

COUNCIL - WEDNESDAY, 16 DECEMBER 2015

Late Item(s)

6. REPORTS OF THE CABINET AND PANELS

FOR DECISION

- (a) Cabinet (Pages 3 - 76)

Report of the meeting held on 10th December 2015.

FOR INFORMATION

- (d) Development Management Panel (Pages 77 - 78)

Report of the meeting held on 14th December 2015.

- (g) Standards Committee (Pages 79 - 80)

Report of the meeting on 8th December 2015.

- (h) Overview and Scrutiny (Economic Well-Being) (Pages 81 - 84)

Report of the meeting on 8th December 2015.

- (i) Overview and Scrutiny (Environmental Well-Being) (Pages 85 - 88)

Report of the meeting on 8th December 2015.

7. REPRESENTATION OF POLITICAL GROUPS ON DISTRICT COUNCIL PANELS, ETC (Pages 89 - 94)

To consider a report by the Elections and Democratic Services Manager on the representation of political groups on Panels, etc in accordance with Section 15 of the Local Government and Housing Act 1989 and the District Council's Constitution.

This page is intentionally left blank

Cabinet

Report of the meeting held on 10th December 2015.

Matters for Decision

39. PROCUREMENT POLICY

By way of a report from the Procurement Manager (a copy of which is reproduced as Appendix A hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 38 of their Report refers)** the Cabinet recommends the Procurement Policy to Council for approval.

The Procurement Policy outlines how the procurement function supports the Corporate Plan and Council's objectives, whilst minimising risks and seeking value for money.

The Policy describes how the Council will manage procurement risk, the overarching EU principles, the Council's approach to delivering value for money, helping local businesses compete for public spend and the performance and governance of procurement.

The Policy provides for the structure and organisation of procurement and creates a foundation to develop detailed plans and objectives for procurement.

Following discussions by the Cabinet it has been explained that financial thresholds determine the process of procurement. A value of £5,000 can be directly awarded whereas a value over £25,000 involves a formal process.

The Cabinet has expressed preference for procuring from local businesses to assist the local economy. It has been explained that the Council must remain impartial. However, local businesses are provided with information regarding how the Council advertises in order that they can identify and bid for contracts and business opportunities. Whereupon, the Cabinet

RECOMMENDS

that the Council approves the Procurement Policy attached as Appendix 1 to the Officer's report.

40. CUSTOMER SERVICE STRATEGY

By way of a report from the Head of Customer Service (a copy of which is reproduced as Appendix B hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 36 of their Report refers)** the Cabinet recommends the revised Customer Service Strategy to Council for approval.

Members of the Overview and Scrutiny Panel and the Cabinet have previously reviewed and commented on a summary 'on a page' document. In light of Member feedback the summary document has been developed into a wider and more comprehensive document, taking the foundation of the previous Strategy and updating the content to reflect other Council Strategies and Policies. The document also takes into account customer feedback and has passed through a number of Officer groups.

The Customer Service Strategy includes a section of how the Council will measure the outcomes the Strategy is expected to deliver. The document is intended to be owned by all Officers with links through the Corporate Plan, Service Plans and to individual key performance indicators.

It has been requested that the Cabinet be presented with a report that contains an overall summary of how Service Plans are being monitored and contributing to the Customer Service Strategy.

The Cabinet has been informed that to be able to effectively measure and compare customer satisfaction a series of consistent questions are being introduced and that it is intended to refresh the Customer Feedback Policy.

The Cabinet has agreed with the comment made by the Overview and Scrutiny Panel that a facility should be introduced on the Council's website to enable a resident to search for their local Councillor by postcode.

Having produced a summary of the new Strategy the revised Customer Service Strategy is now complete and the Cabinet

RECOMMENDS

that the Council approves the revised Customer Service Strategy attached as Appendix 1 to the Officer's report.

41. COMMERCIAL INVESTMENT STRATEGY: BUSINESS PLAN

By way of a report from the Head of Resources (a copy of which is reproduced as Appendix C hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 40 of their Report refers)** the Cabinet has noted and recommends the Minimum Revenue Provisions (MRP) Policy for the Commercial Investment Strategy (CIS) to Council for approval.

The capital propositions included within the Business Plan that are to be financed from external borrowing are modelled on being financed by repayment loans. Consequently the annual principal repayment will equate to the MRP requirement. As this is a new approach to MRP a new Policy is required to be approved by Council.

It has been noted that through the operation of the CIS, there may be occasions when investment assets are sold. Within the Reserve Review Report, Item No. 47 of this report refers, the Cabinet has approved that such capital receipts will be ringfenced for future CIS reinvestment in line with the Reserves Strategy.

The CIS was approved in October 2015 and the Cabinet has now approved the CIS Business Plan. Although the CIS covers a 9 year period with three distinct phases of development, the approved Business Plan relates to Phase 1 and the period from now until the 31st March 2019.

The Council currently has existing investment assets (property) totalling £20.9m and it is proposed to invest a further £50m in commercial assets. The primary aim of the CIS is to generate a future income stream with a secondary objective of capital growth. After the payment of £2.2m in asset completion costs, the Councils total commercial asset portfolio at the end of the Business Plan period will be £68.7m and is divided as follows:

Type 1: Existing Assets:	£20.9m
Type 2 and 3: Investment Fund and Property Shares:	£14.7m
Type 4: Direct Assets (Local Acquisitions):	£18.9m
Type 4: Direct Assets (National Acquisitions):	£14.2m

Regarding investments up to the end of the current financial year, it is proposed that these should not be financed from external borrowing. Therefore the Cabinet has approved the transfer of £6.8m from the Council's General Fund to the Capital Investment Earmarked Reserve. By making investments directly from in-house resources will mean that the Council can maximise returns and will not need to set-aside revenue funding in respect of the Minimum Revenue Provision.

In subsequent years the Council intends to borrow externally and the Cabinet has approved the potential to borrow up to £35m from 2016/17 onwards to support the CIS. However, there will be 'head-room' to borrow a further £25m if commercial opportunities should arise.

It has been noted that local government is only permitted to invest in one revenue property investment fund. This is operated by CCLA Investment Management Limited and the CIS Business Plan includes the investment of a total of £4.7m by the end of 2016/17.

The intention of the Council is to reduce reliance on Central Government funding and to create a sustainable financial platform. This will negate the need to have discussions about funding the Council is likely to obtain and the resulting impact on the Budget and its services. In order for the

Council to produce a yield at the earliest opportunity, to achieve its aspirations, the Cabinet has instructed Officers as follows:

- that the revenue investment of £2.5m, detailed in the Investment Schedule (attached as Appendix 3 of the Officer's Report) for Quarter 3 of 2015/16 Financial Year, be invested without delay;
- that the capital investment of £5m in respect of capital property shares and/or Real Estate Investment Trusts (REITS), subject to relevant due diligence, be invested without delay;
- that an Action Plan be developed to ensure that the capital investments of £5m in respect of Direct Assets (Local Area) are acquired by the end of Quarter 4, 2015/16;
- that Table 1, as contained within the Officer's Report titled 'Estimated Revenue Returns from the Commercial Investment Strategy', be included in the Medium Term Financial Strategy; and
- that, without delay, to complete a review of the Estates Service to enable the requirements of the Commercial Investment Strategy to be achieved.

The Cabinet is mindful of wanting to provide the best service for the residents of the District whilst at the same time mitigating risks in investing Council Tax money. The Cabinet has been informed that borrowing is expected to be from the Public Works Loans Board and for the investments within the CIS Business Plan repayment loans are expected to be the preferred form of loan finance. If loan rates are found to be cheaper at other financial institutions the Council will take appropriate advantage, providing that the institutions are included within the Council's Treasury Management Strategy. It has been noted that investments have been developed around a medium term financial return.

Whereupon, the Cabinet

RECOMMENDS

that the Council approves the Minimum Revenue Provisions Policy for the Commercial Investment Strategy as detailed below:

'For each capital investment undertaken under the requirements of the Council's Commercial Investment Strategy, Minimum Revenue Provision will be made that is equal to the principal repayment for any loan finance supporting the investment'.

Matters for Information

42. CORPORATE FRAUD WORKPLAN AND PROSECUTION POLICY

Having considered the comments of the Corporate Governance Panel (Item No. 24 of their Report refers) and the Overview and Scrutiny Panel (Economic Well-Being) (Item No.37 of their Report refers) the Cabinet has received and approved the Workplan for the

Corporate Fraud Team following the transfer of Housing Benefit fraud investigations to the Department for Work and Pensions (DWP).

In May 2015 the responsibility for investigating allegations of Housing Benefit fraud transferred to the DWP. Three Investigating Officers transferred to the DWP and the in-house team now consists of a Team Leader, one Investigating Officer and an Intelligence Officer.

Since then the Team has been completing the remaining residual work following the DWP transfer, including preparing a number of Housing Benefit cases for prosecution. The Workplan has been developed around the types of fraud that currently form the majority of the work for the Team, as well as new and emerging threats, including Council Tax Support fraud; Council Tax discount fraud; Housing Tenancy fraud and Business Rates fraud.

Regarding the productivity of the Team it has been explained that between April and October 2015 over 400 referrals were received and a significant value of fraud identified including the recovery of six social housing properties that have been re-allocated to families in genuine need. The value of the fraud identified outweighs the staffing costs of the Fraud Team and the related software costs. Having a Corporate Fraud Team is valuable in the deterrent against fraud.

In responding to questions regarding the success at recovering fraud once identified it has been explained that Housing Benefit fraud is difficult to recover. However, responsibility for this has now transferred to the DWP. The Council is able to issue £70 penalty notices for Council Tax Discount Fraud. Although the Team no longer investigates Housing Benefit fraud, discrepancies identified whilst investigating Council Tax Support/Council Tax Discount fraud often lead to an overpayment of Housing Benefit.

With different types of fraud being investigated, it has required the Fraud Prosecution Policy to be amended to include reference to the legislation used in prosecuting these new areas. The Cabinet has approved the revised Fraud Prosecution Policy that establishes the legislation and process that Investigating Officers must adhere to when considering the action to take following fraud investigation.

The Cabinet has also endorsed that monitoring the delivery of the Workplan is to be overseen by the Executive Councillor for Customer Service accompanied with annual reports to the Corporate Governance Panel.

43. CAMBS HOME IMPROVEMENT AGENCY (CHIA) SHARED SERVICE REVIEW AND DISABLED FACILITIES GRANT BUDGET

Having considered the comments of the Overview and Scrutiny Panel (Social Well-Being) (Item No.23 of their Report refers) the Cabinet has received a progress review of the Cambridgeshire Home Improvement Agency (CHIA) shared service following three years of operation.

The CHIA shared service, developed in partnership with Cambridge City Council and South Cambridgeshire District Council (SCDC), went 'live' on 1st April 2012. Staff are employed by Cambridge City Council with the main office located within SCDC.

The shared Home Improvement Agency (HIA) service has been successful in meeting its initial aims and objectives and has the potential to achieve further efficiencies both internally and externally in the future. The performance data indicates high volumes of work for the three years the shared HIA has been operating and that 2014/15 performance targets have been achieved.

CHIA previously agreed in principle to include East Cambridgeshire District Council (ECDC) in the shared service, subject to a detailed Business Case being developed. However, having been appraised of the Business Case for service expansion, ECDC has decided not to join the shared service as they are content that their in-house service is fit for purpose and they do not foresee significant benefits from disrupting their current arrangement.

It has been noted that performance in Quarter 1 and Quarter 2 of 2015/16 has decreased for a number of reasons including an increase in volumes of work, loss of a surveyor and the necessary introduction of new procedures to ensure regulatory compliance. Reasons for this and potential options are being explored by the CHIA Management Board.

The original three-year CHIA Agreement was extended in 2014 and expires in March 2016. The Cabinet has agreed to delegate authority to the Head of Development in consultation with the Executive Councillor for Strategic Planning and Housing to sign a new Partnership Agreement for a further two years with provision for an extension for a further three years by agreement.

Disabled Facilities Grants (DFG) are part funded through the Council's Capital fund and the remainder is Government funded via the Better Care Fund. Officers continue to influence the strategic direction of the Better Care Fund towards preventative services, demonstrating the value of the DFG programme to the health and social care agenda.

The maximum DFG that may be awarded is £30,000 and DFGs for adults are subject to a means test. It has been suggested that in the current economic climate and when other budgets are being reduced, if possible the maximum amount awarded should be reduced, particularly if the applicant has the assets to fund the adaptations.

44. COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE STRUCTURE

Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.31 of their Report refers) the Cabinet has approved a funding profile for Community Infrastructure Levy (CIL) expenditure relating to the Huntingdon West Link Road (Edison Bell Way) to enable the regeneration and

development of that area. The Link Road is currently the only CIL funded project that has been approved by the Cabinet.

As it is important that CIL funding is invested wisely to ensure the timely delivery of community infrastructure projects that support the Council's development and growth agenda, the scale of CIL funding that will be generated in future years, and the need to prioritise the investment of CIL funds to key projects, it has been necessary to review the governance arrangements for the investment of CIL funds.

The initial CIL governance structure was approved by the Cabinet in October 2012. However, the partnership between the Growth and Infrastructure Group and the Huntingdonshire Strategic Partnership has not worked as effectively as initially envisaged. To work effectively the Growth and Infrastructure Group need to meet regularly to make progress with its business and to contribute appropriate management information to the Council. In reporting to the Huntingdonshire Strategic Partnership Board, which meets infrequently, hinders the level of progress and action that is likely to be required as the CIL fund grows in line with the amount of new development that commences in future years.

It has been agreed that the Growth and Infrastructure Group will continue subject to three key changes:

- i. that the membership be strengthened to enable the Group to have more direct input from elected Members from both the District Council and Cambridgeshire County Council.
- ii. The officer membership and representation from infrastructure related bodies, in particular the importance of the representation from the Local Enterprise Partnership, should remain and be strengthened.
- iii. that the Group will not be linked to the Huntingdonshire Strategic Partnership and will report via the Overview and Scrutiny process and to the Cabinet.

In approving the revised Community Infrastructure Levy governance structure and the revised Terms of Reference of the Growth and Infrastructure Group, the Cabinet has appointed the following District Councillors to the Growth and Infrastructure Group:

- Executive Councillor for Strategic Planning and Housing (Chairman);
- Chairman of the Development Management Panel;
- Chairman of the Overview and Scrutiny Panel (Social Well-Being); and
- Chairman of the Overview and Scrutiny Panel (Economic Well-Being)

The Cabinet has requested that Town and Parish Councils are reminded of the reporting requirements if awarded CIL funding.

45. HUNTINGDONSHIRE INFRASTRUCTURE PLANNING UPDATE

Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.30 of their Report refers) the Cabinet has been updated as to the current position with infrastructure planning across the Council. Given the importance of the issue, it is intended that further update reports will be presented to the Cabinet in June and December of each year to keep Members fully informed of progress with emerging infrastructure strategies, projects and delivery mechanisms.

There is a significant amount of Member and Officer activity on a range of different types of infrastructure planning and the report has specifically summarised the following areas of current work:

Infrastructure Delivery Plan; Highways and Transport Infrastructure Projects; A14 Trunk Road; A428; A1; Oxford to Cambridge Expressway and East West Rail; A141 Huntingdon/St Ives; Rail investment; County-wide Infrastructure Planning; Growth and Infrastructure Group; District and County Council Working relationship; District and Local Enterprise Partnership working relationship; Potential opportunities from Government initiatives; and Community Infrastructure Levy.

46. NEIGHBOURHOOD AND COMMUNITY PLANNING GUIDE

Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.32 of their Report refers) the Cabinet has approved the Neighbourhood and Community Planning Guide document which clarifies how the Council will interact with local communities and Town and Parish Councils if they wish to pursue community planning initiatives. The purpose of the 'Neighbourhood and Community Planning Guide' is to manage the expectations of local communities and to enable the Council to offer a consistent and deliverable level of service to those local communities.

A number of local communities within Huntingdonshire have commenced the development of Neighbourhood Plans. These include St Neots Town Council, Godmanchester Town Council, Huntingdon Town Council, Bury Parish Council and Houghton and Wyton Parish Council.

Following a local referendum and once approved a Neighbourhood Plan forms part of the statutory Development Plan for the District, meaning that it is a material consideration with significant weight in the decision making process for planning applications.

It has been explained to the Cabinet that the Guide is an evolving document that mainly focuses on the Neighbourhood Plan process, as this is the area where most local communities currently wish to engage with the Council. However, the guide will be amended as required to identify how the Council engages with local communities on other community planning initiatives and with regard to any future changes in the regulatory framework.

Other options are available to local communities seeking to achieve different community planning objectives. These include the ability to promote local affordable housing projects through the 'rural exceptions' process; a range of community facilities and amenities (for example, new village halls and playing fields) through the 'enabled exceptions' process; and more general Community Action Plans or Parish Plans that focus on specific community needs identified by the communities themselves.

The Cabinet has agreed that Neighbourhood Plans are not appropriate to all Towns and Parish Councils and that other community planning initiatives may be more suitable. It is important for the Council to enable and provide advice to those local communities that wish to proceed with a community planning initiative. However, the Council is not responsible for undertaking the work as there must be local ownership.

In response to concerns expressed it has been explained to the Cabinet that the level of interest at any one time from local communities wishing to proceed with a community planning initiative will determine whether the Council has sufficient resource to offer the support.

The Cabinet has been reminded that the Department for Communities and Local Government has made grants of up to £30,000 available to local planning authorities for each Neighbourhood Plan.

47. RESERVES REVIEW

Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.39 of their Report refers) the Cabinet has approved the Reserves Strategy specifically endorsing:

- i. a minimum level of Reserves at 15% of the Council's 'Net Expenditure'; and
- ii. the governance arrangements pertaining to each Reserve, specifically the ring-fencing of capital receipts that are generated from either 'general service activity' or from the Commercial Investment Strategy.

The main purpose of the Reserves Strategy is to provide a framework through which the Council will be able to effectively manage and govern its use of Reserves.

In January 2015 the Cabinet agreed that the minimum level of General Fund Reserves should be £3m. However, as the Council is expecting to have a reducing, or near static, Net Expenditure over the forthcoming years it is preferable to have a level of reserves that is a percentage of any years' Net Expenditure. For 2015/16 the £3m equates to marginally over 15% of the Net Expenditure and it is therefore agreed that 15% is set as the minimum level of reserves.

The Council will receive capital receipts as a consequence of the sale of capital assets that support either general service activity or the Commercial Investment Strategy. As assets that support general service activity have primarily been financed without external borrowing, in the interests of equity, such assets will finance either new future capital spend of a similar nature or reduce the Council's internal debt burden.

Those assets that have been acquired as part of the Commercial Investment Strategy will have been financed from a mix of either direct revenue financing or external borrowing. It is therefore considered that when assets are sold that the associated capital receipt are ringfenced. If a capital receipt results from the sale of an asset from:

- general service activity the related capital receipt will be applied to acquire/enhance other general service activity assets or pay down related debt; or from
- the Commercial Investment Strategy the related capital receipt will be applied to acquire/enhance other CIS assets or pay down CIS related debt.

If it is considered that capital receipts are exempt from being ringfenced, this will only occur if approved by the Cabinet.

It has been emphasised to the Cabinet that the minimum level of reserves of 15% refer only to the General Fund Balance.

48. ZERO BASED BUDGETING UPDATE: PREPARATION FOR THE 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.35 of their Report refers) the Cabinet has agreed the inclusion of the Tranche 3 savings proposals in the forthcoming 2016/17 budget and Medium Term Financial Strategy.

As part of the budget setting cycle for 2016/17, the Council is continuing the Zero Based Budgeting (ZBB) exercise that started during the last financial year in preparation for the 2015/16 budget. The ZBB process is split into a number of Tranches, with Tranche 1 having been undertaken during Autumn 2014 (in which £1.8m was removed from the Council's 2015/16 budget) and Tranches 2 and 3 being undertaken during 2015/16.

In preparation for 2016/17 budget setting, Tranche 2 commenced in April 2015 and concluded with a Cabinet led Star Chamber in mid-July 2015 and reported to the Cabinet in September 2015. Tranche 3 commenced in August 2015 and concluded with a Cabinet led Star Chamber in late November 2015; the estimated savings totalled in excess of £2.6m.

The services that have been subject to a 'heavy' review during Tranche 3 are:

- Community: CCTV
- Customer Services: Local Taxation and Benefits
- Operations: all services
- Leisure & Health: Sports and Active Lifestyle Team
- Corporate Team and Directors

In addition to the savings identified, the CCTV and Sports and Active Lifestyle Teams have been requested to investigate a number of additional opportunities for savings. If any additional savings are identified as a result of this further work it will be reported as part of the overall Budget Setting 2016/17 report.

In February 2016 the Council will be presented with the proposed Budget for 2016/17 and the Medium Term Financial Strategy and will set the Council Tax for the forthcoming year. During discussions the Cabinet has indicated a preference for a further Council Tax Freeze for 2016/17.

The Cabinet has commended all those involved in the ZBB process. The Cabinet has accepted that some of the savings identified via the Facing the Future programme have been included in the ZBB process. However, in order to identify further savings the Cabinet has requested that the proposals not included in the ZBB process should be progressed.

J D Ablewhite
Chairman

This page is intentionally left blank

**Public
Key Decision – Yes**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Procurement Policy

Meeting/Date: O&S Economic Well-being, 8 December 2015
Cabinet, 10 December 2015

Executive Portfolio: Councillor J A Gray (Resources)

Report by: Procurement Manager

Ward(s) affected: All

Executive Summary:

The purpose of this report is to consider and recommend to Council the approval of the Procurement Policy. The Procurement Policy outlines how the procurement function supports the Corporate Plan and Council's objectives, whilst minimising risks and seeking value for money.

The Policy describes how the Council will manage procurement risk, the overarching EU principles, our approach to delivering value for money, helping local businesses compete for public spend and the performance and governance of procurement.

The Policy provides for the structure and organisation of procurement and creates a foundation to develop detail plans and objectives for procurement.

Recommendation:

That the Cabinet consider and recommend to Council the approval of the Procurement Policy at Appendix 1.

1. PURPOSE

- 1.1 The purpose of this report is to consider and recommend to Council the approval of the Procurement Policy attached at Appendix 1.

2. BACKGROUND

- 2.1 Effective and efficient procurement supports the Corporate Plan through contributing to the best use of resources, assisting local businesses and, whilst operating in a regulated environment, minimising any attendant legal or reputational risks associated with non-compliance. The Procurement Policy sets out the operation of a procurement function in high level terms.
- 2.2 The Policy provides a definition of procurement; outlines the principal risks; lists the EU procurement principles; outlines how to improve value from procurement; engage with local businesses; summarizes performance targets, and procurement governance.
- 2.3 The Policy is underpinned by:
- the Code of Procurement which provides the regulatory and process necessary for compliance. This was approved by Council in May 2015.
 - guidance for staff undertaking procurements in the form of written protocols, template documents, targeted training and ad-hoc advice. This is updated as needed.

3. SUMMARY OF THE POLICY

Definition

The acquisition of goods, services and works is defined and the scope of the organisations involved.

Risk Management

The Policy identifies the principle risks attached to procurement and how we ameliorate those risks.

Value for Money

Value for money is defined as fundamental to procurement and its basic guises are named.

Principles

All public procurement is subject to EU Treaty principles and these are listed.

Procurement Policy

The methods employed to deliver value are listed.

Business Engagement

Steps to support businesses in finding and competing for public procurement opportunities are outlined.

Performance Management

The basic performance and savings targets are listed.

Resources

The mechanism used to match process to cost and therefore, minimise the resource expended is presented.

Governance

The basic governance measures are explained.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 4.1 Due to the date of the Overview and Scrutiny (Economic Well-Being) Panel meeting and the date of the agenda dispatch of the Cabinet Agenda the comments will be circulated subsequent to the Panel meeting on the 8th December 2015.

5. KEY IMPACTS/RISKS

- 5.1 The key impact of the introduction of the Policy will be to support the pursuit of Value for Money through a structured approach to procurement with clearly identified objectives and constraints.

The risk of not having a policy is the absence of a fundamental definition of the role of procurement and a starting point for the development of a Procurement Business Plan.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Policy will support the achievement of the Corporate Plan requirement of “becoming more business-like and efficient in the way we deliver services”.

7. CONSULTATION

- 7.1 None

8. LEGAL IMPLICATIONS

- 8.1 There are no direct legal implications. Future legislative change may, however, effect the Policy.

9. RESOURCE IMPLICATIONS

- 9.1 The Policy itself will not have any direct resource implications. However, the operation of the Policy:
- will support the achievement of savings, cost avoidance and additional income.
 - may lead to proposed changes in process and systems that could in future have resource implications. Such proposals would be subject to the approval of a suitable business case.

10 REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 The Policy is the keystone to the operation and function of procurement. It will underpin the development of more detailed objectives and targets in the form of a procurement business plan

11. LIST OF APPENDICES INCLUDED

Appendix 1 – Procurement Policy

CONTACT OFFICER

Nigel Arkle Procurement Manager

☎ (01480) 388104

Appendix 1

**Huntingdonshire District
Council**

PROCUREMENT

**Policy
2015**

Date Approved: xx/xx/2015

Review Date: xx/xx/2017

Version 7

Definition

The Council defines “procurement” as the process used to acquire goods, services or works and the letting of concessions. The acquisition may be from external providers such as contractors, third sector suppliers (voluntary organisations) or other public sector bodies.

Risk Management

Operating in a regulated environment there are risks to reputation and legal sanctions, including fines and litigation costs, resulting from poor procurement practice as well as business impacts due to inadequate quality, performance or delivery. Whilst responsibility for procurement resides in each Council service area, a Procurement Manager is established in the Resources Service to assist service areas with their procurement responsibilities and to provide training to ensure knowledge of compliant process and good practice.

Value for Money

Value for Money is at the heart of how the Council delivers its services; regardless of whether these are front-line or back-office. Effective procurement seeks to deliver value for money through lower whole life costs, cashable savings, cost avoidance and minimising the overhead required.

Fundamental Principles

All procurement processes will adhere to the EU procurement principles (Treaty of Rome 1957) of:

- Openness and transparency.
- Equal treatment of all suppliers.
- Proportionality; procurement processes will be proportionate to the risk and value of the requirement.
- Non-discrimination on the basis of EU member state.

Procurement Policy

To deliver value and savings through:

- compliant, competitive processes;
- adoption of innovative methods;
- simplified and streamlined documents and procedures;
- exploiting opportunities for joint working;
- improving commercial and market knowledge; and
- supporting local business participation.

Public and Business Engagement Considerations

- The Council's economic development team will be consulted to ensure that local business organisations and their members are aware of national and Council procurement policy and practice.
- The Council will publish a pipeline of forthcoming requirements to enhance local business engagement.

Performance Management

Savings targets are set and monitored by the Head of Resources. The key targets are:

- Zero legal challenges through compliant effective processes;
- Savings, cost avoidance or additional revenue of £50,000 per year;
- Delivery to relevant staff of up to 12 training sessions per year; and
- Engagement with local business through 2 events per year.

Resources

Annually reviewed financial thresholds determine the type of process required to ensure the appropriate level of effort for routine purchases.

Threshold Values	Process
Up to £5,000	A single written estimate or offers
£5,000 up to £25,000	Three written estimates or offers
£25,000 to £75,000	Three formal written quotes or offers
£75,000 to EU Threshold	Competitive Tenders
Over EU Threshold and above	EU compliant process

The resource implications (including Legal and Finance) for acquisitions with identified risk, complexity or high value (>£75k) are considered case by case. This contributes to deciding the most effective procurement process for that requirement.

Governance

The Council will have regard to all statutory and local procurement regulations, including the requirements of the Councils Constitution and relevant policies. The Code of Procurement will be updated to ensure that it is in line with prevailing legislation and Procurement Policy.

This page is intentionally left blank

**Public
Key Decision - Yes****HUNTINGDONSHIRE DISTRICT COUNCIL**

Title/Subject Matter:	Customer Service Strategy
Meeting/Date:	Overview & Scrutiny (Economic) – 8 th December 2015 Cabinet – 10 th December Council – 16 th December
Executive Portfolio:	Executive Councillor for Customer Services
Report by:	Head of Customer Service
Ward(s) affected:	All

Executive Summary:

Members provided feedback on a proposed revised Customer Service Strategy earlier in 2015. A summary 'on a page' was produced and this has been revised in light of feedback.

In addition, and as discussed with Members previously, this summary has been developed into a wider and more comprehensive document. This takes the foundation of the previous Strategy and has updated the content to reflect other Council Strategies and Policies. The summary also takes into account customer feedback – and has passed through a number of Officer groups.

Once approved by Members the new Strategy will be communicated to the organisation and delivery of actions will begin. Key to this is the mandatory inclusion of actions to deliver this Strategy in all Service Plans that will be produced by the Senior Management Team in 2016/17.

Recommendation(s):

It is recommended:

That the Cabinet, having assessed any feedback from the Overview & Scrutiny (Economic Well-Being) Panel, recommend to Council approval of the revised Customer Service Strategy.

1. PURPOSE

- 1.1 This paper is intended obtain the endorsement of the Cabinet, prior to the revised Customer Service Strategy being recommended for approval by Full Council.

2. BACKGROUND

- 2.1 The Customer Service Strategy is a key corporate document. It sets out how the Council will deliver customer service across the Council and underpins much of what the Council does. It is an important document for Officers, and allows the Council to look ahead and focus on what it needs to do to deliver good customer service.
- 2.2 The current version of the Customer Service Strategy was approved in 2013. Since that time considerable change has happened at the Council and it is prudent to ensure the document is fit for purpose and compliments other strategic plans.
- 2.3 Earlier in 2015 Overview and Scrutiny and Cabinet both reviewed and commented on a simple summary 'on a page' that would be developed in light of Member feedback. This summary was also to be expanded to provide a more comprehensive document suitable for Officer and Member use.

3. ANALYSIS

- 3.1 Officers reviewed the content and layout of the previous strategy. The document contained useful content and ideas, many of which remain relevant today.

- 3.2 However this assessment also identified that:

- The current plan is extremely ambitious and stretches to 36 pages in length. It is not easy to quickly grasp the key elements of the Strategy.
- The focus of many actions is on the Customer Service Team – rather than the Council as a whole. This focus has inevitably meant the delivery of the Customer Service Strategy has not 'reached out' into the organisation as intended.
- The number of actions is considerable and many are specific to certain services or tasks – and don't impact across the Council.

- 3.3 Officers have also examined a number of key documents, including the:

- Corporate Plan – to ensure its objectives are supported by the emerging Customer Service Strategy
- Council's Code of Conduct – to ensure the Core Values of the Council are woven into the emerging Customer Service Strategy
- 'Plan-on-a-page' – making sure the Customer Service Strategy compliments the strategic aims of the Council and the financial challenges faced.
- Latest feedback we have from Customers on what the Council does, and what the Council's priority services should be

- 3.4 Having completed the review it has become apparent a revised Customer Service Strategy should be shorter, simpler to understand and relevant to Officers and Members alike. This was confirmed in the feedback received on the draft summary 'on a page'.

- 3.5 The final Customer Service Strategy is attached, and contains:

- A one page introduction from Executive Councillor for Customer Service
- A single page showing the summary 'on a page'

- A page for each of the principles that expands and explains in more detail what each means
- Some pages explaining how achievement of the strategy will be monitored

3.6 The Strategy has developed since Members gave their feedback, and of particular note is:

- The specific inclusion of the wording for the Strategic Aims and Objectives from the Council's Corporate Plan. This will strengthen the links between this Strategy and the Council's key forward planning document.
- Simplification of the summary on a page, making it easier to understand.
- The inclusion of examples of good practice across the Council to make the document more 'real' for staff and encourage Officers to generate and deliver their own actions alongside other colleagues.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 Due to the date of the Overview and Scrutiny (Economic Well-Being) Panel meeting and the date of the agenda dispatch of the Cabinet Agenda the comments will be circulated subsequent to the Panel meeting on the 8th December 2015.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

5.1 Customer Service means many things to many people – including every comment and idea from consultation on the Strategy will not be possible. By involving key stakeholders and listening to their views the Strategy should meet the needs of most contributors.

5.2 The Strategy may be seen as owned by the Customer Service Team – not every Council service. The Senior Management Team and all Portfolio Holders will play a key role in ensuring this does not happen.

6. TIMETABLE FOR IMPLEMENTATION

6.1 The timetable for implementation of the strategy is shown below:

Date	Action	Notes
Dec -15	Approval of the Strategy by Members	Signs this off as a key corporate strategy
Jan -15	Communication of the Customer Service Strategy	Will require a detailed communications plan
Jan-Apr 16	Integration into Service Plans for 16/17	Senior Management Team to consider how their teams can contribute to the Strategy
Apr-16 onwards	Ongoing management & delivery becomes Business As Usual	Annual review and progress updates within monitoring of the Corporate Plan and Service Plans

7. LINK TO THE CORPORATE PLAN

7.1 This Strategy directly supports the Council Objective 'Ensure we are a customer focussed and service led Council' – but it also contributes to all the strategic priorities and objectives.

8. CONSULTATION

8.1 To date the summary has been developed in light of feedback from:

- Cabinet
- Overview and Scrutiny (Economic)
- The Customer Service Governance Board
- The Senior Management Team
- A number of operational staff – for example Call Centre and CSC staff

- 8.2 The Strategy also examined the findings from the most recent survey of customers. The ‘Balancing the budget - Have your say’ consultation was aimed at providing residents, businesses and the voluntary sector, with the opportunity to comment on service priorities. The process also raised awareness of what the council does and the financial pressures it faces. Over 700 responses were received.
- 8.3 The survey showed most customers are focussed on the delivery of high quality visible services such as Waste Collection, Parks & Open Spaces, Environmental Health etc. Services such as Markets, Street Rangers and Customer Service were scored as less relevant for Customers – but these services also scored highly as ‘don’t know’ indicating many customers do not fully understand what services these teams provide.
- 8.4 Alongside this assessment of the services provided by the Council the ‘free-text’ responses from customers were assessed. Findings in this area focussed on car parking, the local economy, areas outside of the Council’s control (e.g. Parish/County issues) and income generation.
- 8.5 This consultation exercise was useful in determining priorities for the budget setting process. Understanding what is important to customers gives the Council a clear focus on ensuring priority services (e.g. waste collection) continue to provide good quality service within the context of a revised Customer Service Strategy – something the Zero Based Budgeting exercise will help achieve.

9. LEGAL IMPLICATIONS

- 9.1 No Legal implications.

10. RESOURCE IMPLICATIONS

- 10.1 No Resource implications

11. OTHER IMPLICATIONS

- 11.1 None.

12 REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 The Customer Service Strategy is an important document, and is ready for a revisit.
- 12.2 A proposed summary of the new Strategy was produced and in the light of feedback has been developed. This fuller revised document is now ready for approval and delivery.
- 12.3 It is recommended:
- Overview & Scrutiny (Economic) provide any necessary feedback on the Strategy
 - Cabinet, having assessed any feedback from Overview & Scrutiny (Economic), recommend to Council approval of the revised Customer Service Strategy.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – Customer Service Strategy

BACKGROUND PAPERS

None

CONTACT OFFICER

John Taylor, Head of Customer Service
01480 388119



Customer Service Strategy

Introduction

I am pleased to introduce the Customer Service Strategy for Huntingdonshire District Council (HDC). It sets how we will deliver against the Council's Strategic Priority of ensuring we are a customer-focused and service-led Council.

The strategy sets out what we are working towards, the principles that underpin our work and some of the initiatives and projects we are delivering to make the strategy a reality. The document also contains the measurements we will use to prove we have delivered what we promise.

I recognise what our customers want from us is changing. At the same time the public sector continues to face challenges. These factors combine to allow us to be bold and innovative when we think about delivering customer service and this strategy presents some key ideas to the Council. The use of techniques to make the Council more efficient, working with other organisations for the benefit of customers and making sure we invest in our staff are strong elements of the strategy. We also know that increasing use of the Council's website allows customers to serve themselves whenever and wherever is convenient to them – as well as allowing us to focus on customers who really need to call or come to see us. We also recognise that value for money is crucial and the strategy contains a number of elements that show how we will continue to deliver services but also achieve the Council's financial plans.

This is a strategy for all parts of the Council. I am sure you will join with me in ensuring that Huntingdonshire District Council delivers this strategy. It is a challenging future, full of opportunities, and I think we can move towards it with real confidence.



Councillor Darren Tysoe – Executive Councillor for Customer Services

Contents

Introduction	3
How this document works	5
One Page Summary	6
Customer Service Principles	7-12
Measuring Success	13
Appendix 1 Customer Feedback	14

How this document works

The Customer Service Strategy helps all services to contribute towards achieving one of the Strategic Priorities in the Council's Corporate Plan - to 'ensure we are a customer focussed and service-led Council'. It will also help all support the two objectives that underpin this – 'to become more business-like and efficient in the way we deliver services' and, 'to ensure customer engagement drives service priorities and improvement'.

We have adopted a set of six principles and defined what they mean to us. We have also provided examples of the type of key initiatives and projects the Council will deliver to make this strategy become a reality.

We have also included some good practice examples from all services across the Council, these are intended to help us all see what can be achieved and trigger our own ideas so that we can all help contribute to the success of this strategy.

Finally, we have agreed three outcomes and set ourselves a number of targets that will enable us to measure how successful we are.

Strategic Priority: Ensure we are a customer focussed and service led Council

Objectives

Ensure customer engagement drives service priorities and improvement

Become more business-like and efficient in the way we deliver services

Principles

Listen to customers

Find out what customers want and design services that enable them to help themselves

Get it right first time

Remove waste and make sure every contact with customers has value
Bring the response as close as possible to the customer

Provide value for money service

Know the cost of providing good customer service
Increased self-service, focus on customers who need our help and use technology to do things better

Act and behave in the right way

Work in the best interest of customers
Treat customers with dignity and respect

Make it matter to staff

Act as 'One Council'
Retain, recruit and train the best people

Work with partners for the benefit of customers

If working together gives a better outcome, we do it

Corporate Initiatives and Projects

Improve & relaunch the Customer Feedback process
Update our service standards
Report on our performance
Survey customers to assess how well we are doing

Improve the way we work using trained Officers from across the Council - we call this LEAN

Deliver a mobile friendly website focussed on customer need
Use the Zero Based Budgeting exercise to balance cost and service delivery

Deliver on the Code of Conduct and our 7 Core Values

Customer Service features in all Service Plans
Deliver the Organisational Workforce Development plan
Communication – Key Issues, Team Meetings, news stories etc

Shared services with our strategic partners and others
Develop multi-agency customer service at Pathfinder House

Outcomes

Customers are satisfied with the services we have provided to them

Services we provide are value for money

Staff are motivated to do their job, feel valued at work and deliver their best for customers

Principle: Listen to customers

Delivering good customer service involves understanding what customers want, and delivering services to meet that need. There are two main ways of gathering customer views; this can be through consultation exercises or through customer feedback (see Appendix 1). It can also come from simple day to day interactions with customers. The important thing is to involve and listen to customers - and act on what we hear.

Members represent their local community, they guide the development of local policies, set service standards and priorities, and they ensure the needs and interests of residents are fed back to the Council.

Our Customer Feedback process helps us listen to customers and allows them to inform service provision. It helps to improve customer satisfaction by allowing us to find out when we are getting things right and when we need to fix problems and prevent them from reoccurring. Many customer satisfaction surveys are carried out across the Council and they will continue to be used to ensure that services are tailored to the needs of customers. The Council produces and publishes a quarterly performance report; this key document contains a number of measures of customer satisfaction and our performance against them.

Working with Young People

Feedback from sixth formers at a local school indicated that young people wanted to try non-traditional sports; evidence indicated that water sports, specifically canoeing was a popular request.

As part of the DASH project, Sport & Active Lifestyles Team (SALT) was successful in obtaining funding from Sport England to purchase eight inflatable kayaks, paddles and helmets. Working with Canoe England, sessions, led by SALT, were introduced for local sixth form students

Health Walks

The Huntingdonshire Health Walks scheme is part of the national initiative "Walking for Health" and is delivered by the SALT team and supported by Cambridgeshire County Council's Public Health Team. The scheme currently runs in five towns and provides people with the opportunity to participate in organised health walks with trained leaders and volunteers.

Feedback from participants indicated that new Health Walk routes were required. As a result nine new walks were introduced during 2014/15.

Refuse & Recycling

This issue causing the most dissatisfaction with the Waste Service is when garden waste bins are rejected for being contaminated with other waste. This led to high volumes of calls from customers to the Call Centre to find out why. In response the current garden waste contamination policy has been fundamentally reviewed and involves the following changes:

- Crews taking a photograph of contaminated waste in a bin to be able to evidence to the customer the reason for rejection
- If it is clear that small items have been dropped into the bin overnight then the crews will now remove such items and tie them to the emptied bin in a small recycling sack.
- Other small items that are not recyclable and that are not easy to remove will be left in the bin but the bin will be emptied.

So far, the new approach has significantly reduced the volume of calls to the Call Centre and reduced the number of complaints from customers.

Principle: Get it right first time

Getting it right first time means resolving enquiries when we engage with a customer. It involves reducing customer contact that could have been avoided – for example when someone calls us because we sent them a poorly worded letter. To achieve this we need to resolve problems at the first point of contact, identify and remove wasteful processes and use customer feedback to improve customer experience. Sometimes a potential outcome could be that more telephone enquiries are dealt with by the Call Centre on behalf of back office departments ensuring customers experience a more consistent service

Officers from across the Council are working on this, and we use a technique called LEAN to remove waste and focus on actions which add value.

Elections

Electoral registration forms are sent out annually to 75,000 households in the district. All households are required by law to provide a response and have the ability to complete the form online, by text, or by phone. Although not obligatory, most local authorities offer an online registration service as part of the annual canvass in preparing the new register of electors to be published on 1st December each year. The Council offers both an online and text option.

So far 30% of registration forms have been completed online, resulting in less postage costs, less time spent by Document Centre opening and sorting returned postal forms and the Elections team spends less time inputting data and scanning returned forms.

Some people still want to register by returning a paper form and still want to talk to someone on the phone – generally because they do not have easy access to the Internet; telephone queries tend to focus on helping those people for which a query with their application has arisen. The Call Centre identified these calls as quite high volume and worked with the Elections Team to identify what they could do to avoid passing calls onto them. Working together, the teams created a 'mind map' of potential customer queries. With support and training along with access to the right system, Call Centre advisers would be able to resolve many customer issues themselves.

During 2015 Call Centre advisers felt confident to support customers and cut down on the calls they were passing onto the Elections Team and saving the number of call backs to customers. The new approach resulted in a higher number of queries being resolved during the customer's first point of contact with the Council.

Call Centre

Whenever a customer contacts the Council with a Notification of Change request (e.g. moving into/out of a property) advisors can now update Council Tax details, organise delivery of refuse/recycling bins, provide bin collection dates and advise on electoral registration.

Advisors have been proactive in identifying the key issues that customers need to be aware of and now, instead of making a number of calls many of these issues can be dealt with in one call reducing avoidable contact and increasing the number of first time resolutions.

Planning Enquiries

Teams within the Call Centre and Planning Services have worked together to improve the service offered to customers. Call Centre advisors highlighted that they did not have enough knowledge or experience to resolve some of the Planning enquiries. As a result Development Management First Contact Officers (i.e. Planning Duty Officers) are now available to take these calls.

This has resulted in an increase in the number of enquiries being resolved at the first point of contact with the Council.

Principle: Provide value for money service

This means continuing to generate money saving ideas and encouraging everyone to come forward with suggestions to improve how we work. The Council's new website focuses on customers completing tasks online rather than on the phone or face to face and allows 24/7 access to services; it also provides a starting point for Services to develop more on-line services for customers.

Every year each service will be challenged to look at the service it provides, and ensure it offers value for money – this is Zero Based Budgeting, and this step is a key element of making sure value for money is part of our long term plan for service delivery.

Council website

Development of the Council's website involved looking at the website from a customer's perspective and a rethink of the customer experience. It found that content was difficult to understand, the website was not mobile friendly and the content structure was inappropriate for customers.

Research found that 75% of all customer transactions are now carried out online, the top 100 pages served 85% of customers and 60%+ of visits are now from smartphones and tablets.

The project aimed to bring value and benefits to customers whilst also creating additional value for the Council e.g. support the Council "doing more with less".

A new website has been produced that is fit for purpose and designed for mobiles and tablets.

One Leisure

One Leisure introduced a mobile booking app enabling users to book activities and get accurate information on class timetables and availability on their phone or tablet.

This has improved customer contact as the information is more accurate and the booking process is quicker. The number of calls to One Leisure Direct has reduced – although telephone booking is still available for those that need it.

The Council no longer prints off swimming or fitness class timetables reducing design and print costs.

Housing Benefits

Customers who claim Housing Benefit now submit over 96% of new applications online. This new way of working offers 24/7 access to the service and has also saved the Council money. It allows Officers in Housing Benefits to spend time helping those who need the most help in getting the benefits they are entitled to.

Principle: Act and behave in the right way

Customers must be treated with dignity and respect and we should always act in their best interests. This means being polite and thoughtful, keeping customers informed and ensuring their privacy is respected. We need to be patient and tolerant when we interact with customers, and if we have to provide an answer a customer doesn't want to hear, then we do it in the right way.

The Council's Code of Conduct and 7 Core Values have been prepared to help us shape our working environment and guide, explain and support our understanding of the standards and behaviours we are required to exhibit and what we can expect from others.

Members communicate with local residents and employees on a wide range of issues and they too have a role in representing the Council – they are a very visible 'shop window' for the Council.

Group Exercise Classes

Group Exercise Classes offers a wide range of sport and health related activities to promote a healthy population within the district. One of these is the Right Start group exercise class, which is aimed at older people requiring additional support to exercise and prefer a class setting rather than a gym environment.

Many participants have never exercised before or are returning to exercise after a medical condition. A key skill for the instructor is to alleviate any nervousness or confidence issues that participants may have.

Feedback from two customers illustrate that although we know that all customers place a high importance on being treated with dignity and respect; but when supporting people with a health or medical condition this is even more important.

"The instructor has helped me to achieve my goals; there is a strong sense of comradeship amongst the group, helped in many ways by the instructor's constant encouragement for members to work at their own level but also to try new exercises".

"I have nothing but praise for the instructor; she is encouraging but does not make you do anything you really are not happy with".

Parks & Open Space

Amphill Lifelong Learning, a charity working with adults with learning disabilities began visiting Paxton Pits Nature Reserve regularly over four years ago. Initially their visits were self-guided, without any input from the HDC Rangers. They would eat their lunches in their minibus, assuming that they wouldn't be able to eat their own food in the Visitors' Centre café. The Senior Ranger noticed this happening and invited them into the Visitors' Centre and tried to make them feel very welcome.

The Ranger then began to work with the group to design some structured, self-led educational activities for their weekly visits so that they could get more from the sessions. The teachers are now leading the sessions with minimal or no input from Rangers.

Recently the teachers from Amphill and the Senior Ranger organised an Inclusivity Day at Paxton Pits Nature Reserve specifically for organisations working with children and adults with special needs. The aim was to encourage other groups to visit the reserve and lead educational and fun activities in the same way that Amphill Lifelong Learning do. Working in partnership, HDC and the charity are now developing resources for all groups to use and hope that this will result in more special needs groups benefiting from using the Reserve.

Principle: Make it matter to staff

Our employees ensure we are a customer-focussed Council by providing customers with good service and by representing the Council in all our interactions with customers. We know engaged and motivated employees are more likely to provide good customer service so we are committed to recruiting, retaining and training the best employees. The Employee Opinion Survey will continue to be used to gain a picture of strengths and weaknesses to ensure the Council is a great place to work.

Our Workforce Development Strategy reinforces the need for the Council to have a capable, confident and committed workforce and helps to ensure we have a skilled and motivated team. Supplying training and reinforcing this through Personal Development Plans will ensure we maintain the skills we need.

Every service will have actions in their annual Service Plan to make the link between this strategy and the everyday work we do. We all serve customers, and we should all be clear how we contribute.

Equality Training

Following a training review a gap was identified in attendance on equality & diversity awareness sessions from employees within Operations.

The timing and length of existing training options were not convenient for employees working set shift patterns. There were up to 130 employees working within this area of the Council including refuse & recycling and grounds maintenance; providing one of the most high profile services to customers.

A one hour bite size equality & diversity training session was developed and delivered over a number of weeks to enable all employees the opportunity to understand some basic principles around equality and diversity and to raise awareness of their own actions and behaviours in the workplace.

Principle: Work with partners for the benefit of customers

Partnership working is an increasingly important way in which the Council can deliver more efficient and effective services to local residents.

Effective partnership working between organisations can lead to improved access to services, better communication between services, and an improved customer experience.

Put simply, if working with others delivers a better outcome for customers, then we do it.

Shared Services

HDC, South Cambridgeshire District Council and Cambridge City Council are now working in partnership to deliver Building Control, Legal Services and ICT Shared Services.

Shared Services is one of the ways the Council is aiming to reduce reliance on central government funding. The Council also recognises that moving forward it is likely to be a smaller and more streamlined organisation; it also needs to find significant savings.

This new model of working with partners presents a great opportunity for all three councils to save money and build resilience across their current services, which often contain highly specialised roles. It also provides the opportunity to improve services to customers, by ensuring a focus on seamless service delivery.

Anti-Social Behaviour

In April 2015, in response to increasing complaints from residents to both Huntingdonshire District Council and Cambridgeshire Constabulary, the Council introduced controls to minimise the impact of street drinking within Huntingdon Town Centre. The Public Space Protection Order, the first of its kind within Cambridgeshire, was introduced by the Council and the Police working together for the benefit of our residents and visitors. Initial feedback from local residents was very positive, and included comments like '... I wanted to thank you for the work you have done over the last few months in establishing and enforcing the Protection order. The impact on the neighbourhood has been dramatic..... and the atmosphere is much better.'

Pathfinder House (PFH)

The Council's commitment to work with a variety of public and voluntary partners is an opportunity to improve customer experience by extending the range of services on offer in one location. Our partners can complement the housing and benefit advice already on offer at PFH, specifically for vulnerable customers or those facing financial difficulties.

Collaborating with others in this way can reduce costs by transforming the way services are delivered. As the Council moves towards more digital interaction or self-service with customers the Council is forecasting that it will use the customer service centre space less over the coming years. It makes sense to work with other organisations to use this space and generate income for the Council.

The Council is currently working with the Citizens Advice Bureau, Department for Work & Pensions (Jobcentre Plus) and Rainbow Saver Anglia Credit Union and over the next 12-18 months these organisations should have dedicated space at the PFH customer service centre.

Measuring Success

This section sets out how the Council will measure achievement of the outcomes this strategy is expected to deliver. For each outcome, a set of measures are documented, along with the targets we are setting and details of when we'll be measuring performance.

Outcome: Customers are satisfied with the services we provide to them			
Measure	Target	Frequency	Comments
Call Centre telephone satisfaction rates	95%	Twice yearly	Existing measure/target
Customer service centre satisfaction rates	95%	Twice yearly	Existing measure/target
Waste Collection - % of residents satisfied with the overall service	TBA	Annual November	New measure
One Leisure – Net Promoter Score based on likelihood of recommending service	Continual improvement	Monthly	Existing - cross-section of 1,000 members
Website satisfaction	75%	Monthly	Existing measure/target
Housing Benefits - % of customers satisfied with the service provided	90%	Annual September	New measure
Total number of complaints received	TBA	Quarterly	New measure
% of complaints resolved at Stage one	TBA	Quarterly	New measure
% of complaints resolved at Stage two	TBA	Quarterly	New measure
Number of enquiries to Local Government Ombudsman	TBA	Annual	New measure

Outcome: Services we provide are value for money			
Measure	Target	Frequency	Comments
% of Services that are subject to a Zero Based Budget review	100%	Annual	The final results of reviews are agreed by Council in February each year.
Achievement of the Council's medium term financial strategy	100%	Annual	This is audited by an external organisation each year
Change in Band D Council Tax	0%	Annual	The Council is aiming to continue to freeze its Council Tax charge
Lean - number of business process reviews	TBA	Quarterly	New measure of ongoing reviews

Outcome: Staff are motivated to do their job, feel valued at work and deliver their best for customers			
Measure	Target	Frequency	Comments
I feel valued for the work I do	TBA	Annual	2015: 35% agree
I feel motivated at work	TBA	Annual	2015: 42% agree
I am proud when I tell others I am part of the Council	TBA	Annual	2015: 37% agree
I have the skills I need to do my job effectively	TBA	Annual	2015: 88% agree
I have the tools I need to do my job effectively	TBA	Annual	2015: 74% agree

Tell Us What You Think

We want to provide you with a good service, but you might want to suggest improvements, or you might want to compliment us on getting it right. Sometimes things do go wrong and you may want to complain or just tell us about your concerns.

Compliments

A compliment can be about a service, a team or a member of staff. We would like to hear about it if you have received excellent customer service for example, staff have been professional, clear and helpful explanations have been provided, or if you have been treated with friendliness and respect.

“Your staff member was very efficient and helpful and explained everything thoroughly to us. Thank you.”

“I appreciate the communication skills of your staff. They explained everything clearly & easily. Thank you.”

Compliments will be shared as good practice and in the training of new staff.

You can provide feedback online or telephone us 01480 388388 or talk to any of our staff.

Complaints

We want to hear if you have had a poor service; did not get a service at all; or you have been treated unfairly or unprofessionally. We encourage any customer who has a concern to first speak to a member of staff in the relevant service area. If the problem can be solved on the spot then there is no need for the issue to go through the formal complaints process. However if the complaint cannot be dealt with immediately, or you would like a formal response, you can request this via our website: www.huntingdonshire.gov.uk, by email: complaints@huntingdonshire.gov.uk, by phone: 01480 388388, or in person at one of our Customer Service Centres.

Complaints will be used to help us improve our services

The outcome from a Planning complaint will be used as part of a training session for planning officers to better understand the council's duties with respect to protected species.

The outcome from a waste collection complaint has resulted in greater consideration now being given to the particular circumstances for customer requests to move from sack to bin collections and will allow a more flexible interpretation of the Council's policy.

There are some situations that we wouldn't take through the complaints process, for example a single incident of a service failure such as one missed bin collection as we should be given the opportunity to put this right; or where there is a disagreement with the result of a process that has its own appeal process such as planning or benefit decisions and parking fines; or the conduct of a Councillor, these will be dealt with by the Monitoring Officer; and finally, some complaints are expressions of dissatisfaction with the Council or Government policy as opposed to the Council's failure to live up to service standards. The Council will do its best to explain the policy and the reasons for it.

We aim to:

- acknowledge your complaint within 5 working days;
- fully investigate and respond within 20 working days. If we are unable to meet this timescale we will write to you again to tell you what action we are taking and when you can expect a response.

Your complaint will be dealt with in confidence and will only be discussed with those who need to know. We will contact you by email or letter.

If however you are still unhappy, the complaint will be passed onto the next stage where it will be investigated by a senior officer or independent officer.

If you are still not satisfied, you have the right to take your complaint to the Local Government Ombudsman. The Ombudsman will not usually investigate a complaint until the Council has had an opportunity to investigate and answer it first.

We will monitor trends and performance in our handling of complaints and report to our Standards Committee on an annual basis.

**Public
Key Decision – Yes**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Commercial Investment Strategy: Business Plan
Meeting/Date:	Overview & Scrutiny Panel (Economic Well-Being) – 8 th December 2015 Cabinet – 10 th December 2015
Executive Portfolio:	Resources – Cllr Jonathan A Gray
Report by:	Head of Resources – Clive Mason
Ward(s) affected:	All Wards

Executive Summary:

The Government's austerity programme continues and the Council is aiming to still provide cost effective services to its local population. However, with the potential for increased cuts in Government funding, the Council is endeavouring to meet this challenge by undertaking a number of innovative approaches to service delivery. One of the key approaches to supporting Council services is the development of new sources of income generation and the introduction of the Commercial Investment Strategy (CIS) is such an approach. The CIS itself was approved in October 2015; it is now necessary to approve the CIS Business Plan (BP) (**Appendix 2**). Although the CIS covers a period of 9 years and has three distinct phases of development, the Business Plan being recommended here will be for Phase 1 and cover the period from now until the 31st March 2019.

The Council currently has existing investment assets (property) totalling £20.9m and it is proposing to invest a further £50.0m in commercial assets. The primary aim of the CIS is to generate a future income stream with a secondary objective of capital growth. After the payment of £2.2m in asset completion costs, the Councils total commercial asset portfolio at the end of the BP period will be £68.7m and split as follows:

Type 1: Existing Assets:	£20.9m
Type 2 and 3: Investment Fund and Property Shares:	£14.7m
Type 4: Direct Assets (Local Acquisitions):	£18.9m
Type 4: Direct Assets (National Acquisitions):	£14.2m

For the investments:

- up to the end of this financial year, it is proposed that these investments should not be financed from external borrowing, so a transfer is required from the Councils General Fund of £6.8m to the Capital Investment Earmarked Reserve. By making investments directly from in-house resources will mean that the Council can maximise returns and will not have to set-aside revenue funding in respect of the Minimum Revenue Provision.

- in subsequent years the Council will plan to externally borrow up to £35.0m. As the Council will be externally borrowing there will be the requirement to set-aside an amount for Minimum Revenue Provision (MRP); this will be equal to the annual loan repayment and a specific MRP policy is required (which will need to be approved by Council).

Where assets are being effectively managed, there will be occasions when assets will be sold and proceeds reinvested, it is proposed that capital receipts are ring-fenced in line with the Reserves Strategy (elsewhere on the agenda).

Recommendation(s):

That Cabinet approve the:

1. CIS Business Plan (**Appendix 2**).
2. Transfer of £6.8m from the Councils General Fund balance to the Capital Investment Earmarked Reserve.
3. Potential to borrow up to £35.0m from 2016/17 onwards to support the CIS. However, there will still be “head-room” to borrow a further £25.0m if commercial opportunities arise.
4. MRP policy noted below and refer this to Council for approval:

“For each capital investment undertaken under the requirements of the Councils Commercial Investment Strategy, Minimum Revenue Provision will be made that is equal to the principal repayment for any loan finance supporting the investment.”

1. WHAT IS THIS REPORT ABOUT?

- 1.1 The Council, along with all of local government, continues to face ongoing cuts in direct government grant as part of the government's austerity programme. However the pressure on services continues, and in some areas is increasing, so the Council is following a programme of service change to ensure that it is providing its services in the most cost-effective way possible.
- 1.2 Members will be aware that the Council is currently forecasting reductions of 37.6% by 2019/20, as detailed in the "Plan on a Page" (copy attached at **Appendix 1**). The "Plan on a Page" shows 6 strands that are being followed across the Council to assist in achieving the required budget reductions. One of these strands relates to "Income Generation" and a key constituent of this strand is the development of a Commercial Investment Strategy (CIS). The CIS itself was approved by Cabinet on the 17th September 2015 (Minute 35). What is now required is the approval of a Business Plan (BP) that will support the CIS.

2. BACKGROUND

- 2.1 Early in 2015 the Council started working with an external consultancy, EC Harris, in the development of the CIS, and then the BP. The CIS will incorporate the BP so the Strategy is one coherent document.
- 2.2 In the development of both the CIS and the BP, the Leader, Deputy Leader and the Executive Portfolio Holder for Resources have been consulted, including a meeting of the Treasury & Capital Management Group (TCMG) in mid-November and follow-up communications with the Executive Portfolio Holder for Resources. With regard to the development of the BP, at the TCMG meeting the following was undertaken:
- the BP model was reviewed so the investment schedule could be examined as well as both the revenue and capital propositions,
 - potential investment opportunities were discussed to gauge member appetite; these included both commercial assets and property funds.

Further, TCMG also discussed proposals for the reallocation of the General Fund balance.

3. THE BUSINESS PLAN

- 3.1 The BP itself is shown at **Appendix 2**, in addition to the Council's existing investment portfolio (£20.9m) the Council will aim to invest up to £50.0m between Quarter 3 of 2015/16 and the end of 2019, a summarised profile of investments is shown at **Appendix 3** and estimated revenue returns are shown in **Table 1** below.

Estimated Revenue Returns from the Commercial Investment Strategy					Table 1	
	2015/16	2016/17	2017/18	2018/19	Increase in Investments (2015/16 to 2018/19)	
	£000	£000	£000	£000	£000	
EXISTING INVESTMENTS						
Costs	371	379	386	394		
Income	(1,869)	(2,047)	(2,241)	(2,454)		
Net Income	(1,498)	(1,668)	(1,855)	(2,060)	562	38%
NEW PROPOSITIONS						
Revenue Propositions						
Costs	0	0	0	0		
Income	(27)	(114)	(236)	(265)		
Net Income	(27)	(114)	(236)	(265)		
Capital Propositions						
Costs	1	14	40	51		
Income	(56)	(875)	(2,120)	(2,825)		
Income before debt charges	(55)	(860)	(2,081)	(2,774)		
Debt Service/MRP	69	885	1,949	2,369		
Net Income	14	25	(132)	(405)		
CIS OVERHEADS	103	130	182	238		
TOTAL NET REVENUE	(1,408)	(1,627)	(2,041)	(2,492)	1,084	77%
Revenue Contribution to Equity (*1)	6.1%	7.1%	7.8%	9.0%		
Key: Equity – the difference between total asset values and debt						

Existing Investment Portfolio

- 3.2 The BP includes the Councils current commercial estate, valued at £20.9m and for 2014/15 gave a return of 7.2%.

Revenue Propositions

- 3.3 Local government is only permitted to invest in one revenue property investment fund; this is operated by CCLA Investment Management Limited and the BP proposes investing a total of £4.7m by the end of 2016/17.

Capital Propositions

- 3.4 The Capital Propositions include the following investment opportunities (amounts shown are net of completion costs):
- i. Property Shares
These are investments in property funds, similar in nature to Unit Trusts. The BP proposes investing £10.0m by mid-2016/17. Further property funds and shares (such as Real Estate Investment Trusts) are being investigated and their suitability is being assessed,

- ii. **Direct Assets (Local Area)**
These are investments in commercial property assets that are within the Councils local area. The BP proposes investing £18.9m by mid-2017/18. The “local area” is deemed to be Cambridgeshire and the area covered by the Local Enterprise Partnership.
- iii. **Direct Assets (Regional Cities)**
These are investments in commercial property assets that are outside of the Councils local area. The BP proposes investing £14.2m by the end of 2017/18.

Governance and Reporting

- 3.7 The BP includes a number of key performance indicators (KPI’s). It is proposed that these KPI’s are included within the Councils overall Treasury Management Strategy and reported to management in line with that key Strategy.
- 3.8 In addition, the performance of the BP and proposed investment opportunities and future borrowing requirements will be reported on a quarterly basis to the Treasury and Capital Management Group (TCMS). The TCMS included the Leader, Deputy Leader and the Executive Portfolio Holder for Resources along with the Head of Resources (as the Councils S.151 officer).

4. FINANCING

- 4.1 In total, the Council is looking to have a commercial asset portfolio of £71.0m; £68.7m once completion costs are excluded (based on current values). This is shown in **Table 2** below:

Funding of CIS Portfolio			Table 2
Funding	Asset £m	Completion Costs £m	Total £m
Existing Assets	20.9	0.0	20.9
Revenue Funding (2015/16)	12.1	0.4	12.5
Revenue Funding (2016/17)	2.4	0.1	2.5
Borrowing	33.3	1.8	35.1
Total	68.7	2.3	71.0

Reserves

- 4.2 The forecast:
- General Fund (GF) balance will have increased to £9.8m by the end of 2015/16 (**Appendix 4**). At the Cabinet meeting held in February 2015, the minimum level of GF Reserves was set at £3.0m. At this time, this is contributing to a short-term investment income return of 0.2% which is considerably less than the Revenue Returns noted in **Table 1** (3.1). Therefore, to maximise the return from our balances it is proposed that £6.8m is transferred from the GF Reserve to the Capital Investment Earmarked Reserve (CIER).

- CIER balance will have increased to £5.7m by the end of 2015/16 (**Appendix 4**). With the inclusion of the £6.8m from the GF, this would give a total of £12.5m available for immediate investment. A significant advantage of transferring this balance is that by using internal resources this will mitigate the need to borrow; thus the need to finance a Minimum Revenue Provision.

Borrowing

- 4.3 Borrowing is expected to be from the Public Works Loans Board (PWLB). For the investments within the BP, repayment loans are expected to be the preferred form of loan finance.
- 4.4 If however, loan rates are found to be cheaper at other financial institutions then the Council will take appropriate advantage, providing that the institutions are included within the Councils Treasury Management Strategy.

Minimum Revenue Provision (MRP)

- 4.5 Where the Council externally “borrows” for capital purposes, the Council is required:
- to set aside an amount in respect of MRP.
 - have in place an approved MPR policy.
- 4.7 The capital propositions included within the BP that are to be financed from external borrowing are modelled on being financed by repayment loans (4.4), consequently the annual principal repayment will equate to the MRP requirement. As this is a new approach to MRP a new Policy is required to be approved by Full Council. Therefore the proposed MRP Policy for the CIS is shown below:

“For each capital investment undertaken under the requirements of the Councils Commercial Investment Strategy, Minimum Revenue Provision will be made that is equal to the principal repayment for any loan finance supporting the investment.”

- 4.8 Through the operation of the CIS, there may be occasions when investment assets are sold; it is recommended in the Reserve Review report elsewhere on the agenda, such capital receipts will be ringfenced for future CIS reinvestment in line with the Reserves Strategy.

5 RISKS AND BUSINESS PLAN ASSUMPTIONS

- 5.1 The Council has a very good track record of managing commercial assets; however what is proposed by the CIS is a step change in approach and therefore will attract a unique set of risks. A detailed analysis of the risks and mitigations is shown in **Appendix 5** along with the key assumptions of the Business Plan.

6. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 6.1 Due to the date of the Overview and Scrutiny (Economic Well-Being) Panel meeting and the date of the agenda dispatch of the Cabinet Agenda the comments will be circulated subsequent to the Panel meeting on the 8th December 2015.

7. TIMETABLE FOR IMPLEMENTATION

7.1 The CIS Business Plan (Appendix 2) illustrates the proposed investment plan.

8. LINK TO THE CORPORATE PLAN

8.1 Supports “ensuring we are a customer focused and service led council” by delivering value for money services.

9. CONSULTATION

9.1 Detailed discussions with the Leader and Executive Portfolio Holder for Resources as key members of the Treasury & Capital Management Group.

10. LEGAL IMPLICATIONS

10.1 The Council has the relevant broad legal powers to undertake the activities proposed. Each specific decision taken will need to be assessed for any legal implications and requirements to ensure the Council acts lawfully and in accordance with the decision making process set out in the Constitution. As such, regard will need to be given to the Constitution and the scheme of delegations which may require amendments to allow this process to be workable.

11. RESOURCE IMPLICATIONS

11.1 The direct resource implications are noted within the report.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 The recommended decisions will enable the Council to commence the acquisition of commercial assets, this in turn will generate revenue funding that will assist the Council in devliering cost effective services.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – Plan on a Page.

Appendix 2 – Commercial Investment Strategy: Business Plan.

Appendix 3 – Summarised Profile of Investments

Appendix 4 – Extract of Forecast Outturn and General Fund Reserve

as at September 2015 (reported to Cabinet, November 2015)

Appendix 5 – CIS Risks, Mitigations and Key Assumptions

BACKGROUND PAPERS

If stated need to be made available for publication for Cabinet meetings.

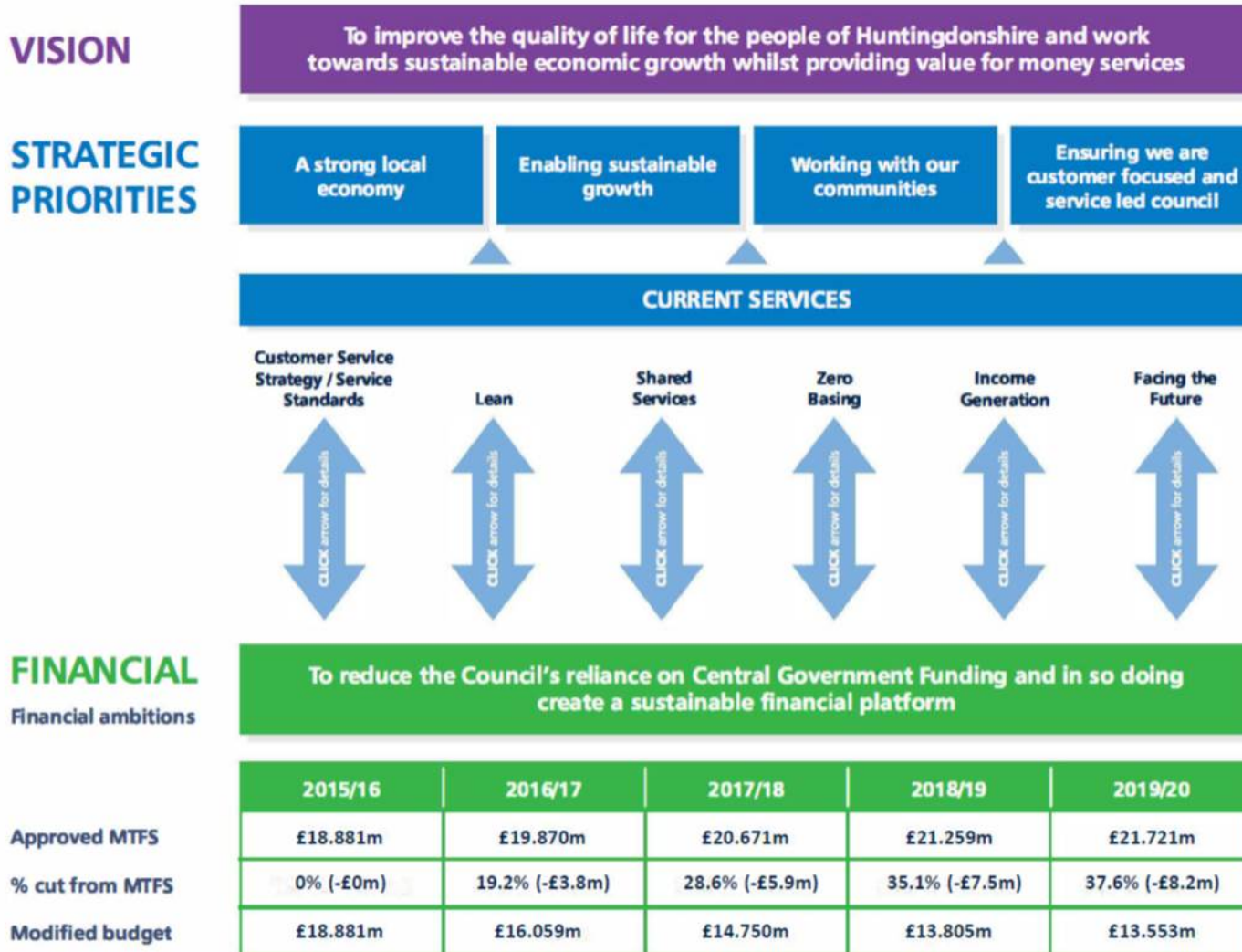
CONTACT OFFICER

Clive Mason; Head of Resources

Tel No. ext 8157

Plan on a Page

Appendix 1



Appendix 2

Commercial Investment Strategy Resources - Estates

BUSINESS PLAN (Q3 2015/16 TO Q4 2018/19))

Author: Clive Mason

Owner: Clive Mason Head of Resources

Client: HDC

Revision History:-

Version	Date	Status	Summary of Changes	Author
1	23/11/2015	Current	CIS Business Plan reviewed by Corporate Management Team	Clive Mason
1	08/12/2015	Current	CIS Business Plan reviewed by Overview & Scrutiny (Economic Well-Being) Panel	Clive Mason
1	10/12/2015	Current	CIS Business Plan reviewed/approved by Cabinet	Clive Mason

Distribution:-

This document has been distributed to:

Name	Role	S/R/I*
Cllr Jonathan Gray	Executive Portfolio Holder for Resources	S & R
CMT	Corporate	S & R

* S = SIGN-OFF, R = REVIEW, I = Information

1. Business Rationale

1.1. Description and Objectives

The Council faces considerable “revenue” financial challenges over the medium term; as shown in the Medium Term Financial Strategy (MTFS) the Council will have a budget gap of £2.4m by 2019/20 and between the end of 2016 and 2020 there will be a general reduction in general fund balances of £6.3m; such use of reserves does not represent financial sustainability.

To achieve financial sustainability, the Council is required to bridge a funding gap of £8.2m, as shown on the “Plan on a Page” and a key business activity to meet this gap is “income generation”, with the generation of revenue income via investment in Commercial Assets being a key component. The Council approved the Commercial Investment Strategy (CIS) in September 2015 and the CIS covers a 9 year period. This Business Plan is the vehicle through which the Council will aim to achieve additional revenue income between now and the end of 2019.

This approach will be a key thread in securing a sustainable financial future for the Council, as endorsed by Cllr Jonathan Gray, Executive Portfolio Holder for Resources:

“The Council faces an unprecedented decline in government funding and consequently, the Council needs to deliver services and generate income in new and innovative ways. The Commercial Investment Strategy will be a key driver to ensuring that the Council will have a sustainable financial future in the medium to long term. By investing in commercial assets, the Council aims to generate a revenue stream that will, over the medium term, support the delivery of cost effective services to the local community and over the next 10 years, to develop a healthy growth in invested capital resources”.

1.2 Strategic Objectives

The overall objective of the CIS is to undertake commercial activity to support the Council’s General Fund in the cost effective delivery of services.

Consequently, the strategic objectives of the CIS are as follows, to:

- i. generate sustainable revenue returns from investments in commercial assets that will support the general fund over the medium term.
- ii. develop a long-term commercial asset portfolio that will generate capital returns for immediate reinvestment.

1.3 Business Background

1.3.1 CIS

The CIS portfolio model covers a 9 year period, broken down into 3 distinct, but not equal phases:

- Phase 1 – this will focus on the development of revenue returns.
- Phase 2 – this will consolidate Phase 1 and commence pool funding to invest in capital assets that will generate future capital growth.
- Phase 3 – this will be an extension of Phase 2 so there is further investment in capital generating assets with a concentration on ensuring that the developed capital assets continue to develop revenue returns.

This approach to the commercial investment portfolio will aim to appropriately balance risk and reward with flexibility and the over-riding objective of revenue generation.

This first business plan will cover Phase 1, from now until 31st March 2019. The delivery options that the business plan will concentrate on include:

- Existing assets,
- Property Shares and Investment Funds
- Direct Assets (local and national)

1.3.2 Existing Asset

The Councils existing asset portfolio, as reported in the Councils Annual Financial Report 2014/15 is shown in **Table 1** below:

Current Investment Assets (31 st March 2015)		Table 1
		£m
Revenue	Rental Income	(1.9)
	Direct Costs	0.4
	Net revenue	1.5
Capital	Valuation	20.9

The current portfolio generates a net return of 7.2%.

1.3.3 CIS Investments

It is intended that by the end 2017/18 the Council will seek to invest a further £50.1m, with the Councils existing asset portfolio this gives a total commercial estate of £71.0m.

The capital investment will permit the purchase of new assets totalling £47.8m with associated completion costs of £2.3m (see **Table 2** below). When the existing portfolio is included, this would give a total commercial investment portfolio of £68.7m. The completion costs of £2.3m are allowable capital expenditure and as such capital resources can be used to finance these costs.

CIS Investment Portfolio			Table 2
Funding	Asset £m	Completion Costs £m	Total £m
Existing Assets	20.9	0.0	20.9
Revenue Proposition			
• Investment Fund	4.7	0.3	5.0
Capital Proposition:			
• Property Shares	10.0	0.1	10.1
• Direct Assets (Local Area)	18.9	1.0	20.0
• Direct Assets (Regional Cities)	14.2	0.8	15.0
Total	68.7	2.2	71.0

1.3.4 Funding of CIS

The business plan proposes that the £71.0m CIS portfolio is to be funded as shown in **Table 3** below:

Funding of CIS Portfolio			Table 3
Funding	Asset £m	Completion Costs £m	Total £m
Existing Assets	20.9	0.0	20.9
Revenue Funding (2015/16)	12.1	0.4	12.5
Revenue Funding (2016/17)	2.4	0.1	2.5
Borrowing	33.3	1.8	35.1
Total	68.7	2.3	71.0

1.3.5 Revenue Funding

The CIS is not a “capital only” investment strategy; to spread risk and maximise investment opportunities it is beneficial for the investment portfolio to be as broad as possible. Therefore, by investing in revenue only investments (1.3.3) as well as using revenue funds to finance capital investment, the Council is able to maximise its portfolio but in the most cost effective way possible.

As at the 31st March 2015, the Council’s General Fund Balance stood at £9.3m and had earmarked £4.7m in a Capital Investment Earmarked Reserve (CIER).

The September 2015 Budget Monitoring information, as reported to Cabinet in November 2015, forecast that by the end of 2015/16 a further contribution to the:

- General Fund balance of £0.5m would be made, giving a balance of £9.8m.
- CIER of £1.0m would be made, giving a balance of £5.7m.

Considering that the Council has approved a minimum level of General Fund reserves of £3.0m, it is proposed that the Council will transfer £6.8m from the General Fund balance to the CIER, thereby giving the Council £12.5m to invest in its Commercial portfolio. The benefits of utilising the General Fund balance in this way will be to:

- i. Minimise the need to borrow, and therefore reduce statutory costs relating to the Minimum Revenue Provision, and
- ii. Maximise returns from amounts invested.

1.3.6 Treasury Management Strategy - borrowing

The current Treasury Management Strategy (TMS), approved by Council in February 2015, permits the Council to long-term borrowing of up to £60.0m for “capital investments delivering a commercial yield”. With the investment portfolio proposed within the BP (Phase 1 of the CIS) a total of £35.1m is estimated to be borrowed by 2018/19, the profile of borrowing is shown in **Table 3** below:

Estimated Borrowing Profile for CIS	Table 3 £m
Now until 31 st March 2016	0.0
2016/17	20.0
2017/18	15.1
2018/19	0.0
Total	35.1

However, this leaves the Council with a further £24.9m available to borrow and invest in commercial activity. If an opportunity presents itself, the Council will be free to invest further within the CIS governance arrangements and the thresholds allowed within the TMS.

1.3.7 Use of Debt

Debt will be used to both increase the size of the CIS portfolio and to enhance returns. It is imperative that the use of debt as a form of financing is carefully monitored to ensure that the Council is not overly leveraged and the credit liability inherent in debt financing, and the cost of financing, is managed within the permitted limits of the Councils Treasury Management Strategy.

The overall amount of debt used in the CIS will be monitored in two ways:

i. Interest Cover Ratio (ICR)

This ratio determines the amount of total net income from property investments (after operating costs and any applicable taxes) compared with the interest expense of the debt. This is important so the amount of interest payable compared to income generated is proportionate.

Because debt commences later in the Phase 1 cycle, the profile of the ICR is shown in **Table 4** below. It is suggested that these are initial indices reflecting the maximum debt interest to revenue at the commencement of the BP. If investments profiles change, the ICR ratio will change.

Initial Interest Cover Ratio (at start of CIS Business Plan)			Table 4
Year	Estimated		ICR
	Revenue cash flow £000	Cost of Interest £000	
2015/16	183	11	16.6
2016/17	292	55	5.3
2017/18	403	87	4.6
2018/19	463	95	4.9

ii. Loan to Value Ratio (LTV)

This ratio determines the amount of total debt (compared to the total value of the underlying property assets as valued from time to time. Debt in this respect is both internal and external debt, i.e. revenue financing and borrowing from the market that is used to finance the capital propositions. Although it is recognised that the primary form of finance for the CIS portfolio is debt, it is important to ensure that the proportion of debt to asset value is actively managed to ensure that the debt burden is within acceptable limits

In a similar way to the ICR, the LTV ratios, as shown in **Table 5** below reflect that debt commences later in the BP cycle. It is suggested that these are initial indices reflecting the maximum debt asset value at the commencement of the BP. If investments profiles change, the ICR ratio will change.

Loan to Value Ratio (at start of CIS Business Plan)			Table 5
Year	Estimated		ICR
	Loan Value £000	Asset Value £000	
2015/16	10.0	32.9	30
2016/17	29.5	52.3	56
2017/18	43.5	69.5	63
2018/19	42.3	70.1	60

It is recognised that while the LTV is an important indices when having regard to debt repayment obligations, the ICR is the more important indices when monitoring the CIS on an on-going basis because it provides performance information that will enable the Council to determine its ability to:

- Make revenue contributions that will support the delivery of Council services.
- Meet its interest payments commitments on the debt within the CIS.

1.4. Portfolio Approach

The CIS will be viewed on a portfolio basis, in that the CIS's performance will be monitored "as a whole". This reflects the fact that the portfolio is made up of different investment propositions that themselves have different risks and rewards.

The current Estates team will be restructured so it will be able to proactively monitor and report to management on individual assets, relevant subsets or sectors of assets also the total portfolio; this shall include the Council's current commercial portfolio. In addition, the CIS will be actively reported to the Treasury & Capital Management Group.

In this way the Council will be able to:

- Make decisions about and review the CIS on an integrated and holistic basis
- Target and achieve diversification of investments and risk styles
- Benchmark performance
- Better manage risk

1.5. Delivery Options

There are a variety of ways in which the Council can invest in property; these are detailed in **Annex 1** and summarised below:

1. Type 1: Existing Assets
2. Type 2: Investment Funds
3. Type 3: Listed Property Shares
4. Type 4.1: Direct Asset (Local Area)
5. Type 4.2: Direct Asset (Regional Cities)
6. Type 5.1: Risk Share Development – Forward Purchase/Funding
7. Type 5.2: Risk Share Development – Joint Venture
8. Type 6: Self Develop

The approach to all these options at the start of the investment programme should be to start the CIS investment approach with a lower risk activity that can evolve over time as more experience is gained. Whilst the CIS would permit the delivery of all six delivery options, only Types 1 to 4 will be considered over the Phase 1 period of the BP.

With regard to a definition for “Direct Asset (Local Area)”, this is seen as anywhere within Cambridgeshire and the Local Enterprise Partnership area that the Council resides.

The capital value options (Types 5 & 6) are recognised as having higher risk and will be developed over Phase 2 and 3 (2019/20 onwards). It is recognised that risk may in fact be lower for Types 5-6 where they are within the Councils boundary given the specific knowledge that the Council may have in relation to those projects, the planning context, tenant requirements and general market knowledge. However, these investments are more complicated by their nature and consequently at this time will be left to a later period of the CIS.

1.6. Progressive Approach

It is understood that the desired portfolio mix, income profile and risk profile of the CIS is unlikely to be achieved in the first year of the business plan, and should be viewed as an evolutionary process that will take time to mature. Indeed, actual investments may not follow that indicated as such investments will be dependent on a host of variables, including but not limited to when the actual opportunity arises.

An indicative approach to the build-up of the portfolio, the appropriate delivery options over time and the reinvestment of capital is set out in the chart in **Annex 2**.

1.7. Approach to Risk

The strategic objectives of the CIS are designed to mitigate risk by:

- Having the fundamental aim of an income rather than capital return (although the latter is part of the strategy)
- Adopting a portfolio approach so as to avoid concentration of risk in any one property, tenant or risk type

In addition, CIS risk will be managed having regard to the following factors:

1. A robust acquisition due diligence process and subsequent approvals.
2. Asset management plans and on-going reviews.
3. Liability management (reviews of debt levels and terms).
4. Tenants (financial exposures, potential defaults, changing business plans).
5. Portfolio factors including occupancy levels, operating costs, etc.
6. Delivery partners (suitability, performance levels and financial stability).
7. Market factors (with periodic advice from appropriate professionals).
8. State Aid considerations.
9. Professional advisors.

1.8. Role of the Business Plan

The role of the Business Plan is to review on a periodic basis:

1. The strategic objectives of the CIS
2. The target income returns of the CIS
3. The target amount of capital invested in the CIS
4. The debt levels to be utilised in the CIS
5. The target portfolio composition of the CIS
6. The delivery models for achieving the CIS
7. The appropriate risk profile for the CIS

1.9 Key Assumptions

The key investment assumptions included with the BP are:

- Maximum Debt: £60.0m
 - The limit on Commercial Investments as approved in Treasury Management Strategy.
- PWLB Loan Rate: 2.75%, loans with a life of 20 years
 - The prevailing loan rate.
- Cost of funding capital propositions: a margin of 2% per annum and a management fee of 0.75% per annum.
 - The inherent cost of financing capital investments on an ongoing basis.
- CPI/General Inflation: 2.5%
 - Inflation on costs and income.
- Completion fees ranging from 0.50% to 5.75%
 - Each investment will incur costs to acquire. Such costs can be charged to capital.
- Revenue indexation/growth ranging from 2% and 3%
 - Estimates for revenue growth from the portfolio and capital value.

2. Financial Objectives

2.1. Target Income Returns

The primary indices for measuring returns on investment is the “return on equity” (ROE) indices. This is effectively the:

$$\text{Net Revenue Contribution (*1) / Equity (*2)}$$

*1 Revenue contributions shall be calculated as net i.e. income returns after taking into account all operating and management costs, interest expense, minimum revenue provision and relevant taxes.

*2 Equity being the difference between the value of assets and borrowing.

Following extensive modelling of the proposed investment opportunities, the expected revenue contribution to the Council will be £2.5m by the end of 2018/19; this gives a ROE of **9%**.

However, reflecting the income expected to be generated from the CIS will grow over time, it is best to have an ROE range for the period of the BP, this will be set between **6%** and **9%** per annum.

It is accepted that individual investments will contribute different levels of income return and that the target revenue contribution is an average across the CIS portfolio (1.4).

2.2. Allocations to Delivery Options (see 1.5 for definitions)

Immediate

At inception the CIS will consist of the Council's current Commercial Portfolio (Type 1: Existing Assets).

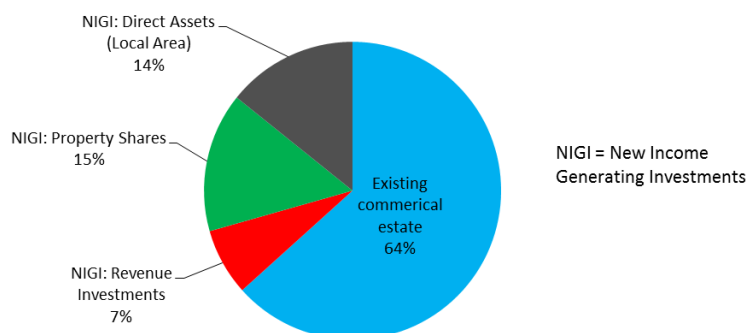
Year 1: Now until 31st March 2016

As well as the existing commercial estate, the Council will contribute £12.5m from in house resources to finance new commercial acquisitions, there will be no additional debt financing to the CIS. However, the £12.5m will be used to meet estimated £12.1 in asset purchase costs and £0.4m in completion costs.

This additional investment will be allocated to immediate income generating investments:

- i. Investment Funds (Type 2)
- ii. Property Shares (Type 3)
- iii. Direct Assets (Local Assets) (Type 4)

As a result it is intended that at the end of year 1 the capital invested (purchase price) in the CIS will be split as follows:



The net value of the Portfolio:	£32.9m
Debt within the Portfolio:	£10.1m

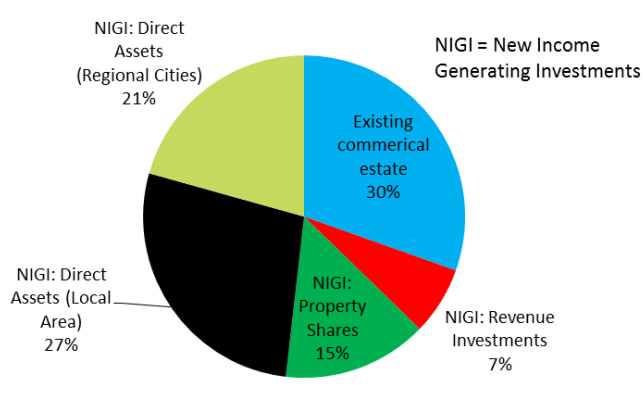
The net estimated revenue return by the 31st March 2016 is £1.4m, this is made-up of: £1.5m from the existing commercial estate, a marginal contribution from new investments of £27,000 and portfolio management costs of £100,000.

In this way the CIS can accommodate a blend of investments in year one between those that are immediately income producing and those that create capital returns and/or future income. As shown in the aforementioned paragraph, it should be noted that net returns are reduced in

the initial period of investment as a consequence of initial purchase/sales fees – but as these fees are met, future year's returns start to increase.

Target Year 3: By 31st March 2019

By the end of the BP period, the value of the CIS portfolio will be £68.7m and split as follows



Some of the assets within the portfolio, such as revenue investments and property shares could be part of a wider asset product, similar to unit trusts. Consequently their liquidity is limited as the Council will not be able, on its own, to realise an investment quickly. However, such investments are not made for short-term capital gain and in reality the Council will be expected to invest in such assets for a minimum of 4 to 5 years. Because of the poor-liquidity of these investments, it is proposed that such assets will not exceed 25% of the CIS portfolio at any one time (the Illiquid Asset Ratio).

It is envisaged that investments made in future income producing investments (i.e. Direct Assets, either Local Area or Regional Cities i.e. delivery types 5 & 6) will either be sold and reinvested, or held as income producing assets. As such there will be a natural shift in the portfolio balance over time.

2.3. Borrowings

Borrowings will be the primary source of funding for the expansion of the CIS. As referred to in paragraph 1.3.7, there are two metrics that shall be used to monitor the debt position in the CIS, the Loan to Value ratio (LTV) and the Interest Coverage Ratio (ICR). As previously shown in **Tables 4** and **5**, there will be a range of indices as the BP matures up to the 31st March 2019, and the proposed range is shown below:

- LTV range shall be between of 5 and 17.
- ICR range shall be a between 30 and 65.

2.4 Future Capital Receipts

As the CIS develops, there may be occasions when assets are sold. All capital receipts will be ring-fenced to the CIS. Capital receipts will only be used for non-CIS investment when there has been separate agreement by Cabinet.

2.5. Section 151

As a consequence of the government's austerity programme, as well as the Council having to review both its direct and indirect service provision, it is also required to review the ways in which it manages and generates its corporate income. The current MTFS is forecasting savings required of in excess of £2.4m by 2019/20; however, with the continued pressure of ongoing austerity the Council is seeking to reduce its reliance on New Homes Bonus thereby becoming non-reliant on central government support. At this time this equates to savings of around 37.6% (£8.2m) by 2019/20.

Investing in commercial assets to generate an income stream is a relatively new and innovative way in which some Councils are seeking to bridge the gap in their budgets. This Council's Commercial Investment Strategy (and this Business Plan) is an ambitious plan to develop such a revenue stream. Expert advice has been sought from EC Harris, including the development of a financial business case which has allowed the Council to appropriately scenario plan different investment opportunities.

As mentioned, this Business Plan is ambitious but it is considered achievable. Obviously, returns are dependent on the market and the market remains "uncertain" even 7 years after the crash of 2008. However, the Council has not lost sight of the statutory requirement in respect of Treasury Management activity in that the primary driver must be to maintain the capital sum; consequently this plan represents a mix of investments and therefore a mix of risk to ensure the capital sum is fairly protected but allows for the generation of revenue income.

Firstly, the plan aims to invest in long-established property related investment funds (£15.0m), both of which are acceptable to the Council's Treasury Management advisors. Secondly, the plan then proposes to invest £35.0m in property assets; £20.0m in its local area (thereby clearly demonstrating the Council's commitment to its local area) and £15.0m on a wider geographical basis. It is therefore fair to say that the Plan takes a balanced view on risk, seeking to safeguard the capital invested but also to maximise the opportunity to generate fair revenue income returns.

2.6. Portfolio & Risk Metrics

A series of metrics will be used to examine the current performance and assist in planning the future profile of the CIS. The primary performance indices highlighted earlier in the BP include:

- Interest Cover Ratio (1.3.7i)
- Loan to Value Ratio (1.3.7ii)
- Return on Equity (2.1)
- Illiquid Asset Ratio (2.2)

Over-and-above these indices, there are other indicators that would be useful to monitor the CIS, however most of these will come into play as the CIS matures. These include:

- Historic and forecast income and total returns
As the CIS matures, different assets will be purchased within the same asset type. It will be useful to monitor the performance of the assets to assist in informing future assets acquisitions.
- Benchmarking of returns (IPD)
It would be useful to benchmark returns against the market and against other Councils.
- Gross & net income
Gross and Net income of the CIS itself will be useful to determine the overall cost envelope and the efficiency of the portfolio.
- Operating costs
This indices will be useful to determine the cost efficiency of the overheads within the Portfolio.

- Vacancy levels and Tenant exposures
These two indices will be useful to determine how effectively tenancies within the property investments are being managed. Would also be useful to review the types of tenant and their relevant industry to see if certain industries are better tenants.

3. Reporting

3.1 Reporting to Council

The CIS will be an intrinsic part of the Councils Treasury Management Strategy (TMS) and as such will be reported to Council in line with the TMS and the other TMS related reports.

The performance reporting specifically related to the CIS will include the basket of indicators noted within the business plan.

3.2 In-year Performance Reporting

The Cabinet has established a "Treasury and Capital Management Group" (TCMG), its purpose to meet on a quarterly basis to review the Councils Treasury Management activity and the performance and approval of the Councils capital programme. As the CIS will become a key element of the Councils TMS, the TCMG will take a member lead in supporting and guiding the operation of the CIS.

4. Risk Management

Risk will be managed as envisaged in section 1.7 above and having regard to the portfolio and risk metrics referred to in section 2.5 above.

Appropriate reporting formats will be developed and reviewed in line with 5.

5. Other Matters for Consideration

5.1 Governance

The CIS is intended to be managed within the Councils current governance structures. Day-to-day management will be within the Resources Team with quarterly review by the Treasury and Capital Management Group, including relevant performance reporting as noted in 3.2 above. In addition, as the CIS will be a key element of the Councils TMS, it will be included within the TMS statutory reporting requirements.

5.2 Resourcing Plan

The current Estates Team will be reviewed following approval of the CIS Business Plan to ensure that the Council will have in place appropriate resources to ensure the effective and successful operation of the business plan.

5.3 Audit Requirements

The CIS and the Business Plane will be subject to both Internal and External Audit as agreed by the Corporate Governance Panel and the External Auditors Code of Audit Practice respectively.

5.4 Timescales for the Commencement of the Business Plan

Target Start Date	Cabinet – December 2015
Target End Date	31/03/2019
Business Plan review due	Annually, or more frequently if required.

Delivery Options for the Commercial Investment Strategy

Annex 1

1. Existing Assets

WHAT IS IT?

- This is the Council's current commercial portfolio.

HOW DOES IT WORK?

- The Council will continue to manage the estate based.
- After deciding on price and clearing appropriate internal approvals, bid for assets.
- Using appropriate advisors (legal, surveying, valuation) undertake due diligence and complete legal acquisition documentation.
- Ongoing management arrangements (internal).
- Regular asset reviews to determine business plan and exit strategy.
- Process required on an asset by asset basis.

BENEFITS

Financial Objective	Depending on property type, is capable of delivering market level income return
Revenue Delivery	Generates revenue from the time of the property acquisitions
Risk	Low risk option with the appropriate due diligence
Control	High level of control
Liquidity	Reasonable liquidity, subject to usual property market timings
Management Oversight	Assuming management is outsourced - relatively light requirement - high involvement at key decision points (buying and selling)

LIMITATIONS

Performance	Low return option and no competition in the market for the Council.
Diversification	Maintain and develop as required.

2. Investment Funds

WHAT IS IT?

- The Council invests in an unlisted property fund which owns a range of diversified property investments.

HOW DOES IT WORK?

- The Council will undertake a process of reviewing available fund options and the track record of the fund managers.
- Once capital is invested the entire responsibility for acquiring and managing the investments is delegated to and the responsibility of the fund manager.
- The fund manager will report and pay distributions to the Council on a regular basis, usually quarterly.
- The fund documentation will set out the rights of the Council to redeem its investment and/or to sell it on the secondary market. The nature of these rights will vary depending on the type of fund.

BENEFITS

Financial Objective	Depending on property type, is capable of delivering market level of income return
Revenue Delivery	Generates revenue from the time of the fund investment - generally a shorter time than investing in direct property
Risk	Risk is determined by the nature of the fund. Additional risks relate to the fund structure, principally the performance of the fund manager
Performance	Returns are related to the specific investment strategy of the fund and manager performance.
Diversification	Fund investment can spread risk over a large number of underlying assets.
Control	High level of control of fund interest
Management Oversight	Very light requirement

LIMITATIONS

Liquidity	Unlisted investment funds generally have a low level of liquidity, particularly in market downturns.
------------------	--

3. Listed Property Shares

WHAT IS IT?

- The Council invests in listed property shares in a fund or a separate account mandate managed by a specialist fund manager.

HOW DOES IT WORK?

- The Council will undertake a process of reviewing managers and available fund options and selecting an appropriate investment strategy.
- Once capital is invested the entire responsibility for acquiring and managing the investments is delegated to and the responsibility of the fund manager.
- The fund manager will report and pay distributions to the Council on a regular basis, usually quarterly.
- The mandate with the fund manager can be structured to allow an immediate liquidation of the investment portfolio if required.

BENEFITS

Revenue Delivery	Generates revenue from the day the property shares are acquired - share transactions can be effected in a short time period
Liquidity	The highest level of liquidity
Risk	The risk and return level is flexible and can be altered over time by reference to the agreed investment strategy
Diversification	Risk can be spread over a large number of underlying property companies/assets.
Control	High level of control
Management Oversight	Very light requirement

LIMITATIONS

Performance	Higher volatility than direct property. Longer term performance correlates to property but short term can correlate to general equity markets
Financial Objective	Dividend yields generally lower than direct property yields.

4.1 and 4.2 Direct Assets – Local and National Acquisitions

WHAT IS IT?

- The Council acquires and manages freehold or leasehold properties in either the Local area (defined as within Cambridgeshire and the Local Enterprise area) or Nationally.

HOW DOES IT WORK?

- The Council uses property professionals to identify market opportunities.
- After deciding on price and clearing appropriate internal approvals, bid for assets.
- Using appropriate advisors (legal, surveying, valuation) undertake due diligence and complete legal acquisition documentation.
- Establish ongoing management arrangements (internal or outsourced).
- Regular asset reviews to determine business plan and exit strategy.
- Process required on an asset by asset basis.

BENEFITS

Financial Objective	Depending on property type, is capable of delivering market level income return
Revenue Delivery	Generates revenue from the time of the property acquisitions
Risk	Low risk option with the appropriate due diligence
Control	High level of control
Liquidity	Reasonable liquidity, subject to usual property market timings
Management Oversight	Assuming management is outsourced - relatively light requirement - high involvement at key decision points (buying and selling)

LIMITATIONS

Performance	Low return option and no competitive market position for HOC
Diversification	Circa 20 investments required to deliver portfolio diversification

5.1 Risk Share Development - Forward Purchase / Funding

WHAT IS IT?

- The Council enters into an agreement with a developer to fund part of the development cost and/or acquire a development on completion.

HOW DOES IT WORK?

- The Developer will identify a market opportunity (although it may come from the Council) and carry out the development functions
- The Council will be able to determine the risk profile it wishes to take on in entering the arrangement with the developer (e.g. after planning permission has been secured and construction packages have been tendered).
- During the construction stage the Council will likely require monitoring rights.
- Post development completion (as per direct investment):
 - Establish ongoing management arrangements (internal or outsourced).
 - Regular asset reviews to determine business plan and exit strategy.

BENEFITS

Financial Objective	Should deliver a premium to pure investment activity, so at least a market level income return dependent on property type
Performance	A higher level of performance than investment activity
Risk	The risk of development is highly mitigated by the forward purchase/funding arrangements
Control	High level of control
Management Oversight	Moderate level once the transaction is agreed

LIMITATIONS

Revenue Generation	Revenue can accrue to the investment when funded, but this will only occur during or at the end of the development period
Diversification	Circa 20 investments required to deliver portfolio diversification
Liquidity	Low liquidity during the development period, thereafter as per the general property market

5.2 Risk Share Development - Joint Venture

WHAT IS IT?

- The Council enters into a JV agreement with a developer to carry out a specific development

HOW DOES IT WORK?

- The Developer will identify a market opportunity (although it may come from the Council) and carry out the development functions.
- The risk of the development will be shared 50/50 between the Council and the Developer.
- The Council will be involved in key decisions during the development period.
- Post development completion (as per direct investment):
 - Establish ongoing management arrangements (internal or outsourced).
 - Regular asset reviews to determine business plan and exit strategy.

BENEFITS

Financial Objective	Should deliver a premium to pure investment and forward purchase/funding, so at least a market level return dependent on property type
Performance	A higher level of performance than investment and forward purchase/fund development activity
Risk	The risk of development is mitigated by careful partner selection and development stage oversight
Control	Strong level of control through JV documentation
Management Oversight	Meaningful level of oversight required

LIMITATIONS

Revenue Generation	Revenue will only accrue once the development is completed and leased (or sold).
Diversification	Diversification improved given Developer 50% capital contribution. Circa 20 investments required to deliver portfolio diversification
Liquidity	low liquidity during the development period, thereafter as per the general property market

6. Self Development

WHAT IS IT?

- The Council undertakes a development itself, appointing a development manager.

HOW DOES IT WORK?

- The Development Manager will identify a market opportunity (although it may come from the Council) and carry out the development functions.
- The risk of the development will be taken 100% by the Council.
- The Council will be involved in key decisions during the development period.
- Post development completion (as per direct investment):
 - Establish ongoing management arrangements (internal or outsourced).
 - Regular asset reviews to determine business plan and exit strategy.

BENEFITS

Financial Objective	Should deliver a premium to pure investment and forward purchase/funding, so at least a market level return dependent on property type
Performance	The highest level of performance- the Council retains all development profit
Risk	The risk of development is mitigated by appointment of expert development manager and adoption of thorough risk management strategy
Control	Complete control with the Council

LIMITATIONS

Management Oversight	Complete control with the Council
Revenue Generation	High level of oversight required
Diversification	Revenue will only accrue once the development is completed and leased (or sold).
Liquidity	Circa 20 investments required to deliver portfolio diversification low liquidity during the development period, thereafter as per the general property market

A Portfolio Model for the Commercial Investment Strategy

Annex 2

Developing a Portfolio Model

It is understood that HDC is intending to plan for a growing shortfall in Central Government resulting in a desire to achieve a growing revenue return over time. This can potentially be achieved in two ways. First by increasing the amount of CIS investment and secondly by taking greater risk in the investment strategy.

A potential model for taking progressively, and measured, increased risk over time is shown below. The intention is that a blend of risk profiles are employed and that the proceeds of higher risk (and shorter term) activities are partly redeployed back into the lower risk, long term sustainable “core” investment strategy.



70

Appendix 3

"Proposed" Investment Schedule

		2015/16 Year 1		2016/17 Year 2				2017/18 Year 3				2018/19 Year 4				TOTAL	
		End of		End of				End of				End of					
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	£m	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Type 2: Revenue Proposition (use of ER) - Asset Purchase Cost - Asset Completion Cost	Life	2,364														4,728	
		136														272	
		2,500	0	0	0	0	0	2,500	0	0	0	0				5,000	
	Capital Proposition Type 3: Property Shares	20	4,975			4,975											9,950
			25			25											50
																	10,000
	Type 4.1: Direct Assets (Local Are)	20		4,728		4,728		4,728		4,728							18,912
	- Asset Purchase Cost																1,088
	- Asset Completion Cost			272		272		272		272							20,000
	Type 4.2: Direct Assets (Regional Cities)	20					4,728		4,728			4,728					14,184
- Asset Purchase Cost						272		272			272					816	
- Asset Completion Cost																15,000	
		5,000	5,000	0	10,000	5,000	5,000	5,000	5,000	0	5,000					45,000	
Total per Quarter		7,500	5,000	0	10,000	5,000	7,500	5,000	5,000	0	5,000					50,000	
Total per Annum		12,500			22,500				15,000							50,000	
By Quarter: Total Asset Purchase Cost		7,339	4,728	0	9,703	4,728	7,092	4,728	4,728	0	4,728					47,774	
Total Completion Cost		161	272	0	297	272	408	272	272	0	272					2,226	
		7,500	5,000	0	10,000	5,000	7,500	5,000	5,000	0	5,000					50,000	
By Year: Total Asset Purchase Cost		12,067			21,523				14,184							47,774	
Total Completion Cost		433			977				816							2,226	
		12,500			22,500				15,000							50,000	

Consolidation and development of "Risk Shared Development" Options

71

Forecast Outturn and General Fund Reserve as at September 2015 (as reported to Cabinet, November 2015)

Appendix 4

Revenue Forecast Outturn September 2015	2014/15		2015/16		Forecast Variation Compared to :-				
	Provisional Outturn	Original Budget	Updated Budget	Forecast	Original Budget		Updated Budget		
	£'000	£'000	£'000	£'000	£'000	%	£'000	%	
Revenue by Service:									
Community	2,487	2,130	2,136	2,033	(97)	-4.6	(103)	-4.8	1
Customer Services	4,160	4,488	4,719	4,377	(111)	-2.5	(342)	-7.2	2
Development	1,268	1,691	1,700	1,388	(303)	-17.9	(312)	-18.4	3
Leisure & Health	320	58	60	(27)	(85)	-146.6	(87)	-145	4
Operations	4,546	4,593	4,593	4,587	(6)	-0.1	(6)	-0.1	5
Resources	2,997	3,930	3,929	3,901	(29)	-0.7	(28)	-0.7	
Directors and Corporate	2,845	2,377	2,392	2,265	(112)	-4.7	(127)	-5.3	6
Technical Adjustments	(452)	(386)	(386)	0	386	-100	386	-100	
Net Revenue Expenditure	18,171	18,881	19,143	18,524	(357)	-1.9	(619)	-3.2	
Contribution to Reserves	1,693	797	535	1,154	357	44.8	619	115.7	
Budget Requirement (Services)	19,864	19,678	19,678	19,678					
Financing:-									
NDR & Council Tax surplus	(6,222)	(4,242)	(4,242)	(4,902)	(660)	15.6	(660)	15.6	7
Government Grant (Non-specific)	(8,022)	(7,668)	(7,668)	(7,668)	0	0	0	0	
Contribution to Reserves (additional Funding)	2,018	0	0	660					
Council Tax for Huntingdonshire DC	7,638	7,768	7,768	7,768					
General Fund Reserve									
Balance as at 1st April	8,684	8,537	8,537	9,287 A	750	8.8	750	8.8	
Contribution to Service Expenditure	603	797	535	535	(262)	-32.9	0	0	
Outturn forecast as at 31 March	9,287	9,334	9,072	9,822	488	5.2	750	8.3	
Earmarked Reserves					Movement in Earmarked Reserves				
S106 agreements	1,141			1,141					
Commutted S106 payments	1,762			1,762					
Repairs and Renewals Funds	1,300			1,300					
Delayed Projects	262			262					
Collection Fund	2,768			2,768					
Capital Investment	4,737			5,716	979				Additional saving in excess of the contribution to General Fund Reserves
NDR Reliefs				300	300				S31 New Burdens grant - Forecast repayment to DCLG
Special Reserve	2,500			2,500					
Other Reserves	1,227			1,227					
Total Earmarked Reserves	15,697			16,976	1,279				
Definitions									
Original Budget	As approved by Council, February 2015								
Updated Budget	The Original Budget including approved carry forwards from 2014/15								
Provisional Outturn	Provisional Outturn reported to Cabinet in June 2015.								
(A)	Actual General Fund Balance as at 31st March 2015								

CIS Risks, Mitigations and Financial Modelling Assumptions

Appendix 5

RISK	COMMENTARY	MITIGATION
Management		
<ul style="list-style-type: none"> Unable to recruit necessary internal expertise to manage portfolio. 	The current Estates service is not structured to be able to support the requirements of the CIS.	Skills analysis and recruitment planning, including visiting other Councils undertaking a similar CIS approach to establish skills needed. Then a full restructure of the Estates service will be undertaken.
<ul style="list-style-type: none"> Internal support structure does not meet service requirements 	Although the current estate is commercial centric in approach, the introduction of the CIS will require a faster approval process for investment decisions.	A Disposals & Acquisitions Policy (and a related Code of Practice) has been approved. Further the performance of the CIS is a key reporting requirement of the Treasury and Capital Management Group. Further, with a restructure of the Estates service will embed the structures needed to support the CIS.
Funding		
<ul style="list-style-type: none"> Funds at 31 March 2016 not as high as currently estimated, therefore have to borrow earlier. 	Possibility that the forecast underspend changes from that predicted, thereby reducing the amount available to be spent on asset acquisition from internal resources.	Ongoing monitoring of 2015/16 service delivery, ensuring that the ZBB programme and in-year savings are secured. Also, identifying as early as possible cost pressures so alternative action can be undertaken.
Investment		
<ul style="list-style-type: none"> Reduced revenue streams because profile of investments changes due to investment opportunities not identified as quickly as possible. 	No comment.	<p>Early intervention with local and national estate agents (and similar brokerages) to identify opportunities as early as possible.</p> <p>Robust but pragmatic due diligence processes to review investment opportunities.</p>

<ul style="list-style-type: none"> Loss of capital investment 	<p>This could be the result of reduce asset values due to various forms of impairment (i.e. catastrophic disaster or local/national economy).</p>	<p>Pre-acquisition due diligence of assets and the market the assets are in. Ongoing monitoring of capital values and asset market to quickly identify and action where stresses are identified so asset disposal actions can be followed as quickly as possible.</p>
<ul style="list-style-type: none"> Investments in unfamiliar sector or regions may be time consuming with poor advice and low returns. 	<p>This would be the result of poor market research or over ambitious acquisitions.</p>	<p>Preservation of capital is paramount, thereby Council would need to follow appropriate due diligence of investment opportunities, to ensure that asset particulars are robust.</p>
<ul style="list-style-type: none"> Pressure to constrain investment to District only leading to limited opportunities and over reliance on local market conditions. 	<p>This could result to non-adherence to the CIS Business Case or political pressure to invest local rather than national.</p>	<p>The CIS Business Case clearly demonstrates the balance between investment types. The portfolio is balanced and shows that early property investment will centre on the local area, with a broadening in due course.</p>
<ul style="list-style-type: none"> Non-commercial activity within HDC slows investment progress 	<p>Due to poor management and or governance.</p>	<p>The CIS and its development is a key constituent of the “Income Generation” thread within the “Plan on a Page” and a service priority within the Resources service. An Estates service restructures will be undertaken and the CIS will be a centre of this services delivery plans.</p>
<p>Governance and Economics</p>		
<ul style="list-style-type: none"> Change in government regulations/legislation 	<p>The 2011 Act allows a Council to undertake “what an individual” would do; consequently investing activity of the sort included within the CIS is permissible; providing any borrowing is prudent and meets the requirements of the Prudential Code and relevant capital regulations.</p>	<p>By acting within current legislation requirements, the actions of the Council are not “ultra-vires”. Any future changes in government and or legislation would have to be dealt with as they occur. The worse that could happen is that the Council was required to sell its investments and repay supporting borrowing. Providing capital values are maintained at or above acquisition values, and as borrowings will be on a repayment</p>

		basis, the Council should be able to meet any potential future obligations.
<ul style="list-style-type: none"> • Downturn in the National and Local economy. 	This could affect capital values and rental incomes if tenant businesses fail.	Ongoing monitoring of the national and local economy and remedial action to protect capital investments (including sales/moth balling etc) and proactive reviews of rents.
<ul style="list-style-type: none"> • Procurement regulations make property development uneconomic without a JV and shared profit 	Procurement regulations change that make current governance structures uneconomic.	Ongoing review of governance structures to ensure that tax and other economic factors are mitigated so the Council can maximise its returns.
Political Commitment		
<ul style="list-style-type: none"> • Political change forces change in direction. 	CIS is no longer seen as a key deliverable to support ongoing service delivery.	The CIS is not a political vehicle; it is a means by which the Council can support ongoing service delivery.

75

CIS Financial Modelling Assumptions

The key investment assumptions included with the BP are:

- Maximum Debt: £60.0m
 - The limit on Commercial Investments as approved in Treasury Management Strategy.
- PWLB Loan Rate: 2.75%, loans with a life of 20 years
 - The prevailing loan rate
- Cost of funding capital propositions: a margin of 2% per annum and a management fee of 0.75% per annum.
 - The inherent cost of financing capital investments on an ongoing basis.
- CPI/General Inflation: 2.5%
 - Inflation on costs and income.
- Completion fees ranging from 0.50% to 5.75%
 - Each investment will incur costs to acquire. Such costs can be charged to capital.
- Revenue indexation/growth ranging from 2% and 3%
 - Estimates for revenue growth from the portfolio and capital value.

This page is intentionally left blank

Development Management Panel

Report of the meetings held on 14th December 2015.

Matters for Information

10. REVIEW OF PLANNING ENFORCEMENT

The Panel has been acquainted with the outcome of a review of planning enforcement. The review had been undertaken at the request of the Overview and Scrutiny Panel (Environmental Well-Being). It proposed changes in response to growing work pressures while the Zero Based Budgeting programme was indicating there would not be any increase in resources. The result primarily meant planning complaints would be prioritised accompanied by greater delegation to officers.

The Panel has discussed the Council's approach to enforcement and whether cases should only be pursued where there is a quantifiable impact. The decision to prioritise cases has been taken following a "lean" review, which takes into account what customers value.

Having endorsed the comments of the Economic Scrutiny Panel on investigating improved ways of communicating with Town and Parish Councillors on enforcement matters, on ensuring developers comply with their planning obligations and on the use by Enforcement Officers of technology, the Panel has endorsed the new planning enforcement arrangements. The next step will be to produce a Planning Enforcement Plan.

11. DEVELOPMENT MANAGEMENT – OTHER APPLICATION

The Panel has authorised the Head of Development to approve an exception site for development on land on the eastern edge of Earith. Subject to the satisfactory completion of a S106 Agreement, the development will comprise eleven affordable dwellings. Importantly they will not be subject to the "Right to Buy".

12. DEVELOPMENT MANAGEMENT – SECTION 106 AGREEMENT

The Panel has approved an application for the development of up to 45 dwellings and a residential care home together with terms for a S106 Agreement in relation to land on the east of Somersham. It includes 18 affordable dwellings though, subject to negotiations with the developer, at the request of the Parish Council, some of the might be retirement dwellings. The developer also is prepared to negotiate with the Parish Council on the design of the entrance to the site. The

Panel has been pleased to note that having identified this need, the Parish Council is prepared to contribute towards the cost of a solution.

13. DEVELOPMENT APPLICATIONS

The Development Management Panel has considered five applications for planning permission. Of these, four have been approved and one deferred. The deferred item will allow the applicant to undertake further work with Officers to make the design of the dwelling acceptable. If this cannot be achieved the application will be referred back to the Panel for determination.

Other Matter of Interest

14. APPEAL DECISIONS

The Development Management Panel has been acquainted with recent decisions by the Planning Inspectorate. Four appeals recently have been heard, three of which have been upheld.

Mrs B E Boddington
Chairman

Standards Committee

Report of the meeting held on 3rd December 2015.

Matter for Decision

8. ELECTION FREQUENCY

The Committee has been acquainted with the responses submitted during consultation of the Council's election frequency. This matter appears elsewhere on the Council Agenda.

The consultation has been undertaken as part of the review by the Local Government Boundary Commission for England (LGBCE) of the Council's electoral arrangements. This issue has direct links to the number of Councillors the Council proposes to retain. In total 75 responses have been received. Opinion was equally split on whether to keep to elections by thirds or change to holding elections every four years.

Members have recognised there are strong arguments to support either method of selecting Councillors. They have been reminded that the Council has submitted a proposal to the LGBCE to continue with 52 Councillors and that the LGBCE usually expects Councils that hold elections by thirds to have a number of councillors, which is divisible by three so there is an election in every ward. However, on the grounds that it promotes continuity in the Membership, the Committee has recommended the Council not to resolve to move to all-out elections, thus retaining a pattern of electing by thirds.

Matter for Information

9. UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS

The Monitoring Officer has updated the Committee on the adoption of a Code of Conduct by Town and Parish Councils and the receipt and publication of register of interests forms on behalf of District and Town and Parish Councillors. The Monitoring Officer has a duty to establish and maintain a register of disclosable pecuniary interests.

The Committee has been pleased to note that all of the 71 Town and Parish Councils have adopted a Code of Conduct, with 56 based on that adopted by the District Council, 11 have opted for the Code promoted by the National Association of Local Councils and the

remaining four Councils have adopted their own version of the Code. This represents a considerable improvement on the position a year ago. Of the 71 Town and Parish Councils, 61 have had their full Register published, which comprise the Disclosable Pecuniary Interests (DPI) forms of all Councillors. Clerks from the remaining 10 Parish Councils have been reminded to send in outstanding DPI forms as soon as possible.

In terms of individual DPIs, 592 of a total of 650 have been received from Parish Councillors, 22 are outstanding and 36 are vacancies. The forms of all District Councillors are published.

The Committee has considered how to ensure the outstanding DPIs are received. Given the improvement in return rates, it is felt that the Monitoring Officer should write directly to parish Councillors who have not returned DPIs before more proactive measures are considered. It has also been suggested that the documentation Councillors receive should be reviewed to ensure it makes clear what their responsibilities are in this respect.

K M Baker
Chairman

Overview and Scrutiny Panel (Economic Well-Being)

Report of the meeting held on 8th December 2015.

Matters for Information

35. ZERO BASED BUDGETING UPDATE: PREPARATION FOR THE 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

The Panel has been acquainted with progress of the Zero Based Budgeting (ZBB) reviews, which have been undertaken in preparation for setting the 2016/17 Budget. Members have been reminded of the reasons for introducing ZBB and the ZBB Tranche 1 achievements. They have then discussed the two ZBB Tranches, which have been completed in the current year.

As last year an external specialist has been retained to provide strategic benchmarking, forecasting and budgeting advice. A Star Chamber comprising the Executive Leader and the Executive Leader for Resources have been presented with service change options together with additional opportunities for savings. Any additional savings will form part of the overall Budget setting process for 2016/17.

The Panel has discussed the outcome of the ZBB and Star Chamber processes and the impact on resources. Between 2016/17 and 2019/20 forecast net saving to the Budget is 18.7%, with a total contribution to reserves of £6.7m. This represents a potential change of £13m compared with the current Medium Term Financial Strategy (MTFS) modelled total draw-down from General Reserves of £6.3m in the same period.

Members have commended these achievements and acknowledged the improvement in the accuracy of the forecasting and profiling of savings. They also have accepted that decisions during subsequent rounds of ZBB will be more challenging.

The Panel has been informed that planned co-location of Citizens Advice and the Department for Work and Pensions at Pathfinder House represents an appropriate match with Council services. This view has been endorsed. Having been assured that the changes will make little difference to the Council's critical services, the Panel has recommended the Cabinet to include the savings proposals identified through the ZBB process in the forthcoming 2016/17 Budget and MTFS.

36. CUSTOMER SERVICE STRATEGY

The Panel has recommended the Cabinet to approve a revised Customer Service Strategy. The previous Strategy has been updated to reflect other Council strategies and policies. It also takes into account customer feedback and the views of Officers. The result is a more comprehensive document with wider application.

Members have been made aware that the Strategy's links to the Corporate Plan have been strengthened and now includes examples of good practice.

Progress against the Strategy will be monitored through the corporate performance reporting process. An annual review also will take place.

It has been suggested that a facility should be introduced to the Council's website that enables residents to identify their local Councillor.

37. CORPORATE FRAUD AND PROSECUTION POLICY

The Panel has reviewed the Fraud Workplan and a revised Prosecution Policy. The Workplan has been produced following the transfer of responsibility for Housing Benefit fraud to the Department for Work and Pensions. It incorporates analysis of the areas of work that present the most risk to the Council and of emerging risks facing local authorities.

Taking into account the facts that the value of fraud discovered for Council services equates to in excess of £170k in addition to five social houses being recovered plus other benefits, it is considered that the Fraud Team continues to be a valuable asset to the Council. The Panel, therefore, has expressed support for the Fraud Workplan and the revised Prosecution Policy.

38. PROCUREMENT POLICY

The Panel has endorsed the contents of a Procurement Policy. The Policy outlines how procurement supports the Corporate Plan and the Council's objectives. It goes into detail on how procurement risk will be managed, on helping local businesses compete for public spend and on the performance and governance of procurement.

Members have been informed that the Procurement Policy will support the achievement of savings, cost avoidance and additional income. They have received confirmation that, in addition to financial considerations, the Policy takes into account other criteria such as security. It will be underpinned by the Code of Procurement and guidance for staff.

39. RESERVES REVIEW

The Panel has been acquainted with the outcome of a review of the way the Council manages its reserves. Members have been reminded of the financial challenges facing the authority and that the Council is about to embark on an ambitious Commercial Investment Strategy. In

that context, the review has established a need for a Strategy that clearly defines the operation of any reserves and for associated governance arrangements that will enable the Council to manage its reserves in a more commercial environment. The Panel has therefore, recommended the Cabinet to approve the Reserves Strategy.

The Panel has concurred with the view that when managing the Council's reserves, Members should be led by professional Officers. Members have then expressed support for proposed terms for the management of each type of reserve, and have agreed to a change to the way the minimum level of reserves is defined. Whereas in the past it had been set at a fixed figure, it is now recommended that the minimum level of reserves should equate to a percentage of any year's Net Expenditure.

40. COMMERCIAL INVESTMENT STRATEGY BUSINESS PLAN

The Panel has reviewed the Commercial Investment Strategy (CIS) Business Plan. Members have discussed the principles on which the Plan is based and have accepted that in order to achieve the clear aim of providing a revenue stream for the Council, the approach should be to invest in commercial property. This will enable the Council to benefit from trends in the national economy and to promote the local economy. The Panel has, therefore, recommended the Cabinet to approve the CIS Business Plan.

To enable work on implementing the Strategy to commence, the Cabinet also has been recommended to approve the transfer of £6.8m from the Council's General Fund balance to the Capital Investment Earmarked Reserve together with the potential to borrow up to £35.0m from 2016/17 onwards to support the CIS. However, there will still be "head-room" to borrow a further £25.0m if commercial opportunities arise. Finally, terms for a policy for the repayment of borrowing have been endorsed and will be submitted to the Council.

Members have drawn attention to the need to have the necessary Officer resources in place to monitor the local market and identify opportunities. They have further stressed the need for close monitoring of the performance of investments.

Other Matters of Interest

41. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has been acquainted with the contents of the Notice of Key Executive Decisions, which has been prepared by the Executive Leader.

42. WORKPLAN STUDIES

The Panel has received details of the studies being undertaken by the other Overview and Scrutiny Panels.

**43. OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) –
PROGRESS**

The Panel has reviewed its programme of studies.

D Harty
Vice-Chairman

Overview and Scrutiny Panel (Environmental Well-Being)

Report of the meeting held on 8th December 2015.

Matters for Information

29. REVIEW OF PLANNING ENFORCEMENT

The Review of Planning Enforcement has been presented to the Panel. Members have been informed that Officers have investigated a more efficient way of enforcing. The current working policies had been established in 2010, however the aim of the review was to create up to date policies to enable Planning Officers to act upon enforcement cases sooner.

The Panel has noted that the review has encompassed communication to Town and Parish Councils. The Council do not have the time resource to update Town and Parish Councils on all enforcement cases, therefore the onus is upon the Town and Parish Councils to ask for updates. In total, 11 recommendations have been proposed, they are:

- delegating decision-making on cases to Area Enforcement Officer and Team Leader;
- reducing the number of planning applications dealt with by the Enforcement Team Leader;
- enhancing the enforcement's capacity to deal with planning applications arising from enforcement cases by using Development Management Officer;
- introducing new time targets for enforcement case milestones and closure;
- closing old cases;
- setting targets for carrying out the first site visit;
- prioritising cases after the first site visit;
- managing the expectations of stakeholders;
- improving communication with stakeholders;
- updating the Council's Enforcement Policy; and
- a series of process improvements.

In response to a query regarding the process improvements Members have been informed that the improvements are in respect of making the processes and procedures of planning enforcement more efficient.

Members have asked if there is an electronic based system which can be accessed by the Towns and Parishes for updates. In response the

Panel has been advised that Officers will investigate if Members have the ability to access the existing information for updates.

Following a discussion concerning the large developers who abandon a site before they have completed their obligations, the Panel has been informed that the software package, Obligation Tracker, is being developed to assist the tracking of obligations. If a developer does leave a site without fulfilling their obligations then the Council can apply a registration with the Land Charges Service. As this could affect the developer's house sales the aim is to encourage the developer to fulfil their obligations.

With regards to the IT costs, Members have been informed that the Council has contacted the supplier to enquire the cost of running the software but has not received a response.

30. HUNTINGDONSHIRE INFRASTRUCTURE BUSINESS PLANNING

The Panel has been updated on the current position with regards to the Huntingdonshire Infrastructure Business Planning. Members have noted that the Panel will receive future update reports in June and December of each year. In addition the Panel will receive an update report on the progress of the Local Plan in March 2016. Members have been informed of the infrastructure projects in progress, which are:

- A14 Trunk Road;
- A428;
- A1;
- Oxford to Cambridge Expressway;
- East West Rail; and
- A141 Huntingdon to St Ives.

The Panel has noted that the projects could not be delivered by the Council alone and has recognised the requirement to work with partners. In response to a query regarding potential funding and increased partner cooperation, Members have been informed that the Government's drive to devolve powers and funding to local areas presents an opportunity for the Council to work more closely with partners the enable to delivery of infrastructure to support growth.

In response to a query with regard to the timescales of the current infrastructure projects, Members have been informed that the A14, A428, A1 and A141 projects are currently subject to a Development Order Process. The Panel has been advised that timescales can be difficult to establish however the projects are more likely to be completed in collaboration with partners.

With regard to the Local Plan, the Panel has expressed concerns that Cambridgeshire County Council's traffic modelling is not in accordance with the required standard however Officers are confident that the traffic modelling would be complete in time for the Local Plan to be submitted.

31. COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE

The revised Community Infrastructure Levy (CIL) Governance and proposed confirmation of continued CIL funding towards the costs of the Huntingdon West Link Road has been presented to the Panel.

Members have noted that the Growth and Infrastructure Group has been responsible for directing the preparation of the draft Huntingdonshire Infrastructure Business Plan and project development for the delivery of major sites. The Panel has viewed the proposed changes with regard to the governance of CIL and has included:

- removal of the Growth and Infrastructure Group from the Local Strategic Partnership framework;
- a revised Terms of Reference for the Growth and Infrastructure Group; and
- revised Membership of the Growth and Infrastructure Group to include three District Councillors, in addition to the Executive Councillor for Strategic Planning and Housing.

Members have recognised that appointments to the Growth and Infrastructure Group are a Cabinet decision however the Panel has requested the inclusion of the Chairman of the Development Management Panel (DMP), as well as a Member each from the Social Well-Being and Economic Well-Being Panels. As the Chairman of DMP is currently a Member of the Environmental Well-Being Panel it is not thought necessary to appoint an additional Member from the Panel. In addition Members have expressed a preference for the inclusion of a Member who is not from the leading Conservative Group.

Following a concern regarding Town and Parish Councils spending of CIL, the Panel has been informed that every Town and Parish Council that has spent CIL has a responsibility to report to the Council how they have spent the CIL funding. In addition Members have been advised that any Town and Parish Council whom has spent CIL in the year 2014/15 will have to report to the Council by 31st December 2015.

With regard to concerns that CIL funding has been committed to a single infrastructure project, Huntingdon West Link Road, the Panel has been advised that as the CIL fund grows in the future there will be opportunities to prioritise the use of CIL funds towards other infrastructure projects.

32. NEIGHBOURHOOD AND COMMUNITY PLANNING GUIDANCE

The Panel has been updated on the Neighbourhood and Community Planning Guide which has clarified how the Council will support local communities that wish to embark upon community planning initiatives. Members have been advised that when viewing the guide on-line the customer will be able to access various hyperlinks to guide them to further planning information.

Following a discussion regarding parishes working together in the creation of a joint Neighbourhood Plan, the Panel has been advised that the Guide sets out the process to assist such development.

Other Matters of Interest

33. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel has been acquainted with the contents of the Notices of Key Executive Decisions which has been prepared by the Executive Leader.

34. OVERVIEW AND SCRUTINY PANEL (ENVIRONMENTAL WELL-BEING) – PROGRESS

The Panel has reviewed its programme of studies. Members have been informed that a Working Group on Public Open Spaces is being considered and that a scoping paper will be presented to a future meeting of the Panel.

35. WORKPLAN STUDIES

The Panel has received details of the studies being undertaken by the other Overview and Scrutiny Panels. Members have been informed that the Chief Executive of Cambridgeshire County Council has expressed surprise at how the budget proposals are communicated and Cambridgeshire County Council will be recommunicating the information.

Members have been advised that a date for the Impact of Cambridgeshire County Council Budget Proposals on Huntingdonshire and the residents Task and Finish Group will be set in the near future and that Members of the Group will be informed in due course.

T D Sanderson
Chairman

Representation of Political Groups on District Council Panels, etc.

Report by the Corporate Team Manager

1. INTRODUCTION

- 1.1 Members may recall that the Local Government and Housing Act 1989 and associated Regulations describe arrangements for achieving a balance on Panels etc, to reflect the representation of political groups and independent Members on the District Council. The Act requires the District Council to review the representation of different political groups at the time when the Authority holds its Annual Meeting and as soon as practicable and over one month after the last review if the Proper Officer receives a request to undertake a further review of the allocation of seats given a change to membership of a political group. Following the by election in Huntingdon East Ward on 10th December 2015, the constitution of political groups on the Council has changed.

2. PRINCIPLES OF PROPORTIONALITY

- 2.1 Members are reminded that in performing the duty to review representation, the Council must, so far as reasonably practicable, only determine the allocation of seats having regard to the following principles -

- ◆ that not all the seats are allocated to the same political group;
- ◆ that the majority of seats are allocated to the political group which forms a majority of the Council's membership; and
- ◆ that the number of seats allocated is in the same proportion as is borne by the number of Members of a political group to the membership of the Council.

- 2.2 Currently it is open to the Council to approve alternative arrangements otherwise than in accordance with the principles of proportionality providing that the alternative arrangements are approved without any Member voting against them.

3. CONSTITUTION OF POLITICAL GROUPS

- 3.1 After the by-election in the Huntingdon East Ward, the constitution of political groups on the Council has changed as follows:-

Name of Group	No. of Members
Conservative	35
Liberal Democrat	5

UKIP	4
Labour	2

There are now five Members of the Council who are not aligned to a political group and one Independent Conservative.

- 3.2 The membership of groups in proportion to the total membership of the Council is therefore as follows:-

	%
Conservative	67.31
Liberal Democrat	9.62
UKIP	7.69
Labour	3.85

The 'Independent' Members represent 9.62% of the membership of the Council and the Independent Conservative represents 1.92% of the membership of the Council.

- 3.3 As the former incumbent of the office of Councillor for Huntingdon East Ward was a member of UKIP, this has resulted in a change in the proportion of groups to the total membership of the Council since it was last reported to the meeting on 20th May 2015.

4. LOCAL GOVERNMENT ACT 2000

- 4.1 The Council are reminded that under the Local Government Act 2000, the proportionality requirements do not apply to the Cabinet or to any Sub-Groups or Sub-Committees, which the Cabinet may appoint. Appointment of the Cabinet also lies with the Executive Leader of the Council. In accordance with the Constitution and the impact of the Localism Act 2011 on the standards regime have varied and increased to 88, the number of seats to which the Council can appoint.

- 4.2 The following requirements of the Act also need to be adhered to by the Council in determining the membership of Panels, etc. -

- ◆ the Cabinet may not include either the Chairman or Vice-Chairman of the Council;
- ◆ Overview and Scrutiny Panels may not comprise any Member of the Cabinet;
- ◆ the Executive Leader, Deputy Executive Leader and any Member of the Cabinet shall not be elected as Chairman of any Committee or Panel other than any that may be appointed by the Cabinet.

- 4.3 The Constitution also provides for the Development Management Panel, Licensing and Protection Panel, the Employment Panel and the Licensing Committee to include the relevant Executive Councillor within their respective membership. The Council has previously appointed the Standards Committee to include one Member of the Executive.

Currently the Constitution provides that every Member of the Council shall be appointed to serve on a minimum of one Overview and Scrutiny Panel, Committee or Panel of the Council or the Cabinet.

5. PROPORTIONALITY

- 5.1 Excluding the Cabinet, the aggregate number of seats on Panels is 88. Using the proportionality percentage referred to in paragraph 3.2 and rounding up or down as appropriate, produces the following entitlement remains –

Seats

Conservative Group	59
Independent Members	8
Liberal Democrat Group	8
UKIP	7
Labour	3
Independent Conservative	2

- 5.2 Applying the principles of the Act and, similarly, rounding the figures as necessary, gives the distribution as set out in the Appendix.
- 5.3 For information the principles of proportionality apply similarly to advisory/sub-groups appointed or nominated by panels and regard must be given to the impact of the review on the following examples of entitlements to seats:-

No. of Members on Sub-Group, etc.	Proportion of Members from Political Groups					
	Cons	Non aligned 'Indep'	Lib Dem	UKIP	Labour	'Indep' Cons
3	2	0 or 1	0 or 1	0	0	0
4	3	0 or 1	0 or 1	0	0	0
5	3	1	1	0	0	0
6	4	1	1	0	0	0
7	5	1	1	0	0	0
8	5	1	1	1	0	0
9	6	1	1	1	0	0
10	7	1	1	1	0	0

6. CONCLUSION

- 6.1 The Council is invited to confirm the allocation of seats on District Council Panels to political groups and to the non-aligned Members in accordance with the distribution illustrated in the attached Appendix and to note the requirements for appointments to advisory/sub groups etc, in paragraph 5.3. The proportionality requirements do not apply to the Cabinet and its membership will be determined by the Executive Leader

- 6.2 The opportunity otherwise is available currently to allocate seats in accordance with an alternative arrangement, with the exception of the Cabinet, provided this arrangement is approved by the Council with no Member voting against.
- 6.3 As a consequence of the review, it is necessary to consider variation to the membership of Committees and Panels under Agenda Item No. 8.

BACKGROUND PAPERS

Local Government and Housing Act 1989
Local Government Act 2000
Localism Act 2011
District Council Constitution

Contact Officer: Lisa Jablonska,
Elections and Democratic Services Manager
☎ (01480) 388004

APPENDIX

Panel/ Committee	No. of Seats*	No. of Ex- officio	Title of Ex- officio	Cons	Indep	Lib Dem	UKIP	Lab	Indep Cons	Cons	Indep	Lib Dem	UKIP	Lab	Indep Cons
Corporate Governance Panel	8	0		5.38	0.77	0.77	0.62	0.31	0.15	5	1	1	1	0	0
Development Management Panel	16	1	Not defined	11.07	1.54	1.54	1.23	0.62	0.30	11	2	2	1	0	0
Employment Panel	8	1	Not defined	5.38	0.77	0.77	0.62	0.31	0.15	6	0 or 1	0 or 1	1	0	0
Licensing & Protection Panel/ Committee	12	1	Not defined	8.08	1.15	1.15	0.92	0.46	0.23	8	1	1	1	0	1
Overview & Scrutiny Panel (Economic Well-Being)	12	0		8.08	1.15	1.15	0.92	0.46	0.23	8	1	1	0	1	1
Overview & Scrutiny Panel (Environmental Well-Being)	12	0		8.08	1.15	1.15	0.92	0.46	0.23	8	1	1	1	1	0
Overview & Scrutiny Panel (Social Well-Being)	12	0		8.08	1.15	1.15	0.92	0.46	0.23	8	1	1	1	1	0
Standards	8	1	Not defined	5.38	0.77	0.77	0.62	0.31	0.15	5	1	1	1	0	0
TOTAL	88			59	8	8	7	3	2	59	8 or 9	8 or 9	7	3	2

* The allocation of these seats must be balanced so that the total entitlement to seats on each group is not exceeded.

A decision must be taken by the Independents and Liberal Democrat Group on who takes the seat on Employment Panel. This will then result in one of these Groups gaining an extra seat to their entitlement.

This page is intentionally left blank