Management	£794,000	Additional income from bulky waste, recycling credits and recycling gate fees are now income rather than a payment

Overspends

Housing Benefits	£406,000	Temporary accommodation costs not met by Housing Benefit payments, and a reduction in costs paid to the council from recovery action taken at court
Covid Recovery	£143,000	
Development Management	£239,000	Cost of agency staff for vacant posts and backlog
Car Parking On Street	£131,000	Loss of income due to covid restrictions not being met
Leisure and Health	£617,000	Increased electricity costs, reduced membership income and minimum wage costs
ICT	£172,000	Change in allocation of digital team between partners

Capital Programme – the forecast outturn is an estimated delayed spend of £30.864m.

Large Variations - Underspends or Rephase

Huntingdon Redevelopment	£16.095m	Feasibility study to be undertaken before proceeding
Future High Street /MTP	£11.486m	Schemes planning in progress some expenditure to be rephased to 2023/24
Hinchingbrooke CP	£2.689m	Scheme has been delayed
Vehicle and Fleet	£0.622m	Delay in vehicles being delivered

Service Grouping Summary

Service Commentary

The following table provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the overspend.

Head of Service	Original Budget	Budget C/F From 2021/22	In year changes	Revised Current Budget	Actuals to 30 Sept 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget		Forecast Spend	Forecast Income
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	%	£'000s	£'000s
Dir of Finance and Resources	6,878			6,878	422	6,878	(22)	6,857	(22)	(0.3)	12,795	(5,939)
Chief Operating Officer	5,176			5,176	4,585	5,246	40	5,287	111	2.2	38,342	(33,056)
Programme Delivery Manager	73			73	40	40	0	40	(33)	(45.8)	40	0
Chief Planning Officer	441			441	(661)	592	0	592	151	34.2	2,900	(2,307)
Economic Development	198			198	106	200	0	200	2	0.9	206	(6)
Housing Manager	187			187	254	191	0	191	4	1.9	470	(280)
Corporate Leadership	1,201			1,201	419	1,226	0	1,226	26	2.1	1,226	0
Transformation	298			298	149	298	0	298	0	0.0	315	(17)
Head of Operations	4,483			4,483	1,226	3,979	(106)	3,874	(610)	(13.6)	9,782	(5,909)
Head of Leisure and Health	(25)			(25)	349	620	(28)	592	617	2,428.4	6,083	(5,490)
Head of ICT	2,604			2,604	5,240	2,776	0	2,776	172	6.6	7,680	(4,904)
Total	21,514	0	0	21,514	12,129	22,046	(116)	21,933	418	1.94	79,839	(57,908)

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Dir of Finance & Resources	Commercial Estates	(2,959,599)	0	0	(2,959,599)	(2,796,765)	(2,929,650)	0	(2,929,650)	29,949	1	Tenants operating lease breaks (unexpected and unbudgeted) £138k impact, balanced by better than budget forecast at Oak Tree Centre (£62k) and salary saving on unfilled posts (£45k)
Dir of Finance & Resources	Corporate Finance	5,355,530	0	0	5,355,530	1,008,767	5,264,224	(21,620)	5,242,604	(112,926)	-2.1	Lower interest on PWLB loan due to early repayment and higher interest receipts from investments.
Dir of Finance & Resources	Democratic & Elections	928,428	0	0	928,428	616,078	803,884	0	803,884	(124,544)	-13.4	More income generated than budgeted for land charges. Underspend on Members' Special Duty Allowances. Income from parish council recharges for running elections on their behalf
Dir of Finance & Resources	Energy & Sustainability Mgt	54,992	0	0	54,992	(13,464)	40,370	0	40,370	(14,622)	-26.6	Vacant post saving
Dir of Finance & Resources	Facilities Management	864,639	0	0	864,639	541,195	908,142	0	908,142	43,503	5	Additional income generated letting out part of 2nd floor Pathfinder House to CPCA
Dir of Finance & Resources	Finance	822,400	0	0	822,400	412,928	821,171	0	821,171	(1,229)	-0.1	
Dir of Finance & Resources	AD Corporate Resources	104,518	0	0	104,518	36,173	87,508	0	87,508	(17,010)	-16.3	Savings due to the vacant director post being filled part way through the year

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Dir of Finance & Resources	Human Resources	497,593	0	0	497,593	275,657	524,844	0	524,844	27,251	5.5	Internal investment to facilitate recruitment savings in other services
Dir of Finance & Resources	Legal	223,940	0	0	223,940	3,359	222,136	0	222,136	(1,804)	-0.8	
Dir of Finance & Resources	Public Conveniences	0	0	0	0	750	724	0	724	724	0	
Dir of Finance & Resources	Risk Management	139,206	0	0	139,206	57,262	139,583	0	139,583	377	0.3	
Dir of Finance & Resources	Risks & Control	846,705	0	0	846,705	181,511	852,016	0	852,016	5,311	0.6	
Dir of Finance & Resources	Covid Recovery	0	0	0	0	98,275	143,296	0	143,296	143,296	-	
Dir of Finance & Resources	Total	6,878,352	0		6,878,352	421,726	6,878,248	(21,620)	6,856,628	(21,724)		
Chief Operating Officer	Building Control	152,540	0	0	152,540	(3,447)	139,178	0	139,178	(13,362)	-8.8	Central Services income recharge to be generated at end of year. This activity is not budgeted for, so there is a surplus.
Chief Operating Officer	Business Team	279,496	0	0	279,496	126,785	251,915	0	251,915	(27,581)	-9.9	Salary underspend on vacant Operational Manager post.

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Chief Operating Officer	Chief Operating Officer	108,229	0	0	108,229	70,054	117,906	0	117,906	9,677	8.9	
Chief Operating Officer	Closed Churchyards	(13,000)	0	0	(13,000)	0	0	0	0	13,000	100	Unachievable income of £15k, variance is £13k because no spend against income – a bid will be placed into 23/24 to remove this income
Chief Operating Officer	Community Team	585,307	0	0	585,307	253,061	584,579	0	584,579	(728)	-0.1	
Chief Operating Officer	Council Tax Support	(115,000)	0	0	(115,000)	(140,694)	(124,088)	0	(124,088)	(9,088)	-7.9	
Chief Operating Officer	Customer Services	979,276	0	0	979,276	412,746	949,096	0	949,096	(30,180)	-3.1	The underspend is due to vacancies within the service and the time it takes to recruit and for new starters to join. In addition to this, following the introduction of the portal and new telephony system we have taken the time to review the job description of the technical roles within the service to ensure we are recruiting for the correct skills to support the service. This has taken time and delayed recruitment to a technical vacancy, which has impacted the service but was the right thing to do.
Chief Operating Officer	Document Centre	250,993	0	0	250,993	118,445	182,815	0	182,815	(68,178)	-27.2	3 posts that have been budgeted for in 22/23 in error. These have been removed for 23/24.

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Chief Operating Officer	Emergency Planning	30,692	0	0	30,692	14,673	24,296	0	24,296	(6,396)	-20.8	
Chief Operating Officer	Environmental Health Admin	122,427	0	0	122,427	61,704	133,536	0	133,536	11,109	9.1	Upgrade to post and cost of living increases.
Chief Operating Officer	Environmental Protection Team	357,612	0	0	357,612	(70,654)	333,935	0	333,935	(23,677)	-6.6	Covid funding of £22k for public health, eviction and repossession costs savings £10k, acting up costs £8k.
Chief Operating Officer	Housing Benefits	1,554,017	0	0	1,554,017	3,581,767	1,960,368	0	1,960,368	406,351	26.1	Employees: salary spend on establishment is forecasting an underspend of £42k. Contractor expenditure is estimated at £136k. Partially offset by new burdens funding. Income & Fees / Benefit & Transfer Payments: to be offset against each other. . Net increase in cost is due to temp accommodation costs not met through HB subsidy. Supplies & Services: Forecast reduction in income from summons costs
Chief Operating Officer	Housing Miscellaneous	28,712	0	0	28,712	4,043	15,254	0	15,254	(13,458)	-46.9	Increased ground rents £10k, increased management fee £5k, and salary savings £5k.

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Chief Operating Officer	Housing Needs	1,141,989	0	0	1,141,989	327,147	1,050,785	41,393	1,092,178	(49,811)	-4.4	Additional Homelessness Prevention Grant allocation from DLUHC of £227k. As a ringfenced grant any underspend will be transferred to a reserve and carried forward to next year. This figure is currently forecast at £45k. It is also forecast that bad debt provision this year is likely to be £45k below the budgeted amount.
Chief Operating Officer	Licencing	(56,494)	0	0	(56,494)	(171,224)	(133,524)	0	(133,524)	(77,030)	-136.4	There is a reduction in taxi Drivers & Operators income. the majority of this is due to a reduction in the income for 23/24, which is a result of the covid recovery not as expected. Salary, NI & LGPS underspend, the Licencing Manager and Operational Manager (Business) are both vacant posts and the Licencing manager resource is covered by a current shared agreement with FDC.
Chief Operating Officer	Local Tax Collection	(230,770)	0	0	(230,770)	1,711	(239,339)	0	(239,339)	(8,569)	-3.7	
Chief Operating Officer	Total	5,176,026			5,176,026	4,586,117	5,246,712	41,393	5,288,105	112,079		

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Programme Delivery Manager	Programme Delivery	72,937	0	0	72,937	39,556	39,556	0	39,556	(33,381)	-45.8	Staff saving due to vacancy.
Programme Delivery Manager	Total	72,937	0	0	72,937	39,556	39,556	0	39,556	(33,381)		
Chief Planning Officer	Development Management	(256,880)	0	0	(256,880)	(892,828)	(17,746)		(17,746)	239,134	93.1	Cost of agency staff for vacant posts and backlog. Pre-application Service re-commenced Oct 22. Programme of Service Improvement Plan underway.
Chief Planning Officer	Planning Policy	674,211	0	0	674,211	223,060	592,150		592,150	(82,061)	-12.2	£60k - Staff vacancies £22k - additional priority service income
Chief Planning Officer	Public Transport	24,000	0	0	24,000	8,345	18,011		18,011	(5,989)	-25.0	
Chief Planning Officer	Total	441,331	0	0	441,331	(661,423)	592,415		592,415	151,084	34.2	
Economic Development	Economic Development	198,252	0	0	198,252	106,447	199,954	0	199,954	1,702	0.9	
Economic Development	Total	198,252	0	0	198,252	106,447	199,954	0	199,954	1,702	0.9	

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Housing Manager	Housing Strategy	186,980	0	0	186,980	97,837	190,563	0	190,563	3,583	1.9	
Housing Manager	Market Towns	0	0	0	0	156,431	0	0	0	0	0	
Housing Manager	Total	186,980	0	0	186,980	254,268	190,563	0	190,563	3,583		
Corporate Leadership	Directors	1,035,191	0	0	1,035,191	340,717	1,044,871	0	1,044,871	9,680	0.9	
Corporate Leadership	Executive Support & Business Planning	165,403	0	0	165,403	78,612	181,375	0	181,375	15,972	9.7	Extra salary expenditure
Corporate Leadership	Total	1,200,594	0	0	1,200,594	419,329	1,226,246	0	1,226,246	26,652		
Transformation	Transformation	297,616	0	0	297,616	149,176	297,615	0	297,615	(1)	0	
Transformation	Total	297,616	0	0	297,616	149,176	297,615	0	297,615			

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Head of Operations	Car Park - On Street	(131,724)	0	0	(131,724)	(118,092)	62	0	62	131,786	100	Income reduced due to CCC decision to suspend available parking on street locations or removal of charges (covid measures CCC still hasn't removed), as this income is always paid back to CCC and isn't HDC's this should be a zero budget line
Head of Operations	Car Parks - Off Street	(1,053,867)	0	0	(1,053,867)	(792,936)	(955,238)	(105,600)	(1,060,838)	(6,971)	-0.7	
Head of Operations	CCTV	(114,393)	0	0	(114,393)	(176,724)	(121,421)	0	(121,421)	(7,028)	-6.1	
Head of Operations	CCTV Shared Service	243,826	0	0	243,826	266,637	287,930	0	287,930	44,104	18.1	2 additional posts recruited to and approved by SLT to cover 3 long term sickness posts
Head of Operations	Countryside	248,166	0	0	248,166	158,524	304,176	0	304,176	56,010	22.6	Delays to investment with the Hinchbrooke Country Park originally budgeted £70k, there is no additional income expected in 2022 or 2023
Head of Operations	Fleet Management	317,275	0	0	317,275	186,459	344,942	0	344,942	27,667	8.7	Overspend due to miscoding of invoices from Street Cleansing.
Head of Operations	Green Spaces	555,178	0	0	555,178	306,165	528,724	0	528,724	(26,454)	-4.8	Extra income from grounds maintenance.
Head of Operations	Head of Operations	231,184	0	0	231,184	201,229	249,564	0	249,564	18,380	8	Accrued costs in 22/23 for Reopening High Streets expenditure, but the full costs will not now be reimbursed.

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Head of Operations	Markets	(38,346)	0	0	(38,346)	24,447	46,662	0	46,662	85,008	221.7	Wednesday market not currently in operation due to lack of trader interest, this is agreed politically. Income budget is too high when all markets are 100% in operation
Head of Operations	Parks and Open Spaces	486,883	0	0	486,883	127,725	406,215	0	406,215	(80,668)	-16.6	Underspend within watercourse budget. Following delay of Climate Strategy, part of underspend has been reallocated from salaries to sub-contractors to cover additional resource needed for strategy delivery and engagement.
Head of Operations	Street Cleansing	867,885	0	0	867,885	349,448	809,961	0	809,961	(57,924)	-6.7	Early implementation of some new operational delivery methods to meet 2023/24 savings targets set by SLT have resulted in some in year savings. However we are monitoring fuel prices which are likely to have a negative impact, but on the current data it is hard to understand the detail of the impact on the service budget to make an accurate forecast on fuel. We are currently doing everything possible to reduce the consumption and hope to be able to adjust the forecast over the coming months.

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Head of Operations	Waste Management	2,871,194	0	0	2,871,194	693,391	2,077,594	0	2,077,594	(793,600)	-27.6	Spend on training to upgrade loaders to drivers, increased spending on PPE. Increased income from trade waste, bulky waste and 2 nd green bins. Overstated recycling rebated by £215k it should be (£588k). This saving is a windfall from inflated recycling resale rates, it is not expected to continue into future years. Increased costs from diesel and vehicle parts inflation
Head of Operations	Total	4,483,261	0	0	4,483,261	1,226,273	3,979,171	(105,600)	3,873,571	609,690		
Head of Leisure & Health	Head of Leisure & Health	(176,863)	0	0	(176,863)	260,983	436,118	0	436,118	612,981	346.6	See below for Comments
Head of Leisure & Health	One Leisure Active Lifestyles	151,457	0	0	151,457	88,214	183,498	(28,067)	155,431	3,974	2.6	
Head of Leisure & Health	Total	(25,406)	0	0	(25,406)	349,197	619,616	(28,067)	591,549	616,955		

Service Grouping Summary

Head of Service	Service Grouping	Original Budget	Budget C/F From 2020/21	In year changes	Current Budget	Actuals to 30 September 2022	Q2 Forecast	Funded from Reserves	Revised Q2 Forecast	Variance to Current Budget	Variance to Current Budget	Comments on Variance
		£	£	£	£	£	£	£	£	£	%	
Head of ICT	ICT Shared Service	2,604,140	0	0	2,604,140	5,239,872	2,775,876	0	2,775,876	171,736	6.6	The swing in position this quarter is down to a change introduced in Q1 in the way in which the digital team funding has been allocated. within the budget and the subsequent impact on the percentage splits for the ICT funding model. The change was introduced to take into account adjustments needed as a result of uplifts in funding from other Shared Service partners.
Head of ICT	Total	2,604,140	0	0	2,604,140	5,239,872	2,775,876	0	2,775,876	171,736		
	Grand Total	21,514,083	0	0	21,514,083	12,130,538	22,045,972	(113,894)	21,932,078	417,995	1.94	

Leisure and Health Comments

Quarter 1 Re-Cap:

It is important to note that the P&L re-forecast from quarter 1 was as follows:

Current Forecast: £317,520, Current Budget: (£25,406), Current Variance: £342,927

Note: this did not include £27.5k of funds apportioned to the playing and built facility strategy.

Therefore, the P&L position at this point should be £290,020

Quarter 2 Re-Forecast:

Current Forecast: £619,616, Current Budget: (£25,406), Current Variance: £645,023

As above once removing the £27.5k of funds for the playing and built facility strategy the P&L position following the quarter 2 re-forecast is £592,116

Financial Review:

The reforecast position has worsened between quarter 1 and 2 by £302,096 from £290,020 to £592,116. This is due to the following reasons:

a) we have implemented the elevated utility costs for gas which went from 4p kwh to 7.65p kwh and electricity which moved from 14.5p kwh to 46p kwh. This added £230k to the overall 2022/2023 re-forecast which was stated in the quarter 1 update

b) we reported in quarter 1 that memberships were operating at a deficit of £253k, but through quarter 2 this has increased to £400k which is an increase between quarters of £147k. The most significantly affected sites are Training Shed (£130k) which has worsened by £40k, Huntingdon (£100k) which has worsened by £36k and St Ives (£115k) which has worsened by £51k.

c) following the quarter 2 review we can identify that monthly the reduction in membership revenue is starting to plateau which we believe is the last impact of the newly opened budget gyms particularly in Huntingdon and St Ives.

d) as part of this review, it was still apparent that the initial 2022/2023 budget figures (revenue) were not based upon solid membership sales and cancellation information with the former new openings considered when budgets were set for 2022/2023.

e) since quarter 1 casual swimming has improved versus budget by £77k, but versus our quarter 1 re-forecast revenue has increased by £143k

f) whilst undertaking the quarter 2 review we also established that whilst we had forecasted in quarter 1 for unbudgeted staff costs (£100k) for the national minimum wage, we had not apportioned an uplift for variable staff (wage increase 2%) which we have since included in quarter 2 at a value of £20k. In addition unbudgeted staffing costs of £49k, market supplements £13.3k, overtime £4.2k, training £2.7k, maternity pay £24.3k, recruitment £1.5k, training attendance £3.1k.

CAPITAL PROGRAMME

The approved gross capital programme for 2022/23 is £12.776m, re-phasing of schemes totalling £26.790m, and growth (schemes funded by CIL) of £2.333m gives a revised gross capital programme for 2022/23 of £41.899m.

The capital programme is forecast to have an delayed spend of £30.864m.

The table below shows the capital programme by scheme with proposed rephasing, expenditure to date and forecast outturn.

Capital Project Expenditure Summary

CAPITAL PROGRAMME SUMMARY

Project Code	Project Name	Budget Manager	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100054	Oak Tree Remedial	Director of Finance and Resources	Jackie Golby		35,000	12,664	29,416	(5,584)	
100056	Alms Close	Director of Finance and Resources	Jackie Golby				0	0	
100059	Health and Safety Measures	Director of Finance and Resources	Jackie Golby		50,500	(48,460)	41,914	(8,586)	
100060	Energy Efficiency Measures	Director of Finance and Resources	Jackie Golby	10,000	84,480	0	63,357	(21,123)	Responsive measures will only be used when needed, mainly to be used at Fareham.
100071	Oak Tree Centre	Director of Finance and Resources	Jackie Golby				0	0	
100111	Estates Roof Replacements	Director of Finance and Resources	Jackie Golby		130,000	0	97,500	(32,500)	Responsive measures will only be used when needed
100112	Reletting Enhancements	Director of Finance and Resources	Jackie Golby	250,000	500,000	0	375,000	(125,000)	Responsive measures will only be used when needed
100113	Reletting Incentives	Director of Finance and Resources	Jackie Golby		150,000	0	112,500	(37,500)	Responsive measures will only be used when needed, may be used at Fareham and Stonehill Huntingdon.
100131	Sites for SMEs	Director of Finance and Resources	Jackie Golby		32,760	14,413	26,103	(6,657)	
100001	Bridge Place	Director of Finance and Resources	Karen Sutton		301,470	11,889	208,002	(93,468)	Work to start when sale is complete
100052	HTC Grant	Director of Finance and Resources	Karen Sutton				0	0	
100063	Company Shares	Director of Finance and Resources	Karen Sutton		100,000	0	100,000	0	
100085	Huntingdon Redevelopment	Director of Finance and Resources	Karen Sutton	7,595,000	16,095,000	0	0	(16,095,000)	Feasibility and business plan will be required before commencement.
100006	Building Efficiency	Director of Finance and Resources	Julian Leeming			16,638	41,587	41,587	Will be funded from electricity and gas savings.

Capital Project Expenditure Summary

Project Code	Project Name	Budget Manager	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100035	Retrofit Buildings	Director of Finance and Resources	Julian Leeming		226,220	0	0	(226,220)	Decarbonisation schemes in 2021/22 have replaced this project
100057	EFH Fire	Director of Finance and Resources	Karen Sutton				0	0	
100092	Lighting Loves Farm	Director of Finance and Resources	Karen Sutton		200	0	150	(50)	
100115	Pathfinder House Building Mgt Software	Director of Finance and Resources	Karen Sutton			0	0	0	
100122	Skills Fund	Director of Finance and Resources	Karen Sutton			0	0	0	
100126	Pathfinder House Decarbonisation	Director of Finance and Resources	Matt Raby			0	0	0	
100127	OL Ramsey Decarbonisation	Director of Finance and Resources	Matt Raby			0	0	0	
100129	Upgrade/Replace Public Toilets	Director of Finance and Resources	Matt Raby		88,980	72,255	88,975	(5)	
100061	VAT Partial Exemption Costs	Director of Finance and Resources	Sharon Russell-Surtees	21,000	21,000	0	21,000	0	
100109	Capita and Payments Software	Director of Finance and Resources	Sharon Russell-Surtees		10,500	0	10,500	0	
	Total			7,876,000	17,826,110	79,399	1,216,004	(16,610,106)	

Capital Project Expenditure Summary

Project Code	Project Name	Budget Manager	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100064	Printing Equipment	Chief Operating Officer	Andy Lusha		16,000	0	0	(16,000)	No longer needed, an external contract is in place to deliver our printing needs.
100106	Replacement Scanners	Chief Operating Officer	Andy Lusha		25,000	0	18,000	(7,000)	
100075	Environmental Health Software	Chief Operating Officer	Finlay Flett		0	15,100	28,433	28,433	Some carry forward of project into 22/23, the system is live and in operational use, and the project is closed
100082	Traveller Security	Chief Operating Officer	Finlay Flett		0		0	0	
100135	MHP Electrical Works	Chief Operating Officer	Finlay Flett		0	285	285	285	
100125	Conservation Projects	Chief Operating Officer	Julie Ayre	47,000	94,000	0	0	(94,000)	
	Total			47,000	135,000	15,385	46,718	(88,282)	

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100143	St Neots Bridge	Corporate Director Place	Pamela Scott		0	(26,404)	95,894	95,894	Funded from Future High Street Fund (Budget below)
100144	High Street Improvements	Corporate Director Place	Pamela Scott		0	(105,929)	340,332	340,332	Funded from Future High Street Fund (Budget below)
100145	Market Square	Corporate Director Place	Pamela Scott		0	(153,055)	656,393	656,393	Funded from Future High Street Fund (Budget below)
100146	Priory Quarter	Corporate Director Place	Pamela Scott		0	7,129	50,000	50,000	Funded from Future High Street Fund (Budget below)
100147	Priory Centre	Corporate Director Place	Pamela Scott		0	(435)	131,400	131,400	Funded from Future High Street Fund (Budget below)
	Market Town Programme	Corporate Director Place	Pamela Scott	675,000	675,000	0	0	(675,000)	The underspend and unallocated budget from this scheme are currently being assessed
100149	Market Town Ramsey	Corporate Director Place	Pamela Scott		0	15,962	20,000	20,000	Funded from Market Town Programme
100150	Market Town St Ives	Corporate Director Place	Pamela Scott		0	15,962	20,000	20,000	Funded from Market Town Programme
100151	Market Town Huntingdon	Corporate Director Place	Pamela Scott		0	15,967	20,000	20,000	Funded from Market Town Programme
100152	Old Falcon	Corporate Director Place	Pamela Scott		0	9,650	26,839	26,839	Funded from Future High Street Fund (Budget below)
100114	Market Towns	Corporate Director Place	Pamela Scott		0		0	0	
100123	Future High Streets	Corporate Director Place	Pamela Scott		12,172,000	198,579	0	(12,172,000)	A request will be made to rephase unspent budget to 2023/24 so the project can continue
100133	Wayfinding and Information	Corporate Director Place	Pamela Scott		200,000	0	200,000	0	Currently being reviewed and assessed
100136	Smarter Towns	Corporate Director Place	Jasellia Williams		91,000	0	91,000	0	
	Total			675,000	13,138,000	(22,574)	1,651,858	(11,486,142)	

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100047	Community Infrastructure Levy	Growth Manager	Claire Burton		0	98,687	2,454,937	2,454,937	Expenditure to be funded from CIL reserve
100076	A14 Upgrade	Growth Manager	Clara Kerr	200,000	800,000	0	600,000	(200,000)	A14 contribution rephased
100077	Housing Company	Growth Manager	Clara Kerr		206,000	0	0	(206,000)	A request will be made to rephase this to 23/24 so the options can be reviewed
	Total			200,000	1,006,000	98,687	3,054,937	2,048,937	
100090	WIFI Access	Head of ICT	Paul Ashbridge		0	0	0	0	
100101	Mobile Phone Hardware Replacement	Head of ICT	Paul Ashbridge	130,000	195,000	9,688	74,687	(120,313)	
100102	Telephony Replacements	Head of ICT	Paul Ashbridge	8,000	154,010	34,013	207,017	53,007	
100103	Shared Data Centre - Data Centre Expansion	Head of ICT	Paul Ashbridge		39,000	0	39,000	0	
100104	Information @ Work	Head of ICT	Paul Ashbridge	20,000	40,000	0	19,999	(20,001)	
100105	GIS Test Environment	Head of ICT	Paul Ashbridge		0	0	7,999	7,999	
100138	Datacentre Racks	Head of ICT	Paul Ashbridge	244,000	244,000	0	0	(244,000)	Funding not yet available from partners rephase request to 2023/24
100139	SIEM	Head of ICT	Paul Ashbridge		0	0	2,599	2,599	
100140	SQL Server 2012	Head of ICT	Paul Ashbridge	20,000	20,000	0	9,999	(10,001)	
100096	AV Equipment	Head of ICT	Paul Ashbridge	15,000	60,000	0	30,000	(30,000)	
	Total			437,000	752,010	43,701	391,300	(360,710)	

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100018	OL St Neots Synthetic Pitch	Head of Leisure & Health	Paul France		0		0	0	
100019	OL Huntingdon Condition Survey	Head of Leisure & Health	Paul France		0		0	0	
100020	OL Condition Survey	Head of Leisure & Health	Paul France	285,000	551,290	92,609	551,286	(4)	
100021	OL Ramsey Condition Survey	Head of Leisure & Health	Paul France		0		0	0	
100023	OL St Neots Condition Survey	Head of Leisure & Health	Paul France		0		0	0	
100024	OL St Ives Condition Survey	Head of Leisure & Health	Paul France		0		0	0	
100025	OL St Ives Outdoor Condition Survey	Head of Leisure & Health	Paul France		0		0	0	
100058	One Leisure Ramsey 3G	Head of Leisure & Health	Paul France		96,040	25,816	96,039	(1)	
100078	OL St Ives Changing Rooms	Head of Leisure & Health	Paul France		12,680	(11,494)	0	(12,680)	
100079	OL Impressions	Head of Leisure & Health	Paul France		0		0	0	
100108	OL CCTV Upgrade	Head of Leisure & Health	Paul France		110,200	0	110,200	0	
	Total			285,000	770,210	106,931	757,525	(12,685)	

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100040	Wheeled Bins	Head of Operations	Andrew Rogan	254,000	254,000	(8,044)	101,993	(152,007)	Fewer bin purchases
100043	Vehicle and Plant	Head of Operations	Andrew Rogan	1,139,000	1,477,700	(11,390)	855,964	(621,736)	Less expenditure due to backlog of vehicle orders at the supplier.
100083	Godmanchester Mill Weir	Head of Operations	Andrew Rogan		248,000	84,823	84,823	(163,177)	
100028	Lone Worker Software	Head of Operations	Eddy Gardner		20,000	0	10,000	(10,000)	
100037	CCTV Camera Replacements	Head of Operations	Eddy Gardner		0		0	0	
100117	City Housing CC	Head of Operations	Eddy Gardner		0		0	0	
100073	Parking Strategy	Head of Operations	George McDowell		147,630	(16,066)	147,636	6	
100091	Civil Parking Enforcement	Head of Operations	George McDowell		217,000	0	217,000	0	
100093	Secure Cycle Storage	Head of Operations	George McDowell		148,070	(58,506)	20,000	(128,070)	All works complete in 21/22. Waiting on outstanding final works price estimated £20k confirmation from contractor + outstanding invoices currently accrued.
100132	Bicycle Kitchen	Head of Operations	George McDowell		15,000	0	15,000		
100099	Huntingdon On-Street Parking	Head of Operations	George McDowell		0		0	0	
100116	Additional EV Points	Head of Operations	George McDowell		0		0	0	
100130	Market Trader Pop-Ups	Head of Operations	George McDowell		17,120	0	17,117	(3)	
100153	Ramsey Car Park	Head of Operations	George McDowell		0		0	0	
100039	Play Equipment	Head of Operations	Helen Lack	30,000	30,000	15,807	35,807	5,807	

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
	Priory Park Mains Power	Head of Operations	Helen Lack		15,000			(15,000)	CIL funded
100066	Operations Back Office	Head of Operations	Helen Lack		0	(13,304)	5,422	5,422	
100074	Park Fencing	Head of Operations	Helen Lack	13,000	13,000	7,074	14,456	1,456	
100084	St Ives Park	Head of Operations	Helen Lack		80,000	0	0	(80,000)	This is CIL, unlikely to be completed this FY
100118	Parklets	Head of Operations	Helen Lack		159,570	25,350	131,557	(28,013)	CPCA accelerated scheme, saving are currently being identified, and new projects are being planned with the savings.
100119	Solar Benches	Head of Operations	Helen Lack		45,510	0	36,268	(9,242)	CPCA accelerated scheme, saving are currently being identified, and new projects are being planned with the savings.
100120	Covered Benches	Head of Operations	Helen Lack		0	9,119	3,040	3,040	
100121	Town Walks	Head of Operations	Helen Lack		15,470	0	10,313	(5,157)	
100134	Places to Dwell	Head of Operations	Helen Lack		0	0	33,661	33,661	CPCA accelerated scheme, saving are currently being identified, and new projects are being planned with the savings.
100137	Moore's Walk Improvements	Head of Operations	Helen Lack	20,000	20,000	0	13,333	(6,667)	To spent in conjunction with Future High Streets project
100095	Hinchingbrooke Country Park	Head of Operations	Judith Arnold		2,983,620	224,049	294,510	(2,689,114)	Delays relating to Covid and then subsequently delays due to supply issues.
100094	District Signs	Head of Operations	Matthew Chudley		70,000	0	46,667	(23,333)	CPCA accelerated scheme, saving are currently being identified, and new projects are being planned with the savings.
100100	St Neots Riverside	Head of Operations	Matthew Chudley		445,000	11,257	11,257	(433,743)	CPCA accelerated scheme, saving are currently being identified, and new projects are being planned with the savings.

Capital Project Expenditure Summary

Department	Project Code	Description	Lead Officer	Original Budget 2022/23 £	Latest Budget 2022/23 £	YTD Actual 2022/23 £	Q2 Forecast 2022/23 £	Forecast Variance 2022/23 £	Comment on Variances over £10,000
100128	Modern Waste Systems	Head of Operations	Matthew Chudley		0	0	0	0	
	Total			1,456,000	6,421,690	270,169	2,105,824	(4,315,870)	
100007	Disabled Facilities Grants	Housing Manager	Pamela Scott	1,800,000	1,800,000	(500,667)	1,760,541	(39,459)	There have been delays to works due to inspections not taking place because of Covid measures.
100008	Housing Private Sector	Housing Manager	Pamela Scott				0	0	
	Total			1,800,000	1,800,000	500,667	1,760,541	(39,459)	
100098	Voice Bots	Transformation	Dan Buckridge		34,000	0	34,000	0	
100124	Data Warehouse	Transformation	Dan Buckridge		16,000	0	16,000	0	
	Total			-	50,000	0	50,000	0	
	Grand Total			12,776,000	41,899,020	91,031	11,034,707	(30,864,317)	

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Treasury Management 6 Month Performance Review

Meeting/Date: Overview & Scrutiny (Performance and Growth) – 7th December 2022

Executive Portfolio: Executive Councillor for Finance & Resources

Report by: Director of Finance and Resources

Ward(s) affected: All Wards

RECOMMENDATION

The Overview and Scrutiny Panel is invited to comment on;

- The Treasury Management Six Month Review report attached. This report sets out the treasury management activity from 1st April 2022 to 30th September 2022.

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Treasury Management 6 Month Performance Review

Meeting/Date: Cabinet – 12th December 2022

Executive Portfolio: Executive Councillor for Finance & Resources

Report by: Director of Finance and Corporate Resources

Ward(s) affected: All Wards

Executive Summary:

Best practice and prescribed treasury management guidance requires Members to be kept up to date in respect of treasury management activity for the first half of the year, including investment and borrowing activity and treasury performance.

The Council's 2022/23 Treasury Management Strategy was approved by the Council on the 23rd February 2022 and this report sets out the Treasury Performance for period between 1st April 2022 and 30th September 2022.

The main purpose of Treasury Management is to.

- Ensure the Council has sufficient cash to meet its day to day obligations.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are low.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The key market Treasury Management issues through the first half of 2022/23 influencing the Council's decision-making were.

- The Bank of England (BoE) held Bank Rate increased over the period to 2.25% from 0.75% in March.
- Rising Gilt rates following the mini budget on 23rd September, and continued volatility.

- Gilt rates (5 year) rose from 1.41% to 4.4%, feeding into the rates paid for lending to the Debt Management Office.
- The Sterling Overnight Rate averaged 1.22%

The Council's responses to the key issues were.

- When the Council has surplus funds, these will primarily be invested on a short term basis, primarily in the DMO, money market funds, and the council's transaction bank Natwest.
- Where possible to take a higher return without sacrificing liquidity eg use of timed deposits at the DMO.
- Where economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating, and credit default swap rates (the cost to insure lending). This information is provided by the Council's treasury adviser - Arlingclose.

The Council's Commercial Investment Strategy (CIS)

The Commercial Investment Strategy commenced in 2015/16. Indicators relating to the investments are shown in **Appendix A section 3.5**.

These investments generated £2.8m of investment income for the Council in 2022/23 after taking account of direct costs. The breakdown of the property's portfolio is shown in **Table 6** and the proportion of the investment income in relation to gross service expenditure, in **Table 7** of **Appendix A**.

Recommendation(s):

The Cabinet is recommended to

- Note the treasury management performance for the first 6 months of 2022/23 and to recommend the report to Council for consideration.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update Members on the Council's treasury management activity for the first 6 months of the year, including investment and borrowing activity and treasury performance.

2. BACKGROUND

- 2.1 It is regarded as best practice and prescribed treasury management practice, that Members are kept up to date with treasury management activity.
- 2.2 The Council approved the 2022/23 Treasury Management Strategy at its meeting on 23rd February 2022.
- 2.3 All treasury management activity undertaken during the first half of 2022/23 complied with the CIPFA Code of Practice and relevant legislative provisions.
- 2.4 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

3. ANALYSIS

Economic Review

- 3.1 An economic review of the year has been provided by our Treasury Management advisors, Arlingclose and is attached with an analysis of the local context implications in **Appendix A section 2.0**.

Performance of Council Funds

- 3.2 The treasury management transactions undertaken during the first 6 months of 2022/23 financial year and the details of the investments and loans held as at 30th September 2022 are shown in detail in **Appendix A section 3.0 to 3.3**.

Risk Management

- 3.3 The Council's primary objectives for the management of its investment are to give priority to the security and liquidity (how quickly cash can be accessed) of its funds before seeking the best rate of return. For more details see **Appendix A section 3.4**.

Non-Treasury Investments

- 3.5 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. The full details of these investments can be found on **Section 3.5 of Appendix A.**

Compliance

- 4.0 Compliance with specific investment and debt limits are indicated in **tables 8 and 9 of Appendix A.**

Treasury Management Indicators

- 5.0 The Council measures and manages its exposure to treasury management risks using indicators which are details in the **Appendix A section 5.0.**

6.0 COMMENTS OF OVERVIEW & SCRUTINY

- 6.1 Comments to be added subsequent to the O&S Meeting on 2nd November 2022.

List of Appendices;

Appendix A

- Economic review (source: Arlingclose)
- Borrowing and Investment as at 30th September 2022
- Risk Management
- Non-treasury Investments (CIS and service loans)
- Treasury Management Compliance and Indicators
- Outlook for the remainder of 2022/23

Appendix B

- Capital Prudential Indicators

Appendix C

- Glossary

CONTACT OFFICER

Oliver Colbert, Financial and Treasury Accountant

 01480388067

Sharon Russell-Surtees, Chief Finance Officer

 01480388524

Treasury Management 6 Month Performance Review

1.0 Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

The Council's treasury management strategy for 2022/23 was approved at a meeting on 23rd February 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.

CIPFA published its revised Treasury Management Code of Practice and Prudential Code for Capital Finance in December 2021. The key changes in the two codes include permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish, which this council has elected to do, as the preparations for the 2022/23 strategy was already underway.

Treasury risk management at the Authority is conducted within the framework of the TM Code. This Code now also includes extensive additional requirements for service and commercial investments, far beyond those in the previous (2017) version.

2.0 External Context

2.1 Economic background

The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of -44 in August, down -41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for an 0.5% increase, three for an 0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a 'mini budget', loosening fiscal policy with a view to boosting the UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to

preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

2.2 Financial markets

Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

2.3 Credit review

In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

3.0 Local Context

On 31st March 2022, the Council had theoretical net investments of £85.3m (this level may not be reached due to daily cashflows) arising from its revenue income and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.22 Actual £m
Capital Financing Requirement	71.4
Less: Other debt liabilities*	(0.5)
Total CFR	69.9
External borrowing	(38.9)
Internal borrowing	31.0
Less: Usable reserves	(78.7)
Less: Working capital	(35.8)
Net (Investing) or New Borrowing	(83.5)

*Finance lease for Phoenix Court

The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low. The treasury management position as at 30th September 2022 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.22 Balance £m	Movement £m	30.9.22 Balance £m	30.9.22 Rate %
Long-term borrowing	38.92	(0.14)	38.78	2.83 ^a
Short-term borrowing	0.00	0.00	0.00	0.00
Total borrowing	38.92	(0.14)	38.78	
Long-term investments	4.00	0.00	4.00	3.70 ^b
Short-term investments	21.00	17.00	38.00	1.67 ^a
Cash equivalents	28.05	(6.33)	21.72	1.59 ^a
Total investments	53.05	10.67	63.72	1.70
Net borrowing/(Investing)	(14.13)	(10.81)	(24.94)	

^a Weighted average

^b Based on face value of investment and based on Q1 income projected for full year.

The movement in the cash and cash equivalent has been as result of increased reserves and working capital. These funds were invested in bank deposits, the DMO and Money Market Funds to ensure easy access to maintain liquidity.

3.1 Borrowing

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

3.2 Borrowing Strategy and activity during the period

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

Over the April-September period short term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget', included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies. Exceptional volatility threatened financial stability, requiring Bank of England intervention in the gilt market. Over a twenty-four-hour period some PWLB rates increased to 6%, before the intervention had the desired effect, bringing rates back down by over 1% for certain maturities.

Interest rates rose by over 2% during the period in both the long and short term. As an indication the 5-year maturity certainty rate rose from 2.30% on 1st April to 5.09% on 30th September; over the same period the 30-year maturity certainty rate rose from 2.63% to 4.68%

At 30th September 2022, the Council held £38.92m of loans, a decrease of £0.14m from 31st March 2022. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.22 Balance £m	Net Movement £m	30.9.22 Balance £m	30.9.22 Weighted Average Rate %	30.9.22 Weighted Average Maturity (years)
Public Works Loan Board	38.88	(0.14)	38.74	2.83%	22
Salix Loan	0.035	0.00	0.035	0.00%	4
Local authorities (short-term)	0.00	0.00	0.00	0.00%	0
Total borrowing	38.92	(0.14)	38.78	2.83%	22

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Council considered it to be more cost effective in the near term to use internal resources or short-term loans instead. The Council had not used short-term loans facility so far in this financial year.

Although it was anticipated that the Council's CFR would increase due to the capital programme, delays in the capital programme due to the pandemic no new loans have been taken out.

Long-dated Loans borrowed	PWLB Reference	Amount £	Rate %	Period (Years)
PWLB 1	495152	5,000,000	3.90	36
PWLB 2	495153	5,000,000	3.91	35
PWLB 3	502463	165,474	2.24	1
PWLB 4	504487	648,585	3.28	24
PWLB 5	504598	861,233	3.10	24
PWLB 6	504810	428,708	2.18	25
PWLB 7	504922	349,167	3.10	25
PWLB 8	504993	282,599	2.92	25
PWLB 9	505255	557,484	2.31	25
PWLB 10	505372	427,523	2.91	25
PWLB 11	505649	767,264	2.67	25
PWLB 12	506436	5,000,000	2.78	15
PWLB 13	508696	7,291,685	2.49	16
PWLB 15	509389	11,963,000	2.18	17
Salix Loan		35,000	0.00	4
Total borrowing			2.83	(weighted) 22

Note that loans PWLB 4-11 were paid in full on the 5th of October 2022.

The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

3.3 Treasury Investment Activity

CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period from 1st April 2022 to 30th September 2022 the balances invested (excluding loans and property fund) ranged between £39.9m and £64.08m.

The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

The weighted average rate for the investment portfolio up to 30.09.2022 was 1.70%.

	31.3.22	Net	30.9.22	30.9.22	30.9.22
	Balance	Movement	Balance	Income	Weighted
	£m	£m	£m	Return	Average
				%	Maturity
					Days
Banks & building societies (unsecured)	5.07	0.65	5.72	0.3	1
Government (incl. local authorities)	21.00	17.00	38.00	1.67	76
Money Market Funds	23.00	(7.00)	16.00	1.51	1
Loans to other organisation	6.98	(4.81)	2.17	3.97	>365
Other Pooled Funds					
- Property fund (CCLA)	4.00	0.00	4.00	3.69	>365
Total investments	56.05	9.84	65.89	1.70	

Loans to other organisations has decreased significantly (by £4.8m) because Places for People paid off, in the full, the loan that was advanced in 2015 and intended to mature in 2047. The related PWLB loans (8) were paid off in full on the 5th October 2022 so are still included in the figures for this half year report.

3.4 Risk Management

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The increases in Bank Rate over the period under review, and with the prospect of more increases to come, short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March, rose by around 1.5% for overnight/7-day maturities and by nearly 3.5% for 9-12 month maturities.

By end September, the rates on DMADF deposits ranged between 1.85% and 3.5%. The return on the Council's sterling low volatility net asset value (LVNAV) Money

Market Funds ranged between 0.51% - 0.59% in early April and between 1.96% and 2.12% at the end of September

Given the risk of short-term unsecured bank investments and the low returns, the Council has maintained a diversified portfolio of asset classes as shown in table 4 above. An amount of £4m has been maintained in the long term property fund over the period.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity⁽¹⁾ (days)	Internal Investment Return ⁽²⁾
			%		%
31.03.2022	4.10	AA-	57	15	0.39
30.06.2022	3.79	AA-	42	45	0.92
30.09.2022	3.68	AA-	36	12	1.64
Similar LAs	4.34	AA-	57	42	1.70
All LAs	4.07	AA-	55	18	1.72

⁽¹⁾The weighted average maturity includes the CCLA Property Fund, average maturity of investments is 1 day.

⁽²⁾ This is short-term investment only and excludes the property fund, investment return as at 30/09/22 including property fund is 1.79%

£4m of the Council's investments are held in externally managed strategic pooled property funds – CCLA Property Fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fund generated a total return in quarter 1 of £36,879 (3.69%), for period of 1st April to 30th June 2022 which is used to support services in year.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. The council was notified in October that the notice period for withdrawals from the fund was being increased from 90 days to 6 months. The council has never made a withdrawal and views the fund as a long-term investment, so in the short to medium term this is not expected to cause any issues, quarterly dividends are expected to be paid as normal. The fund altered the notice period in response to uncertainty in the property market, redemptions from the fund are currently relatively low.

Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates. In light of their performance over the medium-term and the Council's latest cash flow forecasts, investment in these funds has been maintained.

3.5 Non-Treasury Investments

The definition of investments in CIPFA's 2021 Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held investments in:

- directly owned property £69.5m

Table 6: Property held for investment purposes in £'000

Property	31.3.2021	31.3.2022 Actual*	
	Value in accounts	Gains or (losses)	Value in accounts
Existing Portfolio	33,892	(289)	33,603
2 Stonehill	2,150		2,150
80 Wilbury Way	1,775		1,775
Shawlands Retail Park	5,543	(20)	5,523
1400 & 1500 Parkway, Fareham	4,200	(50)	4,150
Units 21a, 21b,23a,b,c Little End Road, St Neots	3,400	(110)	3,290
Rowley Centre, St Neots	4,008	(705)	3,303
Tri-link, Wakefield	14,250	(50)	14,200
Alms Close	1,502	20	1,522
TOTAL	70,720		69,516

These investments generated £2.8m of investment income for the Authority from April to September 2022 after taking account of direct costs.

The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy. The current forecast is showing an increase in expected net investment income of £693,000 due to tenants not breaking leases, and better rental agreement terms reached than was expected.

Table 7: Proportionality of Investments in £'000

	2020/21 Actual £000s	2021/22 Actual £000s	2022/23 Budget £000s	2023/24 Budget £000s	2024/25 Budget £000s
Gross service expenditure	121,354 ⁽¹⁾	87,068 ⁽¹⁾	64,296	63,936	64,741
Investment income	4,892	4,869	4,716	4,650	4,962
Service Investments	293	275	325	325	325
Proportion	4.27%	5.91%	7.84%	7.78%	8.17%

(1) Gross expenditure higher than normal due to covid business grant expenditure.

4.0 Compliance

The Chief Finance Officer (s151 officer) reports that all treasury management activities undertaken during the first half year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 9 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below.

Table 8: Debt Limits

	30.9.22 Actual £m	2022/23 Operational Boundary £m	2022/23 Authorised Limit £m	Complied?
General	10.00	70.00	80.00	Yes
Loans	4.49	15.00	20.00	Yes
CIS	24.26	30.00	35.00	Yes
Total debt	38.74	115.00	135.00	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was below the operational boundary all through the half year.

Table 9: Investment Limits

	30.9.22 Actual £m	2022/23 Limit £m	Complied?
Deposit Accounts			
NatWest ⁽¹⁾	5.77	£22m	Yes
Debt Management Office (DMO)	34.00	Unlimited	Yes
Barclays	0.001	4.00	Yes
Thurrock Council ⁽²⁾	4.00	4.00	Yes
Money Market Funds			
Aberdeen Liquidity Fund	3.00	4.00	Yes
BlackRock Institutional sterling liquidity Fund	2.50	4.00	Yes
CCLA Public Sector Deposit Fund	3.00	4.00	Yes
Federated Short Term Prime Fund	2.00	4.00	Yes
HSBC Global Liquidity ⁽³⁾ Funds ESG	0.00	4.00	
Insight Liquidity Funds	1.50	4.00	Yes
Invesco	3.00	4.00	Yes
Legal & General Sterling Liquidity Fund	1.00	4.00	Yes
Property Fund			
CCLA Property Fund	4.00	5.00	Yes
Total	63.77		

⁽¹⁾Natwest is the council's transactional bank, the balance held is sufficient for operational needs. The balance held on 30th September included funds received from Places for People loan repayment, this was received too late to invest elsewhere.

⁽²⁾The principal invested with Thurrock was returned on the agreed maturity date (24/10/2022), as well as the agreed interest.

⁽³⁾HSBC MMF was opened in September. This fund takes into account ESG factors when investing.

5.0 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 10: Average Credit Rating

	30.9.22 Actual	2022/23 Target	Complied?
Portfolio average credit rating	AA-	A-	Yes

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 11: Total Cash Available

	30.9.22 Actual £m	2022/23 Target £m	Complied?
Total cash available within 3 months	63.77	2	Yes

Interest Rate Exposures (Discretionary local measure)

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Table 12: Interest Rate Risk

Interest rate risk indicator	30.9.22 Actual	30.9.22 Theoretical ¹	2022/23 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0	£389,000	£600,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0	£389,000	£600,000	Yes

¹In reality all borrowing is at a fixed interest rate (with PWLB) and so changes in rates will only be realised when and if the loans need to be refinanced. The loans that may need refinancing (ie those linked to asset purchases) have a weighted average years to maturity of 20 years. CIPFA no longer recommends setting limits for interest rate exposure, this is a locally adopted indicator.

The impact of a change in interest rates is calculated on the weighted average rate of interest (2.83%) being increased or reduced by 1%.

Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 13: Maturity Structure

	30.9.22 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	0.4%	80%	0%	Yes
12 months and within 24 months	0.0%	80%	0%	Yes
24 months and within 5 years	0.0%	80%	0%	Yes
5 years and within 10 years	0.0%	100%	0%	Yes
10 years and above	99.6%	100%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than a Year

Table 14: Sums Invested for Beyond One Year

	2022/23	2023/24	2024/25
Actual principal invested beyond year end (CCLA Property Fund)	£4.00m	£4.00m	£4.00m
Limit on principal invested beyond year end	£10.00m	£10.00m	£10.00m
Complied?	Yes	Yes	Yes

6.0 Outlook for 2022/23 (Provided by Arlingclose)

Interest Rates

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.25
Downside risk	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75

Arlingclose expects Bank Rate to rise further during 2022/23 to reach 5% by the end of the financial year.

The MPC is particularly concerned about the demand implications of fiscal loosening, the tight labour market, sterling weakness and the willingness of firms to raise prices and wages.

The MPC may therefore raise Bank Rate more quickly and to a higher level to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose now expects Bank Rate to peak at 5.0%, with 200bps of increases this calendar year.

This action by the MPC will slow the economy, necessitating cuts in Bank Rate later in 2024.

Gilt yields will face further upward pressure in the short term due to lower confidence in UK fiscal policy, higher inflation expectations and asset sales by the BoE. Given the recent sharp rises in gilt yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

Background

Monetary policymakers are behind the curve having only raising rates by 50bps in September. This was before the “Mini-Budget”, poorly received by the markets, triggered a rout in gilts with a huge spike in yields and a further fall in sterling. In a shift from recent trends, the focus now is perceived to be on supporting sterling whilst also focusing on subduing high inflation.

There is now an increased possibility of a special Bank of England MPC meeting to raise rates to support the currency. Followed by a more forceful stance over concerns on the looser fiscal outlook. The MPC is therefore likely to raise Bank Rate higher than would otherwise have been necessary given already declining demand. A prolonged economic downturn could ensue.

Uncertainty on the path of interest rates has increased dramatically due to the possible risk from unknowns which could include for instance another Conservative leadership contest, a general election, or further tax changes including implementing windfall taxes.

The government's open ended approach to energy price caps, combined with

international energy markets priced in dollars, presents a fiscal mismatch that has contributed to significant decline in sterling and sharp rises in gilt yields which will feed through to consumers' loans and mortgages and business funding costs.

UK government policy has mitigated some of the expected rise in energy inflation for households and businesses flattening the peak for CPI, whilst extending the duration of elevated CPI. Continued currency weakness could add inflationary pressure.

The UK economy already appears to be in recession, with business activity and household spending falling. The short- to medium-term outlook for the UK economy is relatively bleak.

Global bond yields have jumped as investors focus on higher and longer lasting US policy rates. The rise in UK government bond yields has been sharper, due to both an apparent decline in investor confidence and a rise in interest rate expectations, following the UK government's shift to borrow to loosen fiscal policy. Gilt yields will remain higher unless the government's plans are perceived to be fiscally responsible.

The housing market impact of increases in the Base Rate could act as a "circuit breaker" which stops rates rising much beyond 5.0%, but this remains an uncertainty.

Capital Prudential Indicators

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

The summary of the capital expenditure is shown in the Table 1 below. The quarter 2 financial monitoring report will provide further detail.

The updated budget includes rephased schemes from 2021/22, and growth schemes funded by grants, in addition to the schemes included in the original budget.

Table 1: Summary of Capital Expenditure in £m

	2022/23 Original Budget	2022/23 Updated⁽¹⁾ Budget	2022/23 Forecast
General Fund Services	12.77	41.90	11.03
Total	12.77	41.90	11.03

⁽¹⁾ This includes rephasing from 2021/22 and growth funded by grants.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing).

Table 2: The summary of Capital financing in £m

	2022/23 Budget	2022/23 Updated Budget	2022/23 Forecast
External sources	2.13	15.42	3.34
CIL	0	2.30	0.41
Capital Receipts	8.29	17.08	0.68
Internal Borrowing or Debt	2.35	7.10	6.60
Total	12.77	41.90	11.03

Debt is only temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP).

Table 3: The summary of Capital Financing Requirement in £m

	2022/23 Budget	2022/23 Updated Budget	2022/23 Forecast
Capital Financing Requirement	79.40	77.47	76.98
MRP	(2.80)	(2.80)	(2.55)
Total	76.60	74.67	74.43

The CFR for the updated budget and the forecast is the opening CFR of £70.378m plus the internal borrowing or debt line from table 2.

The opening CFR for 2022/23 is £70.378m, taken from draft statement of accounts, CFR note, closing position 2021/22.

When a capital asset is no longer needed, it may be sold so that the proceeds known as capital receipts can be spent on new assets or to repay debt. Repayments of capital grants, loan and investments also generate capital receipts.

The summary of the capital receipts is shown in Table 4 below in £m.

	2022/23 Budget	2022/23 Updated Budget	2022/23 Forecast
Asset sales	0.70	0.70	0.45
Loans repaid	0.00	0.28	4.89
Total	0.70	0.98	5.34

The forecast includes the loan repayment by Places for People of £4.7m, which may not all be used to fund capital expenditure in 2022/23, a funding mix decision will be taken at the year end.

GLOSSARY

Arlingclose

The council's treasury management advisors.

Bail in Risk

Bail in risk arises from the failure of a bank. Bond-holders or investors in the bank would be expected to suffer losses on their investments, as opposed to the bank being bailed out by government.

Bank Equity Buffer

The mandatory capital that financial institutions are required to hold, in order to provide a cushion against financial downturns, to ensure the institution can continue to meet its liquidity requirements.

The Bank Rate

The Bank of England's interest rate.

Bank Stress Tests

Annual tests carried out by the Bank of England on the UK banking system to assess resilience to recessions in the UK and globally, large falls in assets prices, and higher global interest rates.

Bonds

A bond is a form of loan, the holder of the bond is entitled to a fixed rate of interest (coupon) at fixed intervals. The bond has a fixed life and can be traded.

B.P.S. (Basis points)

One basis point is 0.01%, 25 basis points is 0.25%.

Call Account

A bank account that offers a rate of return and the funds are available to withdraw on a daily basis.

Capital Expenditure

Expenditure on assets (tangible or intangible) that will be used for longer than one year eg property, vehicles, software (intangible assets).

Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure incurred historically, but has yet to be financed (or funded); by for example capital receipts or grants funding.

Capital Receipt

The cash received from the sale of a non-current asset eg sale of property or land.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is a professional institute for accountants working in the public services, national audit agencies, in major accountancy firms, and in other bodies where public

money needs to be managed. It is the only UK professional accountancy body to specialise in public services.

Collar (Money Market Fund)

The fund “collar” forms part of the valuation mechanism for the fund. LVNAV funds allow investors to purchase and redeem shares at a constant NAV calculated to 2 decimal places, i.e. £1.00. This is achieved by the fund using amortised cost for valuation purposes, subject to the variation against the marked-to-market NAV being no greater than 20 basis points (0.2%). (This compares to current Prime CNAV funds which round to 50 basis points, or 0.5%, of the NAV.)

Counterparty

Another organisation with which the Council has entered into a financial transaction with, for example, invested with or borrowed from.

CPI

The Consumer Price Index is a price index, it is the price of a weighted average market basket of consumer goods and services purchased by households. Changes in CPI track changes in process over time. CPIH includes housing costs.

Credit Default Swaps (CDS)

A financial agreement that the seller of the CDS will compensate the buyer in the event of a loan default. The seller insures the buyer against a loan defaulting.

Credit Ratings

A credit rating is the evaluation of a credit risk of a debtor, and predicting their ability to pay back the debt. The rating represents an evaluation of a credit rating agency of the qualitative and quantitative information, this result in a score, denoted usually by the letters A to D and including +/- . Fitch, Moody's and Standard and Poor's provide credit ratings.

DLUHC

The Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry for Housing, Communities and Local Government (MHCLG), is the UK Government department for housing, communities and local government in England.

DMO

The Debt Management Office is an executive agency of HM Treasury. The DMO operates the PWLB lending facility and the Debt Management Account Deposit Facility (DMADF). The DMADF offers fixed term deposits, with rates fixed on the day of deposit. All deposits with the DMADF are placed in the Debt Management Account and therefore represent a direct claim on the government.

ESG (Environmental, Social and Governance)

ESG is a set of standards for an organisation's behaviour, used by investors to screen potential investments.

- Environmental focuses on preserving the natural world (eg climate change, energy efficiency, biodiversity).

- Social focuses on people and relationships (eg diversity, inclusion, employee engagement).
- Governance on an organisation's management and leadership (board composition, cybersecurity, preventing bribery and corruption).

Federal Open Market Committee (FOMC)

The Federal Open Market Committee (FOMC), a committee within the Federal Reserve System, is charged with overseeing the USA's open market operations (e.g., the Fed's buying and selling of United States Treasury securities). This Federal Reserve committee makes key decisions about interest rates and the growth of the United States money supply.

FTSE

A UK provider of stock market indices, it is owned by the London Stock Exchange.

GDP

Gross Domestic Product is a monetary measure of the market value of all the final goods and services produced by a country in a particular time period.

Gilts

Bonds issued by the Government. Gilts are traded, as the price of the bond falls the yield increases, although the face value and interest rate paid are fixed.

Internal Borrowing

The use of the council's own cash balances to finance expenditure. As opposed to external borrowing eg from PWLB.

Liquidity

The degree to which an asset can be bought or sold quickly.

LVNAV Money Market Fund

Low volatility net asset value. The fund will have at least 10% of its assets maturing on a daily basis and at least 30% of assets maturing on a weekly basis.

Minimum Revenue Provision (MRP)

An amount set aside to repay debt.

Monetary Policy Committee (MPC)

The Monetary Policy Committee (MPC) is a committee of the Bank of England, which meets eight times a year, to decide the official interest rate in the United Kingdom (the Bank of England Base Rate).

Money Market Funds

An open ended mutual fund that invests in short-term debt securities. A deposit will earn a rate of interest, whilst maintaining the net asset value of the investment. Deposits are generally available for withdrawal on the day.

Public Works Loans Board (PWLB)

The PWLB is an agency of the Treasury, it lends to public bodies at fixed rates for periods up to 50 years. Interest rates are determined by gilt yields.

Prudential Code (CIPFA)

The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal. The objective of the Prudential Code is to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

SONIA (Sterling over night index average)

SONIA is an important interest rate benchmark. It is administered by the Bank of England, and is based on actual transactions and reflects the average on the interest rates that banks pay to borrow sterling overnight from other financial institutions. This rate has replaced LIBOR.

S31 Grants

Grants issued by central government to local authorities, relating to a specific purpose.

Transactional Banking

Use of a bank for day to day banking requirement, e.g. provision of current accounts, deposit accounts and on-line banking.

Treasury Management Code (CIPFA)

This code was developed to meet the needs of local authorities (including PCCs and fire authorities), registered social landlords, further and higher education institutions, and NHS trusts. In order to provide a clear definition of treasury management activities.

Overview and Scrutiny Work Programme 2022/23

Performance and Growth

In Progress

Topic	Membership & Scope	Lead Officer	Progress
Review of External Appointments to Outside Organisations	Cllrs S Cawley, S J Corney, I D Gardener and S A Howell	TBC	<p>Summer 2022: Terms of Reference have been established. Questionnaire has been sent to all relevant boards and organisations. Regular meetings are established from September.</p> <p>September 2022: Evidence and information gathering underway.</p> <p>November 2022: Information gathering completed.</p> <p>Next steps: Draft report underway</p>

Customers and Partnerships

In Progress

Topic	Membership & Scope	Lead Officer	Progress
Climate	Councillor T D Alban Councillor J Kerr Councillor C Lowe Councillor D Shaw	Neil Sloper	November 2022: Initial Meeting held to establish Terms of Reference for the group. Next Steps: Regular meetings to be established. Evidence and information gathering to be progressed.