

A meeting of the **OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING)** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **THURSDAY, 12 JUNE 2014** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

## **APOLOGIES**

**1. MINUTES (Pages 1 - 4)**

To approve as a correct record the Minutes of the meetings held on 6th May and 4th June 2014 **(TO FOLLOW)**.

**C Bulman  
388234**

**2. MEMBERS INTERESTS**

To receive from Members declaration as to disclosable pecuniary, non disclosable pecuniary or non-pecuniary interests in relation to any Agenda item. Please see Notes 1 and 2 below.

**3. NOTICE OF KEY EXECUTIVE DECISIONS (Pages 5 - 10)**

A copy of the current Notice of Key Executive Decisions, which was published on 15th May 2014 is attached. Members are invited to note the Plan and to comment as appropriate on any items contained therein.

**H Taylor  
388008**

**4. EXCLUSION OF THE PRESS & PUBLIC**

To resolve:-

that the public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

**5. POTENTIAL SALE OF HDC LAND AT HERMITAGE ROAD, EARITH (Pages 11 - 18)**

To consider a report by the Lead Housing Strategy Manager.

**J Emmerton  
388203  
F Mastrandrea  
388208**

**6. RE-ADMITTANCE OF THE PUBLIC**

To resolve –

that the public be re-admitted to the meeting.

7. **SERVICE DELIVERY OPTIONS FOR LEGAL AND IMD** (Pages 19 - 22)

To consider a joint report by the Managing Director, Head of Legal and Democratic Services and IMD Service Manager.

**C Meadowcroft / C Hall  
388021 / 388116**

8. **PROVISIONAL 2013/14 OUTTURN (REVENUE AND CAPITAL)** (Pages 23 - 40)

To consider a report by the Head of Resources.

**C Mason  
388157**

9. **2013/14 TREASURY MANAGEMENT ANNUAL REPORT** (Pages 41 - 52)

To consider and comment on the Treasury Management Annual Report, prior to its consideration by Cabinet and Council.

**C Mason  
388157**

10. **OUR ROLE IN SUPPORTING THE PROSPERITY AND VITALITY OF THE MARKET TOWNS** (Pages 53 - 62)

To consider a report by the Democratic Services Manager on the outcome of the debate at the Council meeting on 30th April 2014.

**C Deller  
388007**

11. **WORKPLAN STUDIES** (Pages 63 - 64)

To consider with the aid of a report by the Head of Legal and Democratic Services, the programme of studies.

**C Bulman  
388234**

12. **OVERVIEW & SCRUTINY (ECONOMIC WELL-BEING) PROGRESS** (Pages 65 - 68)

To consider a report by the Head of Legal and Democratic Services detailing progress on the Panel's activities.

**C Bulman  
388234**

13. **SCRUTINY**

To scrutinise decisions taken since the last meeting as set out in the Decision Digest and to raise any other matters for scrutiny that fall within the remit of the Panel (**TO FOLLOW**).

Dated this 4th day of June 2014



Head of Paid Service

## **Notes**

### **1. Disclosable Pecuniary Interests**

(1) *Members are required to declare any disclosable pecuniary interests and unless you have obtained dispensation, cannot discuss or vote on the matter at the meeting and must also leave the room whilst the matter is being debated or voted on.*

(2) *A Member has a disclosable pecuniary interest if it -*

*(a) relates to you, or*

*(b) is an interest of -*

*(i) your spouse or civil partner; or*

*(ii) a person with whom you are living as husband and wife; or*

*(iii) a person with whom you are living as if you were civil partners*

*and you are aware that the other person has the interest.*

(3) *Disclosable pecuniary interests includes -*

*(a) any employment or profession carried out for profit or gain;*

*(b) any financial benefit received by the Member in respect of expenses incurred carrying out his or her duties as a Member (except from the Council);*

*(c) any current contracts with the Council;*

*(d) any beneficial interest in land/property within the Council's area;*

*(e) any licence for a month or longer to occupy land in the Council's area;*

*(f) any tenancy where the Council is landlord and the Member (or person in (2)(b) above) has a beneficial interest; or*

*(g) a beneficial interest (above the specified level) in the shares of any body which has a place of business or land in the Council's area.*

### **Non-Statutory Disclosable Interests**

(4) *If a Member has a non-statutory disclosable interest then you are required to declare that interest, but may remain to discuss and vote providing you do not breach the overall Nolan principles.*

(5) *A Member has a non-statutory disclosable interest where -*

*(a) a decision in relation to the business being considered might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the council tax payers, rate payers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or*

*(b) it relates to or is likely to affect a disclosable pecuniary interest, but in respect of a member of your family (other than specified in (2)(b) above) or a person with whom you have a close association, or*

*(c) it relates to or is likely to affect any body –*

*(i) exercising functions of a public nature; or*

*(ii) directed to charitable purposes; or*

*(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member or in a position of control or management.*

*and that interest is not a disclosable pecuniary interest.*

### **2. Filming, Photography and Recording at Council Meetings**

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**Please contact Mrs Claire Bulman, Democratic Services Officer, Tel 01480 388234 / email [Claire.Bulman@huntingdonshire.gov.uk](mailto:Claire.Bulman@huntingdonshire.gov.uk) if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.**

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

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

Agenda and enclosures can be viewed on the District Council's website – [www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk) (*under Councils and Democracy*).

**If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.**

***Emergency Procedure***

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

# Agenda Item 1

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN on Tuesday, 6 May 2014.

- PRESENT: Councillor T V Rogers – Chairman.
- Councillors G J Bull, S Cawley, K J Churchill, S Greenall, R Harrison, P G Mitchell, M F Shellens and A H Williams.
- APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors P L E Bucknell and E R Butler.
- IN ATTENDANCE: Councillors Mrs B E Boddington, J P Morris and R J West (Item 111).

### 109. MINUTES

The Minutes of the meeting of the Panel held on 3rd April 2014 were approved as a correct record and signed by the Chairman.

### 110. MEMBERS' INTERESTS

No declarations were received.

### 111. THE FUTURE OF MEMBERS' IT - CALL IN

*(Councillor B S Chapman, Executive Councillor for Customer Services, was in attendance for this item).*

*(Councillors Mrs B E Boddington, J P Morris and R J West were also in attendance for the discussion on this item).*

Following the publication of the Cabinet's Decision regarding the future of Members IT on 11th April 2014, the Panel gave this matter further consideration. The reasons for the Call-In together with the options which were available to the Panel and a summary of their previous discussions on the matter were set out in a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book).

By way of introduction, the Executive Councillor reminded the Panel of the background to the proposals. He referred to the need to gain Public Services Network compliance, to respond to the support expiry deadline for Windows XP and to improve on Members' existing IT experience. Councillor Chapman then updated Members on the latest developments and the reasons for them. Members were advised that the estimated saving from not providing all Members with laptop/desktop PCs and associated equipment had been re-evaluated at £42k and that there would be additional savings relating to the

withdrawal of printed agenda and reports, printers, broadband and consumables. Furthermore, the need to pay for future upgrades/development would be removed.

Having recognised the need to cease their connectivity to the Council's network for security reasons, Members were informed that the Authority had secured two domain names which could be used for their email addresses to create a consistent and professional approach. The Panel discussed the systems used by neighbouring authorities and the ways in which these operated. The Council would assist Members to set up the most useable system of accessing their emails, tailored to each Councillor's preferred way of working.

In response to a question by a Member, an update on those issues, which had been raised at the previous meeting, was provided. These included the arrangements for the transition to the new way of working, associated training and support, the encryption of confidential information and testing of file sizes. In terms of the decision to allow iPads to be purchased from Members allowances, it would be possible to offer interest free loans for this purpose. In response to a request that Members should be able to use the Council's electronic address book from their own equipment, it was reported that while the Council had a high degree of confidence that this would be possible, in the event that this was not the case, alternative ways of providing this information would be investigated.

Some Members reiterated the previously expressed point that the requirement to provide their own IT equipment would deter potential candidates from standing for election. However, other Members were of the view that, given that the basic allowance payable was currently in the region of £4k per annum, it was reasonable to expect Members to purchase their own equipment over their term of office.

In response to concerns that all newly elected Members would be required to purchase an iPad, it was confirmed that this would not be the case and that the minimum requirement for them to participate in the new arrangements would be access to a desk based PC. The Modern.gov application would operate on most devices. Alternatively, Members could use the Adobe reader to obtain and read agenda and reports via the internet. Members were of the view that Cabinet's decision notice did not clearly make these points and it was suggested that this part of the decision should be amended to clarify this position such that it made reference to the new ways of working as opposed to the 'iPad scheme'. Members were advised that the Council would only offer financial assistance to enable Members to acquire the Council's recommended device, which was an iPad.

The Panel discussed the decision to withdraw printed agenda and reports for Members meetings where possible. Having been assured that it would still be possible to request paper copies, it was agreed that this part of the decision also should be amended to reflect this position. It was noted that it would not be possible to cease issuing paper copies of agenda until the Local Government (Electronic Communications) (England) Order 2014 came into effect and that it would not be possible to do so in all cases.

Councillor K J Churchill questioned whether the introduction of the scheme required an amendment to be made to the Council's Constitution given that it would affect all Members and that there was reference to the Council's telephony and IT support within the Council's Members Allowances scheme. He also asked whether it should be a matter for decision by the full Council in accordance with Article 15 of the Constitution and thus whether due process had been followed. Members were of the view that the Cabinet should verify

whether the terms of the Constitution, particularly the Members Allowances Scheme (and the associated guidelines), met the requirements of the new arrangements. If changes were required, a review should be undertaken and implemented in the usual way through the Corporate Governance Panel.

Councillor J P Morris addressed the Panel on a proposal that Councillors should be provided either with iPads to enable them to undertake Council duties or with an iPad allowance for those who chose to use their own devices. He also suggested that Members should be offered the opportunity to purchase their existing hardware at an appropriate rate. The Panel decided not to pursue these suggestions because Members allowances more than covered the cost of an iPad. Furthermore, the Council sought to achieve the best rates for disposal of equipment.

At the conclusion of their deliberations, Members agreed that they had no objections to the decisions at (a), (b), (d) and (e) of the Cabinet Decision Notice set out in Section 2.3 of the report by the Head of Legal and Democratic Services and that these should be implemented as stated. It was further agreed that the remaining decisions should be referred back to the Cabinet for clarification of those issues that were raised during the discussion and for consideration of their Constitutional implications. Whereupon, it was

#### RESOLVED

that the Cabinet be recommended to

- (a) amend point (c) of their decision to read:–  
  
‘that printed agendas and reports will be provided on request’;
- (b) amend point (f) of their decision to read:–  
  
‘that, from a date to be determined, it be compulsory for all elected councillors to use the new arrangements and that Members will be entitled to participate in the loan scheme if they wish to do so to purchase an iPad’;  
and
- (c) review the current terms of the Constitution and, if necessary, implement revisions in the normal way.

Chairman

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Colin Meadowcroft  
Head of Legal and Democratic Services

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

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

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private.	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Community Chest Allocation 2014/2015	Grants	Jun 2014		Dan Smith, Community Health Manager Tel No. 01480 388377 or email Dan.Smith@huntingdonshire.gov.uk		T D Sanderson	Social Well-Being
Service Delivery Options###	Cabinet	19 Jun 2014		Mrs Joanne Lancaster, Managing Director Tel No 01480 388300 or email Joanne.Lancaster@huntingdonshire.gov.uk		J D Ablewhite	Economic Well-Being
Civil Parking Enforcements	Cabinet	19 Jun 2014		Stuart Bell, Transportation Team Leader Tel No. 01480 388387 or email Stuart.Bell@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Green Deal	Cabinet	19 Jun 2014		Chris Jablonski, Environment Team Leader Tel No. 01480 388368 or email Chris.Jablonski@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Consultation and Engagement Strategy	Cabinet	19 Jun 2014		Louise Sboui, Senior Policy Officer Tel No. 01480 388032 or email Louise.Sboui@huntingdonshire.gov.uk		J D Ablewhite	Social Well-Being
A14	Cabinet	19 Jun 2014		Steve Ingram, Assistant Director, Environment, Growth and Planning Tel No. 01480 388400 or email Steve.Ingram@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Wind Turbines SPD	Cabinet	19 Jun 2014	Draft SPD	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
A Tree Strategy for Huntingdonshire	Cabinet	19 Jun 2014		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Recycling Contract Award###	Cabinet	19 Jun 2014		Eric Kendall, Head of Operations Tel No. 01480 388635 or email Eric.Kendall@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
Waste Policies	Cabinet	19 Jun 2014		Tel No. 01480 388365 or email Eric.Kendall@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
Hermitage Road, Earith - Sale of land for affordable housing****###	Cabinet	19 Jun 2014		Jo Emmerton, Housing Strategy Manager Tel No. 01480 388203 or email Jo.Emmerton@huntingdonshire.gov.uk		N J Guyatt	Economic Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Sale of development land in District and provision of social housing***	Cabinet	19 Jun 2014		Chris Allen, Project and Assets Manager Tel No. 01480 388380 or email Chris.Allen@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Huntingdon and Godmanchester Market Town Transport Strategy	Cabinet	17 Jul 2014	Market Town Transport Strategy	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Cambs Home Improvement Agency -2 Year Review	Cabinet	17 Jul 2014		Trish Reed, Housing Strategy Manager Tel No. 01480 388203 or email Trish.Reed@huntingdonshire.gov.uk		N J Guyatt	Social Well-Being
Cambridgeshire Long-Term Transport Strategy	Cabinet	17 Jul 2014		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Carbon Management Plan	Cabinet	17 Jul 2014		Chris Jablonski, Environment Team Leader Tel No. 01480 388368 or email Chris.Jablonski@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
HDC/South Cambs District Council Partnership****	Cabinet	17 Jul 2014		Mrs Joanne Lancaster, Managing Director Tel No. 01480 388301 or email Joanne.Lancaster@huntingdonshire.gov.uk		J Ablewhite	Economic Well-Being
Shared Services Building Control Project - South Cambridgeshire and Huntingdonshire****	Cabinet	17 Jul 2014		Mrs Joanne Lancaster, Managing Director Tel No. 01480 388301 or email Joanne.Lancaster@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
Huntingdon West Masterplan	Cabinet	11 Sep 2014	Following consultation. Preferred option.	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Financial Strategy***	Cabinet	11 Sep 2014		Clive Mason, Accountancy Manager Tel No. 01480 388157 or email Clive.Mason@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Huntingdonshire Infrastructure Business Plan	Cabinet	23 Oct 2014		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Local Plan to 2036 - Proposed Submission	Cabinet	20 Nov 2014	Submission - Draft Local Plan	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Draft Budget & MTP***	Cabinet	11 Dec 2014		Clive Mason, Accountancy Manager Tel No. 01480 388157 or email Clive.Mason@huntingdonshire.gov.uk		J A Gray	Economic Well-Being

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# Agenda Item 5

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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# Agenda Item 7

Public - Yes  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	<b>Service Delivery Options for Legal and IMD</b>
<b>Meeting/Date:</b>	<b>Overview &amp; Scrutiny (Economic Well-Being) - 12<sup>th</sup> June 2014 Cabinet – 17<sup>th</sup> June 2014</b>
<b>Executive Portfolio:</b>	<b>Customer Services and Strategic Economic Development and Legal</b>
<b>Report by:</b>	<b>Managing Director Head of Legal and Democratic Services IMD Service Manager</b>
<b>Ward(s) affected:</b>	<b>All (indirectly)</b>

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### **Executive Summary:**

To consider the possible options for developing shared services, initially with regard to Legal and ICT services.

### **Recommendation(s):**

That Cabinet endorse:-

1. The cessation of negotiations with LGSS; and,
2. The continuation of discussions with SCDC.

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## **1. WHAT IS THIS REPORT ABOUT?**

- 1.1 To consider the possible options for developing shared services, initially with regard to Legal and ICT services.

## **2. BACKGROUND**

- 2.1 Following several months of detailed discussions between relevant officers from the Council and LGSS COMT considered the outline business cases for Legal, IMD and Revenues and Benefits to enter into potential Partnership and Delegation Agreements with LGSS. Following early development of options a detailed business case was developed for Legal and IMD services. This phase of work included a presentation by LGSS to Overview & Scrutiny on 9th January 2014 where Councillors were able to understand the nature of the business proposition by LGSS.
- 2.2 Negotiations continued with further amendments to the possible relationship between the Council and LGSS on these two areas, which resulted in a narrowing of the difference between the initial LGSS proposition and the expectations of the District Council.

## **3. OPTIONS APPRAISAL**

- 3.1 Further negotiations have led to considerable developments in the possible relationship between the Council and LGSS however one fundamental issue remains. That issue is one of influence and control in a 'shared service' arrangement. The final business case proposition resolved all outstanding concerns that the Council had identified with the exception of the control over the partnership arrangements, which due to the ultimate constitution of LGSS remains vested in Cambridgeshire and Northamptonshire County Councils, through the LGSS Shareholder Board.
- 3.2 The Council could choose to delegate responsibility of the selected services to LGSS, accepting the limitations of control due to the Shareholder Board. However, the Council has other options and on 10th April 2014 announced the intention to explore a new strategic framework with South Cambridgeshire District Council (SCDC). This has presented a different opportunity for a genuine shared service model, and discussions are underway between officers at both organisations. Given this prospect the LGSS option is no longer being pursued.

## **4. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

4.1 It is expected that a progress report will be considered at a joint, informal, meeting of the SCDC and HDC Cabinets in June 2014 and a formal report to Cabinet in July.

## **5. RECOMMENDATIONS**

5.1 That Cabinet endorse:-

- a) The cessation of negotiations with LGSS; and,
- b) The continuation of discussions with SCDC.

## **BACKGROUND PAPERS**

Business Case for Sharing Services Huntingdonshire District Council and LGSS (versions 1 & 2)

## **CONTACT OFFICERS**

Colin Meadowcroft, Head of Legal Democratic Services- Tel 01480 388021

Chris Hall, IMD Service Manager – Tel 01480 388116

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## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	<b>Provisional Outturn 2013/14 (Revenue and Capital)</b>
<b>Meeting/Date:</b>	Cabinet 19 June 2014
<b>Executive Portfolio:</b>	Resources: Councillor J A Gray
<b>Report by:</b>	Head of Resources
<b>Ward(s) affected:</b>	All Wards

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### **Executive Summary:**

Members will be aware that over the past year they have been receiving more detailed financial performance monitoring reports which has enabled them to make more informed decisions on the achievement of their financial objectives.

In the past, Cabinet has not been informed of the financial outturn until after the accounts have been closed. However, this has meant that members are effectively “behind the curve” and have limited influence into how variances from the original budget should be treated. Therefore, continuing the process of improving the reporting of financial performance, this report provides a provisional outturn to give a good indication of how the Council has performed over the last financial year.

### Revenue

At this time the provisional revenue outturn is showing a net expenditure position of £20.5m for 2013/14. This means, compared to the original 2013/14 budget (approved in February 2013) that expenditure is £2.2m below the level expected. If there was no allocation to earmarked reserves, this would be a marginal net contribution from the General Fund balance of £38,000.

However, it is proposed that, considering the expected service transformation programme that the Council is embarking on and the potential for investing in revenue generating capital projects, that there will be contributions of £0.9m and £1.5m to the Special Reserve and a new Capital Investment Earmarked Reserve respectively. This would leave the General Fund balance at £8.145m.

To further improve the management of the budget, it is proposed that the Council commences a programme of Zero Based Budgeting to drive out costs from the base budget.

### Capital

At this time the provisional capital outturn is showing a net expenditure position of £10.1m for 2013/14; £8.5m in respect of new or enhancements to capital assets and £1.6m in respect of capital investments. This means, compared to the updated 2013/14 budget (approved in February 2014) that expenditure is £1.8m below the level expected; this is primarily due to slippage that will be utilised in future years capital programmes (assuming that the capital programme does not change).

**Recommendation(s):**

The Cabinet is requested to:

1. note, in respect of revenue the:
  - 2013/14 provisional outturn of £20.5m.
  - reasons for the £2.2m variance to the 2013/14 Original Budget (Table 2 of the main report).
  
2. note, in respect of capital the:
  - 2013/14 provisional outturn of £10.1m
  - reasons for the £1.8m variance to the 2013/14 Update Capital Programme (Table 4 of the main report).
  
3. approve, in respect of revenue and based on the provisional outturn noted in 1 above:
  - a contribution to the Special Reserve of £0.9m.
  - to the establishment of a “Capital Investment” Earmarked Reserve and a contribution of £1.5m.
  
4. approve a delegation for the Head of Resources:
  - i. to adjust the revenue contributions noted in 3 above, in consultation with the Portfolio Holder for Resources and the Managing Director, if the actual outturn varies to that noted in 1 by more than 2.5%.
  - ii. to commence a Zero Based Budgeting review programme across the Council, to be funded from the Special Reserve, and to update the Cabinet on a quarterly basis.

## 1. PURPOSE

- 1.1 Members of the Cabinet will recall that over the past year there has been an improvement in the frequency of reporting the forecast financial position, more rigorous financial monitoring and improved transparency in the information supplied. These improvements have included the Cabinet receiving, on a monthly basis, the Financial Performance Monitoring Suite and all members receiving the Financial Dashboard.
- 1.2 With regard to the financial outturn, in the past Cabinet have received a report in July noting the “actual” outturn; however best practice is that as soon as the “provisional” cash outturn is established, this is reported to Cabinet so they can consider the treatment of any forecast variance from the approved budget. Therefore, in the spirit of continuing on the path of increasing financial transparency, it is now opportune to present to Cabinet the provisional outturn for 2013/14.

## 2. BACKGROUND

### Approved Budget

- 2.1 In February 2013 the Council approved the following 2013/14 net expenditure budgets of:
- £22.764m for revenue, and
  - £ 8.863m for capital.
- 2.2 In respect of:
- revenue, the Budget Requirement was £20.511m which required a £2.253m contribution from General Reserves that gave an estimated General Fund Balance of £8.334m at the 31<sup>st</sup> March 2014
  - capital, this was to be financed from a mix of capital receipts, capital reserves and working capital.

### Budget Monitoring

- 2.2 In early April 2014, the Cabinet received the February 2014 Financial Performance Monitoring Suite. The key financial indicators reported at this time were forecast:
- revenue spending is £20.4m, £2.3m less than the original budget.
  - revenue contribution **to** general reserves is £0.1m, which compares to an originally budgeted contribution **from** general reserves of £2.2m.
  - net capital spending of £11.9m (assets: £10.3m; investments: £1.6m).

## 3. PROVISIONAL OUTTURN - REVENUE

### Provisional Revenue Outturn compared to Original Budget

- 3.1 For all Council services, the provisional revenue outturn for “net expenditure” is £20.5m; this includes the following accounting adjustments:
- statutory adjustments in respect of contributions to Earmarked Reserves for capital receipts/grants,
  - technical adjustments in respect of Receipts in Advance, and

- cash adjustments in respect of Irrecoverable VAT, government grant and bad debts provision.

3.2 Considering the aforementioned provisional outturn, the net impact of this is that net expenditure was less than the original budget by £2.215m; this is illustrated the Table 1 below:

<b>Table 1</b>				
<b>Summary of the Variation in the 2013/14 Original Budget to the Provisional Revenue Outturn</b>				
	<b>Original Budget £m</b>	<b>Provisional Outturn £m</b>	<b>Variance</b>	
			<b>£m</b>	<b>%</b>
<b>Net expenditure</b>	<b>22.764</b>	<b>20.549</b>	<b>2.215</b>	<b>(9.7)</b>
Use of reserves: - from reserves	(2.253)	(38)	2.215	(98.3)
<b>Budget requirement</b>	<b>20.511</b>	<b>20.511</b>		
Unringfenced Government Support & Collection Fund surplus	(13.005)	(13.005)		
<b>Council Tax</b>	<b>7.506</b>	<b>7.506</b>		

3.3 In order to further strengthen the robustness of financial monitoring, it is proposed that the Council commences a Zero Based Budgeting review of the base budget to ensure that a new budget is produced in line with corporate objectives.

#### **Proposed Use of Unused Revenue Resources**

3.4 Considering that the provisional outturn is indicating a contribution from general reserves of £38,000, it is expected that, if no allocations were made to Earmarked Reserves that the General Fund Balance at the 31<sup>st</sup> March 2014 would be £10.549m (this is £2.404m higher than the £8.145m estimated when the 2013/14 budget was approved in February 2013).

3.5 However, considering the service transformation that the Council is facing over the medium term and the proposal to provide additional investment in “revenue generating” capital projects, it is proposed that a total of £2.404m is transferred to Earmarked Reserves:

- The Special Reserve is increased to £2.2m (a contribution of £0.9m).
- A new “Capital Investment” Earmarked Reserve is established with a balance of £1.5m.

This would bring the General Fund balance to £8.145m, in line with the original budget.

#### **Variations in Revenue Spend**

3.6 Over the year, Heads of Service have provided an extensive commentary on the reasons for variations in their forecast outturn to the updated budget. Table 2 below illustrates the main reasons for the provisional outturn variances against the original budget. Only variances greater than £75,000 are shown separately.



Table 2		Variation in the Original Budget 2013/14 to the Provisional REVENUE Outturn		
Service	£000	£000	Variation	Commentary
<b>Planning</b>				
- Original Budget		<b>1,863</b>		
	(478)		CIL Receipts	To be transferred to an Earmarked Reserve.
	(114)		Town Centre Redevelopment	Rephasing of Town Centre (St Neots) and adjustment for previous years carry forward.
	(105)		Head of Service Management Unit	Salary savings, Lower Transport Costs and Additional Income
	90		Private Housing Support	Prior year VAT determined from Improvement Agency fees.
	(46)	(653)	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>1,210</b>		
<b>Corporate Office</b>				
- Original Budget		<b>603</b>		
	(157)		Directors Management Unit	Interim effect of senior management restructure.
	(130)		Corporate Officer Management Unit	Estates staff vacancies, externally funded work and savings on supplies and services and training.
	(89)		Community Initiatives	Budget carry forward, unapplied grant and permanent virement.
	94		Estates	Reduction in rental income.
	18	(264)	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>339</b>		
<b>One Leisure</b>				
- Original Budget		<b>269</b>		
	292		One Leisure St Ives	Reduced income due to delay in opening.
	(101)		Other One Leisure Sites	Savings on employees & supplies and services to off-set One Leisure St Ives cost.
	5	196	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>465</b>		

Table 2 (continued)		Variation in the Original Budget 2013/14 to the Provisional REVENUE Outturn		
Service	£000	£000	Variation	Commentary
<b>Environmental Management</b>				
- Original Budget		<b>2,579</b>		
	(184)		Pathfinder House and Eastfield Depot	Savings on salaries, utilities and repairs and maintenance.
	(132)		Environmental Management Unit	Savings on Training, Employee Oncosts and Car Allowances
	(114)	(430)	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>2,149</b>		
<b>Customer Services</b>				
- Original Budget		<b>2,917</b>		
	(274)		Housing Benefits	Technical adjustment in respect of the Bad Debts Provision, lower costs of rent allowances and additional DWP grants.
	(161)		Homelessness	Technical adjustment in respect of Bad Debts Provision, savings from temporary accommodation, lower prevention payments and hotel support.
	(144)			Additional admin grant and higher than expected recovery of Council Tax benefit overpayments.
	(143)		Customer Services	Savings on staffing costs, lower cash handling charges and general supplies costs.
	(10)	(732)	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>2,185</b>		
<b>Environmental &amp; Community Health</b>				
- Original Budget		<b>2,174</b>		
	(134)		E&CH Management Unit	Staff vacancies, savings on travel, training and administrative costs.
	(106)	(240)	Other	Aggregated variances less than £75,000.
- Provisional Outturn		<b>1,934</b>		

Table 2 (continued)		Variation in the Original Budget 2013/14 to the Provisional REVENUE Outturn		
Service	£000	£000	Variation	Commentary
<b>Financial Services</b>				
<b>- Original Budget</b>		<b>4,946</b>		
	(888)		Additional Grants	Section 31 grants, including NDR relief/transitional protection, capitalisation grant; renewal energy business rates; senior management savings.
	(211)		S.106 Receipts	To be transferred to an Earmarked Reserve.
	(205)		Contingency	None use of contingency reserve.
	(137)		Minimum Revenue Provision	Reduction in MRP due to slippage in capital programme.
	(97)		Collection Fund	Technical adjustment in respect of HDC share of Collection Fund surplus/deficit.
	(83)		External audit fees	Reduction in audit fees.
	587		Redundancy Costs	Corporate cost in relation to senior management restructure.
	(135)	(1,169)	Other	Aggregated variances less than £75,000.
<b>- Provisional Outturn</b>		<b>3,777</b>		
<b>Operations</b>				
<b>- Original Budget</b>		<b>4,370</b>		
	(173)		Street Cleaning & Litter	Savings from agency staff and overtime and general costs of service delivery.
	(112)		Operations Management Unit	Staff savings and savings from supplies and services and transport.
	(105)		Recycling	Savings from Agency Staff and accounting correction.
	(70)	(460)	Other	Aggregated variances less than £75,000.
<b>- Provisional Outturn</b>		<b>3,910</b>		
<b>Information Management</b>				
<b>- Original Budget</b>		<b>1,887</b>		
	(81)		IMD Management Unit	Savings from staff, training software and travel costs.
	(8)	(89)	Other	Aggregated variances less than £75,000.
<b>- Provisional Outturn</b>		<b>1,798</b>		

Table 2 (continued)		Variation in the Original Budget 2013/14 to the Provisional REVENUE Outturn		
Service	£000	£000	Variation	Commentary
<b>Legal &amp; Democratic Services</b>				
- Original Budget	(120)	1,657	Central Services	External elections contributions to support costs and budget carry forward for grant received. Aggregated variances less than £75,000.
- Provisional Outturn	(67)	1,470	Other	
<b>Total Service Expenditure</b>		<b>19,237</b>		
<b>Summary</b>				
<b>Original Budget</b>				
<b>Service Expenditure</b>		<b>23,265</b>		
Revenue expenditure financed from Capital		(501)		
<b>Net Expenditure</b>		<b>22,764</b>	(a)	
<b>Provisional Outturn</b>				
<b>Service Expenditure</b>		<b>19,237</b>		
Accounting Adjustments	1,627			
Revenue expenditure financed from Capital	(315)	1,312		
<b>Net Expenditure</b>		<b>20,549</b>	(b)	
<b>Unused Revenue Resources</b>		<b>2,215</b>	(a-b)	

#### 4. PROVISIONAL OUTTURN - CAPITAL

##### Provisional Capital Outturn compared to the Updated Budget

- 4.1 For all Council services, the provisional capital outturn is £10.111m; this takes into account all known cash adjustments.

At the time of writing this report, it is not expected that there will be any further accounting adjustments that will affect the provisional outturn. However, if such adjustments are required these will be reported at the final outturn stage.

- 4.2 The original 2013/14 Capital programme was £8.863m; however a further £3.040m was approved in February 2014 as part of the 2014/15 budget process giving an Updated Budget of £11.903m. Considering the aforementioned provisional capital outturn, the net impact is that expenditure is £1.792m less than the Updated Budget; this is illustrated in Table 3 below:

<b>Table 3</b>			
<b>Summary of the Variation in the 2013/14 Updated Capital Programme to the Provisional Capital Programme to the</b>			
	<b>Capital</b>		<b>Total</b>
	<b>Assets £000</b>	<b>Investments £0000</b>	<b>£000</b>
<b>Original Capital Programme</b>	<b>8,863</b>	<b>0</b>	<b>8,863</b>
Approved additional capital expenditure	1,540	1,500	3,040
<b>Updated Capital Programme</b>	<b>10,403</b>	<b>1,500</b>	<b>11,903</b>
<b>Provisional Capital Outturn</b>	<b>8,536</b>	<b>1,575</b>	<b>10,111</b>
<b>Variation Provision Outturn Against Updated Budget</b>	<b>(1,867)</b>	<b>75</b>	<b>(1,792)</b>
<b>Financing of Provisional Capital Outturn</b>			
External Borrowing	0	1,500	1,500
Capital Receipts	965	0	965
Capital Grants Unapplied Reserve	318	0	318
	<b>1,283</b>	<b>1,500</b>	<b>2,783</b>
Minimum Revenue Provision			1,118
Working Capital			6,210
<b>Total Financing</b>			<b>10,111</b>

##### Proposed Use of Unused Capital Resources

- 4.3 The £1.792m unused capital programme (slippage) remains within the Councils working balances and can be applied to future years capital assets/investments within the requirements of the Councils Treasury Management Strategy.

## **Variations in Capital Spend**

- 4.4 Over the year, Heads of Service have provided an extensive commentary on the reasons for variations in their forecast capital outturn to the updated budget. Table 4 below illustrates the main reasons for the provisional capital outturn variances against the updated budget. Commentary is only provided on variances greater than £25,000.

<b>Table 4 Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn</b>						
<b>Service</b>	<b>Original Capital Programme (Net)</b>	<b>Approved Changes (Feb 2014)</b>	<b>Updated Capital Programme (Net)</b>	<b>Net Provisional Capital Outturn</b>	<b>Variation</b>	<b>Commentary</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>(on variations greater than +/-£25,000)</b>
<b>Planning</b>						
• Housing Private Sector Grants	100	70	<b>170</b>	152	<b>(18)</b>	
• Disabled Facility Grants	1,550	(507)	<b>1,043</b>	1,159	<b>116</b>	Joint Housing Improvement Agency processed more DFG grants than expected.
• Social Housing Grants	118	2	<b>120</b>	118	<b>(2)</b>	
• Decent Homes	50	(22)	<b>28</b>	13	<b>(15)</b>	
• Town Centre Developments	210	(210)	<b>0</b>	0	<b>0</b>	
• Rural Renewal NE Hunts (Pump Priming)	63	(63)	<b>0</b>	0	<b>0</b>	
• Community Infrastructure Levy	23	5	<b>28</b>	0	<b>(28)</b>	The main CIL Software replacement is included within the IMD Business Systems programme. This budget will only be required if the Uniform software cannot deliver all the functionality.
• Huntingdon Town Centre Extra Car Parking	3,973	787	<b>4,760</b>	4,577	<b>(183)</b>	Construction was delayed due to the time taken to finalise the development agreement, poor ground conditions and a collapsed sewer.
• Railway Station Enhancements	0	94	<b>94</b>	116	<b>22</b>	
• Perry Cycleway	0	9	<b>9</b>	(3)	<b>(12)</b>	
• Mill Common Cycleway	0	0	<b>0</b>	0	<b>0</b>	
• Yaxley Cycleway	0	1	<b>1</b>	2	<b>1</b>	
• Railway Station Improvements	0	0	<b>0</b>	1	<b>1</b>	
• MHP Replacement Static Caravans	0	30	<b>30</b>	0	<b>(30)</b>	Delays in procurement has meant that acquisition of the static caravans has been delayed until 2014/15.
<b>Provisional Outturn</b>	<b>6,087</b>	<b>196</b>	<b>6,283</b>	6,135	<b>(148)</b>	

<b>Table 4 (continued) Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn</b>						
<b>Service</b>	<b>Original Capital Programme (Net)</b>	<b>Approved Changes (Feb 2014)</b>	<b>Updated Capital Programme (Net)</b>	<b>Net Provisional Capital Outturn</b>	<b>Variation</b>	<b>Commentary</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Corporate Office</b>						
• Highlode Ramsey	0	263	263	0	(263)	HDC currently negotiating with landlord in respect of acquiring freehold.
<b>Provisional Outturn</b>	<b>0</b>	<b>263</b>	<b>263</b>	<b>0</b>	<b>(263)</b>	
<b>One Leisure</b>						
• St Ives Outdoor Centre	(53)	53	0	0	0	
• St Ives Leisure Centre Redevelopment	1,000	430	1,430	1,431	1	
• Leisure Centre (Future Enhancement)	272	(264)	8	0	(8)	
• Replacement Fitness Equipment	330	(330)	0	0	0	
• One Leisure St Ives	0	136	136	136	0	
• Synthetic Pitch	0	14	14	14	0	
• Fitness Equipment	0	7	7	7	0	
• Squash Court Refurbishment	0	14	14	14	0	
• Ramsey LC (1)	0	4	4	4	0	
• St Ives Outdoor Centre	0	1	1	1	0	
• Ramsey LC (2)	0	55	55	57	2	
<b>Provisional Outturn</b>	<b>1,549</b>	<b>120</b>	<b>1,669</b>	<b>1,664</b>	<b>(5)</b>	



Table 4 (continued)		Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn				
Service	Original Capital Programme (Net) £000	Approved Changes (Feb 2014) £000	Updated Capital Programme (Net) £000	Net Provisional Capital Outturn £000	Variation £000	Commentary
<b>Environmental Management</b>						
• Greenhouses	(415)	415	0	0	0	
• Pathfinder House	(420)	420	0	0	0	
• Heart of Oxmoor	(1,366)	0	(1,366)	(1,405)	(39)	Technical accounting benefit due to higher interest indexing as a result of delayed receipt of income.
• Building Efficiency (Salix)	77	(27)	50	67	17	
• Godmanchester Flood Alleviation	175	0	175	175	0	
• Environmental Strategy Funding	55	3	58	38	(20)	
• Chequers Court Public Realm	0	0	0	0	0	
• Huntingdon West Development	473	(23)	450	164	(286)	Scheme was delayed because of protracted development negotiations but is now complete. However, there are still outstanding compensation issues which may take some time to settle.
<b>Provisional Outturn</b>	<b>(1,421)</b>	<b>788</b>	<b>(633)</b>	<b>(961)</b>	<b>(328)</b>	

Table 4 (continued)		Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn				
Service	Original Capital Programme (Net) £000	Approved Changes (Feb 2014) £000	Updated Capital Programme (Net) £000	Net Provisional Capital Outturn £000	Variation £000	Commentary
<b>Environmental &amp; Community Health</b>						
• Loves Farm Community Centre	60	(60)	0	9	9	
• Pedals Scheme	0	11	11	0	(11)	
<b>Provisional Outturn</b>	<b>60</b>	<b>(49)</b>	<b>11</b>	<b>9</b>	<b>(2)</b>	
<b>Financial Services</b>						
• VAT Exempt Capital	53	(49)	4	0	(4)	
• General Allocation	50	0	50	0	(50)	Unused capital contingency.
<b>Provisional Outturn</b>	<b>103</b>	<b>(49)</b>	<b>54</b>	<b>0</b>	<b>(54)</b>	

<b>Table 4 (continued)</b>		<b>Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn</b>				
<b>Service</b>	<b>Original Capital Programme (Net)</b>	<b>Approved Changes (Feb 2014)</b>	<b>Updated Capital Programme (Net)</b>	<b>Net Provisional Capital Outturn</b>	<b>Variation</b>	<b>Commentary</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Operations</b>						
• Recycling Kerbside Collection	181	(48)	<b>133</b>	51	<b>(82)</b>	Change in policy during the year, meaning that developers contribute towards the cost of the New bins for NEW planning applications. Also bins lasting longer than originally planned, so deliberate delay in purchase of replacements.
• Refuse/Green Waste Collection	20	12	<b>32</b>	11	<b>(21)</b>	
• CCTV (Camera Replacement)	291	(214)	<b>77</b>	41	<b>(36)</b>	Expenditure deferred to tie in with shared service implementation.
• Play Equipment	45	0	<b>45</b>	17	<b>(28)</b>	Insufficient time to implement. The programme was reprofiled and exceptionally wet weather delaying installation.
• Vehicle & Plant	1,124	77	<b>1,201</b>	714	<b>(487)</b>	Insufficient staff time to proceed with purchasing program. A full-time fleet manager is now employed to bring back in line for 2014/15.
• In Cab Technology	70	0	<b>70</b>	0	<b>(70)</b>	Insufficient resources within IMD so project is delayed.
• Pool Vehicles	0	60	<b>60</b>	40	<b>(20)</b>	
• Flail Mower	0	12	<b>12</b>	10	<b>(2)</b>	
• Play Equipment S106	0	75	<b>75</b>	74	<b>(1)</b>	
• Wireless CCTV	0	290	<b>290</b>	0	<b>(290)</b>	Following further investigation, CCTV service is reviewing what offers the best value for money solution.
<b>Provisional Outturn</b>	<b>1,731</b>	<b>264</b>	<b>1,995</b>	958	<b>(1,037)</b>	

Table 4 (continued)

## Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn

Service	Original Capital Programme (Net) £000	Approved Changes (Feb 2014) £000	Updated Capital Programme (Net) £000	Net Provisional Capital Outturn £000	Variation £000	Commentary
<b>Information Management</b>						
• Business Systems General	225	15	<b>240</b>	240	<b>0</b>	This programme includes a number of projects, including, Legal Case Management, GIS Corporate, Uniform, BACS Replacement, Automated Phone Payments, Sharepoint, Email Archive, Payment Hub, Car Parking, Mobile Apps, Q-Matic Replacement.
• Service Virtualisation & Network	258	116	<b>374</b>	63	<b>(311)</b>	Net position for this programme is (£48,000). These three projects are linked due to the work being undertaken to roll out replacement computers for the Desktop Delivery Project. Work planned for 2013/14 has not happened due to the scale of the project and the very small window of roll out after the decision to switch from a VDI solution to a traditional replacement was made in January 2014. Work to complete the roll out is continuing into 2014/15.
• ICT Replacement	0	0	<b>0</b>	59	<b>59</b>	
• ICT Virtualisation (Desktop)	75	0	<b>75</b>	279	<b>204</b>	
• Call Centre Replacement	0	0	<b>0</b>	34	<b>34</b>	The programmed work took more resources than originally planned.
• Council Tax Support Software	0	35	<b>35</b>	25	<b>(10)</b>	
• eForms	0	0	<b>0</b>	7	<b>7</b>	
<b>Provisional Outturn</b>	<b>558</b>	<b>166</b>	<b>724</b>	707	<b>(17)</b>	

Table 4 (continued)		Variation in the 2013/14 Updated Capital Programme (Assets) to the Provisional Outturn				
Service	Original Capital Programme (Net)	Approved Changes (Feb 2014)	Updated Capital Programme (Net)	Net Provisional Capital Outturn	Variation	Commentary
	£000	£000	£000	£000	£000	
<b>Legal &amp; Democratic Services</b>						
• Printing Equipment	70	(45)	25	24	(1)	
• Multi-Functional Devices	80	(80)	0	0	0	
• Document Centre Equipment	46	(34)	12	0	(12)	
<b>Provisional Outturn</b>	<b>196</b>	<b>(159)</b>	<b>37</b>	<b>24</b>	<b>(13)</b>	
<b>TOTAL ASSETS</b>	<b>8,863</b>	<b>1,540</b>	<b>110,403</b>	<b>8,536</b>	<b>(1,867)</b>	
Table 4 (continued)		Variation in the 2013/14 Updated Capital Programme (Investments) to the Provisional Outturn				
Service	Original Capital Programme (Net)	Approved Changes (Feb 2014)	Updated Capital Programme (Net)	Net Provisional Capital Outturn	Variation	Commentary
	£000	£000	£000	£000	£000	
<b>Financial Services</b>						
• Huntingdon Regional College	0	1,500	1,500	1,500	0	
• Huntingdon Gym Loan	0	0	0	75	75	A supplementary capital estimate was approved by cabinet for loans totalling up to £300,000, up to the end of March only £75,000 had been requested by Huntingdon Gym.
<b>TOTAL INVESTMENTS</b>	<b>0</b>	<b>1,500</b>	<b>1,500</b>	<b>1,575</b>	<b>75</b>	

**5. LEGAL IMPLICATIONS**

5.1 No direct, material legal implications arise out of this report.

**6. RESOURCE IMPLICATIONS**

6.1 The resource implications are noted within this report.

**LIST OF APPENDICES INCLUDED**

None

**BACKGROUND PAPERS**

Working papers in Financial Services

**CONTACT OFFICER**

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## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	<b>2013/14 Treasury Management Annual Report</b>
<b>Meeting/Date:</b>	<b>Cabinet</b> 19 June 2014
<b>Executive Portfolio:</b>	<b>Resources: Councillor J A Gray</b>
<b>Report by:</b>	<b>Head of Resources</b>
<b>Ward(s) affected:</b>	<b>All Wards</b>

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### **Executive Summary:**

The Council's Treasury Management processes are underpinned by CIPFA's Code of Practice on Treasury Management, the Code requires the Council to produce an annual Treasury Management Strategy, for 2013/14 this was approved by Council on the 20th February 2013. The code of practice also recommends that members are informed of treasury management activity at least twice a year; the first report, the 2013/14 mid-year report was reported to Cabinet on the 12th December 2013 and this is the second of the two reports.

The Council will during the course of its normal business borrow and invest substantial sums of money, and as a consequence is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

The identification and monitoring of these risks are central to the Council's Treasury Management Strategy. The main points of the Treasury Management Strategy are;

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

Throughout 2013/14 there has been a moderate reduction in the credit rating of financial institutions, in order to mitigate the risk from this the Council has mainly invested on a short-term basis, with significant use made of call accounts, where access to funds is instant. Borrowing has also been made mainly on a short-term basis.

The Council's banker, NatWest was downgraded in March 2014 and as a consequence was removed from the counterparty list. NatWest will not be used for investments but will continue to be used for operational banking requirements.

The average interest rate paid for borrowing was 2.94%, and the average interest rate received for investing was 2.29%.

### **Recommendation(s):**

- That Cabinet note the content of this report and annexes

## 1. INTRODUCTION

1.1 Council approves the Treasury Management Strategy for the coming year when it approves the budget and MTP each February. It also receives a mid-year report and an annual report after the end of the financial year. The Strategy is scrutinised by the Economic Well-being Panel.

1.2 The key points in the 2013/14 Strategy were:

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

## 2. ECONOMIC REVIEW

2.1 An economic review of the year provided by our Treasury Management advisors, Arlingclose, is attached as Annex A.

## 3. PERFORMANCE OF FUNDS

3.1 The following table summarises the treasury management transactions undertaken during the 2013/14 financial year and the details of the investments and loans held as at 31st March 2014 are shown in detail in Annex B.

3.2

	<b>Principal Amount £m</b>	<b>Interest Rate %</b>
<b>Investments</b>		
at 31 <sup>st</sup> March 2013	6.4	3.93
<b>less</b> matured in year	-188.0	
<b>plus</b> arranged in year	+185.1	
at 31 <sup>st</sup> March 2014	3.5	1.74
<b>Average Investments</b>	<b>10.6</b>	<b>2.29</b>
<b>Borrowing</b>		
at 31 <sup>st</sup> March 2013	16.0	2.56
<b>less</b> repaid in year	-31.6	
<b>plus</b> arranged in year	+33.0	
at 31 <sup>st</sup> March 2014	17.4	2.55
<b>Average Borrowing</b>	<b>14.4</b>	<b>2.94</b>



- 3.3 The average rate of interest on all investments was 2.29%, 1.96% above the 7-day benchmark rate of 0.33%. This good performance was due to £5m of the investments being locked into higher rates before the year started together with the use of liquidity accounts with major banks and building societies and Money Market Funds which gave the added safety of instant access together with interest rates in excess of the benchmark.
- 3.4 If only short-term cash flow investment activity is considered, the rate of interest on investments was 0.94%, which is still more than double the 7-day benchmark rate of 0.33%.
- 3.5 The Council's exposure to interest rate risk at the end of the year was:
- £11.4m long term borrowing from the PWLB, at a weighted average rate of 3.70%.
  - £6.0m short term borrowing for 1 month at a weighted average rate of 0.37%.

This gave an overall weighted average borrowing rate of 2.55%.

- 3.6 The actual net investment interest payable (after deduction of interest receivable on loans) was £182,000 which is £57,000 (24%) less than the original budget. This is mainly due to higher than expected reserves reducing the need to borrow externally.

#### **4. STRATEGY – BORROWING**

- 4.1 **Long-term borrowing.** The strategy allowed for 'must borrow' to finance that part of the capital programme that could not be met from internal funds. There was also a provision for 'may borrow' which allowed borrowing in anticipation of need, based on whether longer term rates seemed low compared with future likely levels. Long-term borrowing of £1.5m was obtained from PWLB to fund a loan to Huntingdonshire Regional College. Short-term borrowing rates were very low, as a result short-term borrowing and internal borrowing was used for funding.
- 4.2 **Short-term borrowing.** The Authority needed to borrow short-term during the year to manage its cash flow; it averaged £3.4m per day.

#### **5. STRATEGY - INVESTMENTS**

- 5.1 The Council's strategy for 2013/14 was based on all investments being managed in-house. The investments were of three types:
- time deposits,
  - liquidity (call) accounts (with banks with a high credit rating and the top 25 building societies by asset value), and
  - money market funds
- 5.2 In March 2014 the long-term rating of both the Royal Bank of Scotland and

NatWest Bank were downgraded to Baa1. This rating is below the Council's minimum investment credit criterion of AA-, as a consequence the bank was withdrawn from the Council's counterparty list for investment purposes. The NatWest will continue to be used for operational banking purposes (cash flow and day-to-day banking) but not for investments. All bank accounts held by NatWest are maintained at or near to zero.

- 5.3 The strategy includes limits on the size of investments with each organisation and country limits. The limits are shown in Annex C.
- 5.4 The strategy was reviewed during the course of the year and the mid-year report was reported to Cabinet on the 12th December 2013.

## 6. RISK MANAGEMENT

- 6.1 The Council's primary objectives for the management of its investments are to give priority to the security and liquidity of its funds before seeking the best rate of return.
- 6.2 **Security** is managed by investing short-term with highly-rated banks, building societies and local authorities in the UK. The Authority received regular updates from its advisors, Arlingclose, sometimes daily, on changes to the credit rating of counterparties. This allowed the Council to amend its counterparty list and not invest where there is concern about the credit rating.
- 6.3 **Liquidity.** The majority of the Council's invested funds have been held in liquidity accounts or Money Market Funds, which have a rate of interest above base rate and provide instant access to funds.
- 6.4 Overall, liquidity was managed by producing daily cash flow forecasts that help set the limit on the duration of the investments in time deposits. The projections turned out to be cautious which sometimes resulted in funds being available before they were needed with any surplus being invested on a temporary basis.
- 6.5 **Return on investments.** Security and liquidity took precedence over the return on investments, which resulted in investments during 2013/14 generally being of short duration due to the benefit of good rates on liquidity and growing concerns over the credit rating of counterparties. With the Bank of England base rate being set at historically low levels, the rates of return available from the market are consequently also low.

## 7. COMPLIANCE WITH REGULATIONS AND CODES

- 7.1 All the treasury management activity undertaken during the financial year complied with the approved strategy, the CIPFA Code of Practice, and relevant legislation.
- 7.2 The Code requires the Council to approve both Treasury Management and Prudential Indicators. Those for 2013/14 were approved at the Council meeting on 20<sup>th</sup> February 2013. Annex D shows the relevant indicators and the actual results.

## **8 CONCLUSION**

- 8.1 Considering that interest rates for the year remained exceptionally low, the Council's performance on the investment of funds significantly exceeds the benchmark and the budgeted investment interest.
- 8.2 In a year of uncertainty in the financial markets all of the Council's investments were repaid in full and on time.
- 8.3 The Authority has carried out its treasury management activities with due regard to minimising risk, and in accordance with legislation. During the year it reviewed its strategy in the light of external events in the markets.

## **9 RECOMMENDATION**

- 9.1 It is recommended that Cabinet note this report.

### **BACKGROUND INFORMATION**

2013/14 cash management files and working papers  
Reports to the Cabinet and Treasury Management Advisory Group  
CIPFA Code on Treasury Management

### **CONTACT OFFICER**

Mr Clive Mason      Head of Resources      Tel. 01480 388157

## ECONOMIC REVIEW OF 2013/14

- 1.1** At the beginning of the 2013-14 financial year markets were concerned about lacklustre growth in the Eurozone, the UK and Japan. Lack of growth in the UK economy, the threat of a ‘triple-dip’ alongside falling real wages (i.e. after inflation) and the paucity of business investment were a concern for the Bank of England’s Monetary Policy Committee. Only two major economies – the US and Germany – had growth above pre financial crisis levels, albeit these were still below trend. The Eurozone had navigated through a turbulent period for its disparate sovereigns and the likelihood of a near-term disorderly collapse had significantly diminished. The US government had just managed to avoid the fiscal cliff and a technical default in early 2013, only for the problem to re-emerge later in the year.
- 1.2** With new Governor Mark Carney at the helm, the Bank of England unveiled forward guidance in August pledging to not consider raising interest rates until the ILO unemployment rate fell below the 7% threshold. In the Bank’s initial forecast, this level was only expected to be reached in 2016. Although the Bank stressed that this level was a threshold for consideration of rate increase rather an automatic trigger, markets began pricing in a much earlier rise than was warranted and, as a result, gilt yields rose aggressively.
- 1.3** The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. Worries of a housing bubble were tempered by evidence that net mortgage lending was up by only around 1% annually.
- 1.4** CPI fell from 2.8% in March 2013 to 1.7% in February 2014, the lowest rate since October 2009, helped largely by the easing commodity prices and discounting by retailers, reducing the pressure on the Bank to raise rates. Although the fall in unemployment (down from 7.8% in March 2013 to 7.2% in January 2014) was faster than the Bank of England or indeed many analysts had forecast, it hid a stubbornly high level of underemployment. Importantly, average earnings growth remained muted and real wage growth (i.e. after inflation) was negative. In February the Bank stepped back from forward guidance relying on a single indicator – the unemployment rate – to more complex measures which included spare capacity within the economy. The Bank also implied that when official interest rates were raised, the increases would be gradual – this helped underpin the ‘low for longer’ interest rate outlook despite the momentum in the economy.
- 1.5** The Office of Budget Responsibility’s 2.7% forecast for economic growth in 2014 forecast a quicker fall in public borrowing over the next few years.

However, the Chancellor resisted the temptation to spend some of the proceeds of higher economic growth. In his 2013 Autumn Statement and the 2014 Budget, apart from the rise in the personal tax allowance and pension changes, there were no significant giveaways and the coalition's austerity measures remained on track.

- 1.6** The Federal Reserve's then Chairman Ben Bernanke's announcement in May that the Fed's quantitative easing (QE) programme may be 'tapered' caught markets by surprise. Investors began to factor in not just an end to QE but also rapid rises in interest rates. 'Tapering' (a slowing in the rate of QE) began in December 2013. By March 2014, asset purchases had been cut from \$75bn to \$55bn per month with expectation that QE would end by October 2014. This had particular implications for global markets which had hitherto benefited from, and got very accustomed to, the high levels of global liquidity afforded by QE. The impact went further than a rise in the dollar and higher US Treasury bond yields. Gilt yields also rose as a consequence and emerging markets, which had previously benefited as investors searched for yield through riskier asset, suffered large capital outflows in December and January.
- 1.7** With the Eurozone struggling to show sustainable growth, the European Central Bank cut main policy interest rates by 0.25% to 0.25% and the deposit rate to zero. Markets were disappointed by the lack of action by the ECB despite CPI inflation below 1% and a looming threat of deflation. Data pointed to an economic slowdown in China which, alongside a weakening property market and a highly leveraged shadow banking sector, could prove challenging for its authorities.
- 1.8** Russia's annexation of the Ukraine in March heightened geopolitical tensions and risk. The response from the West which began with sanctions against Russia which is the second largest gas producer in the world and which supplies nearly 30% of European natural gas needs and is also a significant supplier of crude oil – any major disruption to their supply would have serious ramifications for energy prices.
- 1.9** Gilt Yields and Money Market Rates: Gilt yields ended the year higher than the start in April. The peak in yields was during autumn 2013. The biggest increase was in 5-year gilt yields which increased by nearly 1.3% from 0.70% to 1.97%. 10-year gilt yields rose by nearly 1% ending the year at 2.73%. The increase was less pronounced for longer dated gilts; 20-year yields rose from 2.74% to 3.37% and 50-year yields rose from 3.23% to 3.44%. 3-month, 6-month and 12-month Libid rates remained at levels below 1% through the year.

## ANNEX B

## BORROWING AND INVESTMENTS AT 31 MARCH 2014

	Short-term Rating		Date Invested/ Borrowed	Amount		Interest Rate	Year of Maturity
	Fitch	Moody's		£m	£m		
<b>BORROWING</b>							
<b>Short-term</b>							
Portsmouth City Council	Not rated		14/03/14	4.000		0.40%	2014/15
South Lanarkshire Council	Not rated		18/03/14	2.000		0.32%	2014/15
					<b>6.000</b>		
<b>Long-term</b>							
PWLB			07/08/13	1.433		2.24%	2023/24
PWLB			19/12/08	5.000		3.91%	2057/58
PWLB			19/12/08	5.000		3.90%	2058/59
					<b>11.433</b>		
<b>Total Borrowing</b>					<b>17.433</b>		
<b>INVESTMENTS IN-HOUSE</b>							
<b>Investments</b>							
NatWest Liquidity	F1	P2		0.034m		0.50%	On-call
Cambridge Building Society	Not rated			0.100m		0.50%	On-call
Santander	F1	P1		1.150m		0.50%	On-call
Public Sector Deposit Fund	AAAmmf			0.650m		0.33%	On-call
					<b>1.934</b>		
<b>Loans</b>							
Alconbury Parish Council	Not rated			0.010m		0.50%	2016/17
Huntingdonshire Regional College	Not rated			1.436m		3.34%	2023/24
Huntingdon Gym	Not rated			0.072m		5.13%	2023/24
					<b>1.518</b>		
<b>Total Investments</b>					<b>3.452</b>		
<b>Net Borrowing</b>					<b>13.981</b>		

## IN-HOUSE FUND MANAGEMENT (IF NO FURTHER ADVANCE BORROWING)

<b>Duration of investments</b>	No investment shall be longer than 5 years. Maximum duration for a Building Society with no rating is 1 month.																
<b>Types of investments</b>	Fixed term Deposits Deposits at call, two or seven day notice Corporate bonds Money market funds UK Government bonds and Supranational Bank bonds Loans to organisations																
<b>Credit Ratings</b>	<p><b>Building Societies</b> All Building Societies with ratings of BBB or above. Building Societies with no ratings.</p> <p><b>Money Market Funds</b> AAA credit rating</p> <p><b>Local Authorities or UK Government</b> No rating required</p> <p><b>Non-Building Societies</b> Short term rating F1 by Fitch or equivalent. Long-term rating of AA- by Fitch or equivalent if the investment is longer than 1 year.</p> <p><b>Loans to Organisations</b> These will not require a specific credit rating but will be subject to individual approval by Cabinet.</p>																
<b>Maximum limits per counterparty (group), country or non-specified category</b>	<table> <tr> <td>F1+ or have a legal position that guarantees repayment for the period of the investment</td> <td>£5M</td> </tr> <tr> <td>F1</td> <td>£4M</td> </tr> <tr> <td>Building Society with assets over £2bn in top 25 (Currently 10)</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets over £1bn if in top 25 (Currently 3)</td> <td>£4M</td> </tr> <tr> <td>Building Society with assets under £1bn in top 25</td> <td>£3M</td> </tr> <tr> <td>Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society. BUT total invested with counterparty/group shall not exceed</td> <td>£5M</td> </tr> <tr> <td></td> <td>£8M</td> </tr> <tr> <td>Money market fund AAA Credit rating</td> <td>£4m</td> </tr> </table> <p><b>Limit for Non-specified investments</b></p> <ul style="list-style-type: none"> <li>- £10M in time deposits more than one year</li> <li>- £5M in corporate bonds</li> <li>- £10M in any other types.</li> <li>- £15M in total</li> </ul> <p><b>Country limits</b></p> <ul style="list-style-type: none"> <li>- UK - unlimited</li> <li>- £5M in a country outside the EU</li> <li>- £10M in a country within the EU (excluding UK)</li> <li>- £20M in EU countries combined (excluding UK)</li> <li>- Country of Domicile for Money Market Funds – unlimited, providing the fund is AAA.</li> </ul> <p>No investment will be made in country with a sovereign rating of less than AA.</p> <p>These limits will be applied when considering any new investment from 23 February 2012. Lower limits may be set during the course of the year or for later years to avoid too high a proportion of the Council's funds being with any counterparty.</p> <p><b>Loans to Organisations</b> No limit in value or period.</p>	F1+ or have a legal position that guarantees repayment for the period of the investment	£5M	F1	£4M	Building Society with assets over £2bn in top 25 (Currently 10)	£5M	Building Society with assets over £1bn if in top 25 (Currently 3)	£4M	Building Society with assets under £1bn in top 25	£3M	Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society. BUT total invested with counterparty/group shall not exceed	£5M		£8M	Money market fund AAA Credit rating	£4m
F1+ or have a legal position that guarantees repayment for the period of the investment	£5M																
F1	£4M																
Building Society with assets over £2bn in top 25 (Currently 10)	£5M																
Building Society with assets over £1bn if in top 25 (Currently 3)	£4M																
Building Society with assets under £1bn in top 25	£3M																
Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society. BUT total invested with counterparty/group shall not exceed	£5M																
	£8M																
Money market fund AAA Credit rating	£4m																
<b>Benchmark</b>	LGC 7 day rate																

**CIPFA Prudential Indicators for Capital Finance in Local Authorities  
Prudential Indications and Treasury Management Indications for 2013/14  
Comparison of actual results with limits**

**PRUDENTIAL MANAGEMENT INDICATORS**

**1. Actual and Estimated Capital Expenditure.**

	<b>2013/14 Estimate £000</b>	<b>2013/14 Actual £000</b>
<b>Gross</b>	<b>17.9</b>	<b>15.5</b>
<b>Net</b>	<b>8.7</b>	<b>10.1</b>

**2. The proportion of the budget financed from government grants and council tax that is spent on interest and the provision for debt repayment.**

<b>2013/14 Estimate</b>	<b>2013/14 Actual</b>
<b>7%</b>	<b>6%</b>

**3. The impact of schemes with capital expenditure on the level of council tax.**  
This item is only provided to demonstrate affordability at budget setting and has already been superseded by the equivalent figure in the 2014/15 Treasury Management Strategy indicators.

**4. The capital financing requirement.**

This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP) with no allowance for funding in advance.

<b>2013/14 Estimate £m</b>	<b>2013/14 Actual £m</b>
<b>35.6</b>	<b>34.7</b>

**5. Net borrowing and the capital financing requirement.**

Net external borrowing as at the 31<sup>st</sup> March 2014, was £14.0m, this is £20.7m less than the capital financing requirement. Thereby confirming that the council has not borrowed for revenue purposes other than in the short-term for cash flow purposes.



**6. The actual external long-term borrowing at 31 March 2014**

£11.4m

**7. Adoption of the CIPFA Code**

The Council has adopted the 2011 edition of the CIPFA Treasury Management Code of Practice.

**TREASURY MANAGEMENT INDICATORS**

**8. The authorised limit for external debt.**

This is the maximum limit for borrowing and is based on a worst-case scenario.

	<b>2013/14 Limit £m</b>	<b>2013/14 Actual £m</b>
Short-Term	20.0	6.0
Long Term assuming maximum borrowing in advance	48.0	11.4
Other long-term liabilities (leases)	5.0	0.5
<b>Total</b>	<b>73.0</b>	<b>20.0</b>

**9. The operational boundary for external debt.**

This reflects a less extreme position. Although the figure can be exceeded without further approval, it represents an early warning monitoring device to ensure that the authorised limit (above) is not exceeded.

	<b>2013/14 Limit £m</b>	<b>2013/14 Actual £m</b>
Short-Term	15.0	6.0
Long Term	48.0	11.4
Other long-term liabilities (leases)	5.0	0.5
<b>Total</b>	<b>68.0</b>	<b>20.0</b>

Both of these actual results reflect the fact that long term rates were not considered low enough to borrow in anticipation of need

**10. Exposure to investments with fixed interest and variable interest.**

These limits are given as a percentage of total investments. Investments of less than 12 months count as variable rate.

		Limits		Actual
		Max.	Min.	As at 31.3.14
<b>Borrowing:</b> longer than 1 year	Fixed	100%	75%	100%
	Variable	25%	0%	0%
<b>Investments:</b> longer than 1 year	Fixed	100%	100%	100%
	Variable	0%	0%	0%

**11. Borrowing Repayment Profile**

The proportion of 2013/14 borrowing that matured in successive periods.

Borrowing	Upper limit	Lower limit	Actual As at 31.3.14
Under 12 months	86%	0%	34%
12 months and within 24 months	86%	0%	0%
24 months and within 5 years	86%	0%	0%
5 years and within 10 years	86%	0%	0%
10 years and above	100%	14%	66%

**12. Investment Repayment Profile**

Limit on the value of investments that cannot be redeemed within 364 days.

	Limit £m	Actual £m
Limit on principal invested beyond year end (31 March 2014)	32.6	0

**Public  
Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Our Role In Supporting the Prosperity and Vitality of the Market Towns
<b>Meeting/Date:</b>	Overview & Scrutiny Panel (Economic Well-Being)
<b>Executive Portfolio:</b>	Councillor T D Sanderson – Strategic Economic Development and Legal
<b>Report by:</b>	Head of Legal & Democratic Services
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

The Council Programme Group comprising the Chairman & Vice Chairmen of Council, the Deputy Executive Leader and Leaders of Opposition Groups and Independent Councillors considered a request (raised by a Member) that Mr Bill Grimsby from 'Action for Market Towns' should be invited to address a Council meeting. It was suggested that the subject of his address could then potentially be one that the Council might wish to debate.

The Group considered that it was important for the Council to have the opportunity to discuss 'the vitality of the market towns', but were of the view that it would be more productive if the content of the debate could then be used to steer the appropriate Overview & Scrutiny Panel to take forward the subject for a potential study. In these circumstances, it was agreed that the presentation by Mr Grimsby would be better directed towards the Panel undertaking the study work rather than the Council.

In the event, Councillor T D Sanderson, Executive Councillor for Economic Development and Legal led a debate at the Council meeting held on 30th April 2014.

### **Recommendation(s):**

It is recommended that a representative from 'Action for Market Towns' be invited to give a presentation to a future meeting of the Panel.

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## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 The Council Programme Group considered that the content of the debate on 'the prosperity and vitality of the Market Towns' held at the Council meeting on 30th April 2014 should give direction to a potential Scrutiny Study on the subject.
- 1.2 It also was suggested by the Group that Mr B. Grimsby from 'Action for Market Towns' should be given the opportunity to address Members as a preliminary to the undertaking of any detailed study. Given the pressure on Council meeting time, it was agreed that it would be best for Mr Grimsby to address the forum most likely to take forward the subject as a potential study. The relevant Overview & Scrutiny Panel was suggested for this purpose.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 An extract from the minutes of the meeting held on 30th April relating to the debate item is enclosed as Appendix A. For context, a copy of Councillor Sanderson's introductory statement is reproduced as Appendix B.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 A number of issues were raised by Members during the debate which can be summarised as follows -
- Planning policy including enforcement action to maintain appearance of town centres and particularly market squares, 'living above the shop' schemes
  - Promotion of weekly and special markets
  - Varying car parking charges at certain times/freeing up land for car parking
  - How to encourage investment by the private sector
  - Generation of positive news stories to overcome perceived negativity
  - Potential to extend guided bus
  - How to encourage creation of social hubs, restaurant quarters
  - How to encourage rural transport to enable those living in villages to visit the towns more often.

## **4. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 4.1 It is for the Panel to decide how or if they wish to take the study forward. The range of issues which arose during the Council debate indicates how broad the potential study might become. To maximise use of time and resources, the Panel might need to consider whether it should focus on particular elements of the debate rather than cover those matters over which they would have limited influence or about which the Council has existing recent policy.
- 4.2 As it may be advantageous to seek guidance and advice from 'Action For Market Towns' before scoping the remit and purpose of the Study, it is proposed that arrangements be made for a presentation to be held in advance of a future meeting of the Panel. In the light of the content of the presentation, the ensuing meeting could develop and scope any potential study.

<b>BACKGROUND PAPERS</b> Council Minutes 30th April 2014	<b>CONTACT OFFICER</b> Christine Deller, Democratic Services Manager Contact: 01480 388007
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## APPENDIX A

Councillor T D Sanderson, Executive Councillor for Strategic Economic Development and Legal introduced the debate by referring to the supporting information that had been circulated to Members and by describing how towns in Huntingdonshire were performing in comparison to those elsewhere. Councillor Sanderson drew attention to the various projects which either had been recently completed or were on-going in town centres due principally to private sector investment. Despite a positive picture, Councillor Sanderson highlighted issues which still required to be addressed, the various mechanisms that enabled the Council to promote and encourage the vitality of the town centres and the role of individual Councillors in supporting their town centres. The full text of Councillor Sanderson's address is appended in the Minute Book.

Councillor R Harrison opened the debate by describing the restaurant quarter around the Market Square which had contributed to the new vibrancy of St Neots town centre and positively improved the town's night time economy. He was disappointed, however, that the "Old Falcon" Hotel on the Market Square remained an "eyesore". Councillor Sanderson reported that he was aware that enforcement action was being taken against the owners of the Hotel and was hopeful of an improvement in the appearance of the building in the short term.

Turning to Huntingdon Town Centre, Councillor M G Baker reported that he was aware of the negative perception of the town on social media influenced by high car parking charges and the reduction in size and offer of the twice weekly market. He contended that the District Council could contribute more to the vitality of the town by, for instance, extending free car parking after 3 pm and ensuring that the Cromwell Museum remained opened to visitors.

In terms of car parking, Councillor Sanderson pointed out that fees and charges were an important component of a balanced budget. He also was of the opinion that free car parking would not necessarily lead to an increase in footfall in town centres. Councillor Sanderson reported that support for the Cromwell Museum had been provided by the Town Council and confirmed that the District Council continued to have a good working relationship with Churchmanor Estates who had contributed to much of the new development in the town.

Returning to St Neots, Councillor S M Van de Kerkhove drew the Council's attention to the recent decision by the Development Management Panel to give planning consent for a key/shoe repair kiosk in the Tesco car park at Barford Road, Eynesbury which, in his opinion, could lead to difficulties for three established businesses in the town centre. Councillor Van de Kerkhove also contended that the town had been "swamped" by new development without there being sufficient infrastructure in place which had contributed to severe traffic congestion in the town.

Whilst wishing to see all town centres thrive, Councillor Sanderson had no knowledge of the planning application to which the Councillor had referred so undertook to investigate the reasons why it had been supported by the Development Management Panel. The Executive Councillor also indicated his willingness to discuss with Councillor Van de Kerkhove, ways to generate and encourage the interests of the private sector in investing in the town.

Referring to the new Sainsburys development in Huntingdon and the intention of the store to vacate its existing premises, Councillor M F Shellens requested some indication as to which retailers might take their place in the town centre as a way to generate some positive news stories. Councillor Shellens also called for a restriction on out-of-town developments to avoid losing vibrancy in town centres. Other than the expectation that Waitrose would relocate to Chequers Court, Councillor Sanderson was unable to announce which retailers might move into Huntingdon but he was hopeful of

good and positive announcements soon. In terms of the proposed new Morrisons store in St Ives, Councillor Sanderson did not anticipate that this would impact upon the vibrancy of that town centre.

Councillor B S Chapman drew the Council's attention to the contribution it had made to the opportunity to open a new cinema in St Neots by allocating land for leisure and by generating private sector and partner interests in the town. He also mentioned recent improvements by the District Council in One Leisure which together with other partner contributions totalled an investment of £5m in the town. Although well placed in terms of its farmer and continental markets, Councillor Chapman considered that there were further opportunities to develop the potential of markets across the District.

Members were reminded of the content of a recent article in the Hunts Post which had indicated the Executive Leader's support for tourism in Huntingdonshire and in this context Councillor S Greenall mentioned the Cromwell Museum and Wilkinsons Gate in Huntingdon town centre. Councillor Greenall suggested that the Council should aspire to create social hubs rather than just concentrate on attracting new shopping outlets. The evolution of the restaurant quarter in St Neots was excellent in this respect. Councillor Sanderson reminded the Council that it had not been able to influence the decision on the erection of the "gate" and that online shopping had inevitably had a detrimental impact on High Streets. Councillor C R Hymans reminded the Council of the increase in visitors and trade generated by the guided bus in St Ives and questioned whether these benefits might assist Huntingdon if the guided track was further extended to the town. In terms of night time economy, Councillor Hyams was of the view that Huntingdon fell short in this respect. In reply, Councillor Sanderson was able to announce that the former "Level Two" nightclub might re-open in the near future. Notwithstanding the outcome of these discussions, however, Councillor Sanderson recognised that it was difficult for Huntingdon to compete with Cambridge and Peterborough in terms of evening entertainment although he was aware that the offer in St Ives appeared to be better in this respect.

On a related subject, Councillor P G Mitchell suggested that whilst there were opportunities to attract funding from development for youth and community facilities in rural areas, it proved to be more difficult to ensure sufficient funds were available for continuing maintenance. Councillor Sanderson indicated that he would give the matter some consideration.

Councillor P D Reeve drew the Council's attention to the level of investment by the Town Council in Ramsey which had resulted in successful Christmas lights, youth and market events. He invited the Executive Councillor to visit the town to view the projects which were underway and being supported but spoke of his frustration at the level of business rates which, in his view, were damaging to small businesses and the reluctance on the part of the District Council to make available land in their ownership for car parking to the rear of the doctor's surgery which might encourage greater numbers of visitors and shoppers to the town. Councillor Reeve welcomed the suggestion of a meeting with the Executive Councillor to address a series of issues which he was keen to discuss. In terms of the land ownership matter, Councillor J A Gray, Executive Councillor for Resources, urged Councillor Reeve to contact him to enable the potential use of the land to which he referred to be considered.

In welcoming the cinema development at St Neots, Councillor D A Giles urged Members to move away from the traditional view of shopping and whilst accepting the increasing preference for shopping online, remained of the view that there still was a place for a variety of shops in the town. Councillor Giles also drew attention to the disparity in parking charges between St Neots and Huntingdon, the length of time it appeared to take to address deteriorating buildings in the Market Square and need to discourage car drivers from accessing car parks via the town centre. Councillor R S Farrer added that the proximity of St Neots to Bedford had had an impact on the extent

to which the town centre might develop adding that the planning process certainly had a part to play in this respect.

Councillor Mrs D C Reynolds concurred with the views of Councillor Hyams in respect of the impact of the guided bus on the town but pointed out that this had also raised other issues by offering free car parking close to the town centre and by causing congestion on Harrison Way. Councillor Mrs Reynolds urged the Executive Councillor to consider enforcement action against the owners of the Robin Hood Public House which also appeared to have been abandoned.

On a similar theme to Councillor Greenall, Councillor J P Morris considered that town centres should be viewed as social hubs and be made more attractive to young people by varying car parking charges at certain times and by providing good quality and clean public conveniences. He also pointed out that “living over the shop” housing schemes encouraged residential use of town centres and helped to prevent them from emptying after shops had closed.

On a related subject, Councillor T V Rogers reminded the Council that fifty per cent of the population of the District lived in a rural environment and that it was vital to improve rural transport to assist visitors and shoppers to access town centres. At this juncture, Councillor D M Tysoe advised Members of the extent of the support lent to transport schemes by the District such as “dial a ride” which assisted those more elderly and vulnerable residents. Councillor Sanderson also undertook to respond to Councillor I C Bates on whether any research was underway to identify those village shops/post offices which were crucial to life in rural villages such that initiatives might also be developed to seek to protect and support the vitality of village and community life.

In general terms, Councillor Harrison urged the Council to recognise the good quality of life in Huntingdonshire and the reasons why residents might have chosen to live in the District’s towns despite the absence of facilities found in cities. Whilst he acknowledged that the Council and agencies should continue to work in partnership to improve the towns, he called on Members to support the achievements of the District Council in improving the towns and to acknowledge that they lived in an excellent place.

Councillor R B Howe paid tribute to the role of Ramsey in terms of its importance to neighbouring villages and the fact that it was respectable, well managed and clean. He contended that it was Members’ responsibility to ensure that the town continued to thrive and receive support through the infrastructure under the District Council’s control. Councillor Howe offered to assist the Town Council in developing a strategic plan to continue the work to revitalise the town.

The Council was reminded by the Executive Leader, Councillor J D Ablewhite, that it remained a District Council priority to provide pivotal support for the local economy and to maintain the vitality of towns, such as St Ives, as the hub of rural communities. However, it was equally important to meet the needs of rural villages by developing links to the towns and using these means to increase footfall. He urged Members to support the campaign to attract visitors to Huntingdonshire and think positively about what the towns could offer. Whilst the planning process would inevitably influence the progress of some issues, he was confident that by working with partners, local groups and other local councils, the District could develop master plans for all its town which could really make a difference to their future.

The Chairman thanked all those who had contributed to the discussion and those visitors in the public gallery who had attended.



## OUR ROLE IN SUPPORTING THE PROSPERITY AND VITALITY OF THE MARKET TOWNS

The future for Britain's High Streets and whether or not they can survive is often in the press and often presented in the context of general doom and gloom. So it's important that we begin our debate tonight with a little Huntingdonshire specific context and ask ourselves....

### ...How are our towns actually doing?

- Information on footfall and vacancy rates, the two most common measures of town centre vibrancy, has been circulated to members for this purpose. Clearly these show Huntingdonshire's market towns are all, to varying degrees, actually doing better than towns nationally. And it is important that during this debate we do not lose sight of this fact.
- It is for this very reason that, during the recessionary period, when precious little private investment in town centre development has been forthcoming nationally, Huntingdonshire has secured the development of the Cinema in St Neots, at least £25m of private sector town centre investment in Huntingdon and in St Ives.

### So, what are the problems that need addressing?

- Although we are doing better than most, our towns are not immune to issues faced by market towns across the country.
- The recession has exacerbated the difficulties faced in some towns, but gladly ours have been somewhat protected from this impact.
- The more critical issue is the fundamental restructuring of the retail sector and cultural shift in the way we, as customers, chose to shop in the modern world. Whether we like it or not, this is increasingly on-line.
- Research shows the need for town centres to change and evolve to take into account this cultural shift. It focuses on the need to encourage in town centres, those activities that will attract our residents now and in the future. We have to accept that these activities will not be the same mix as in years gone by and will not necessarily be the same in each town.

**The question is, what can we, as a council do to assist with this evolution of our towns?**

We have a number of tools we can and do employ:

- As the Planning authority we implement a 'town centres first' philosophy. The Local Plan will protect the areas where each town's main shops are concentrated.
- At the same time we can actively discourage new out of town retail which diverts people and spending away from town centres.
- To promote flexibility, temporary changes of use without planning permission were introduced in May 2013 to allow (under certain circumstances) premises to switch between shops, cafes, restaurants, financial and professional services and offices.
- Access is important and the Council can promote routes into and across town centres for walking, cycling and public transport to ensure shops and services are accessible to as many people as possible.
- We have played an important role for many years in providing high quality public car parking to serve all our town centres and will continue to do so in the future as it is a vital tool in supporting the town centre economy
- Free parking is not necessarily the answer to town centre vibrancy but it is an easy assumption to make. High quality, well-maintained, well located, good value provision with charging levels set appropriately, is the key. Regular turnover and availability of spaces is a must to encourage visitors to return regularly.
- The council's has also recently made multi-million pound investment in its leisure centres in St Neots and St Ives. These will have also contributed to improving the quality and diversity of activities on offer in these towns help to attract visitors.
- Another important town centre support mechanism recently made available to us is the discretionary power to award up to £1,000 rating relief to certain small retailers in the district. The discount has been introduced as a temporary measure for all occupied retail properties with a rateable value not exceeding £50,000 but subject to other applicable reliefs. This is not limited just to "the High Street" and so it can be a boost for rural retailers too. We are actively encouraging as many retailers as possible to take up this offer.
- Cabinet has also approved another (50%) discount for businesses that move into retail premises which had been immediately previously empty for a year or more. This relief can apply for up to 18 months.

As well as what we **can** do, we must also be mindful during our debate of what we **can't** do:

- It is a common misconception, for example that we can control exactly how many shops of each kind as located in each centre. Charity shops are often a focus for attention. But, planning can only control the formal use class of premises, not the specific occupier. It is irrelevant in planning terms

whether the occupier is a shoe shop, a phone shop or a charity shop – this decision belongs to the owner or landlord of the property.

- Similarly, the Council cannot prevent a shop from closing down either because it isn't economically viable or its lease has expired. We can influence what alternative uses that property is put to, for example, we can prevent it changing use to a house but we **cannot** influence the commercial decisions of landlords and retailers.

As we discuss the options available to us in supporting our towns it is important to remember that our role is, and should be led by the business need. It is not our place to determine what is best for business but to try to ensure that the business environment in Huntingdonshire is as conducive to business growth as possible: to help businesses to help themselves. Our support in establishing the Business Improvement District in Huntingdon is a perfect example of this. The first BID to be set up in Cambridgeshire now generates an income of around £200,000 for businesses themselves to spend on improving the business environment in the town.

### **There is one more support mechanism available to us in terms of what we, as individual councillors can do?**

Although we may not all realize it, our role as Councillors is perhaps one of the potentially most effective in supporting our town centres. Research indicates that promotion, in all its many forms, is critical to the success of a market town. We should all be acting as ambassadors for our Market Towns focusing publically on the best that they have to offer in terms of events, history, culture, leisure and shopping. By talking our town up (rather than down), a public perception that our towns are worth visiting is encouraged, visits are more likely to be made and vitality more likely to be achieved. If we as Councillors only focus vocally on what is wrong with our towns the perception created is unnecessarily negative and becomes self-perpetuating. Our towns are doing remarkably well and we should be celebrating that fact: shouting as loudly about it as possible.

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## CURRENT STUDIES

STUDY	OBJECTIVES	PANEL	STATUS	TYPE
Consultation Processes	To assist the Corporate Team with its review of the Council's Consultation and Engagement Strategy.	Social Well-Being	Strategy and Guidance referred back from Chief Officers Management for further refinement. Working Group met to review the Strategy prior to the Panel's consideration of it at their June 2014 meeting.	Working Group
Great Fen	To monitor the latest developments in respect of the Great Fen.	Environmental Well-Being	The Project Collaboration Agreement has been renewed for a further 5 year period. Further updates will continue to be provided in due course.	Whole Panel.
Delivery of Advisory Services Across the District	To monitor the performance of the voluntary organisations awarded grant aid by the Council in 2013-2015.	Social Well-Being	Annual performance report to be considered by Panel in June 2014.	Working Group.
Housing and Council Tax Benefit Changes and the Potential Impact Upon Huntingdonshire	To monitor the effect of Government changes to the Housing Benefit System arising from the Welfare Reform Act.	Social Well-Being	Six monthly reports to be presented to the Panel. Members of the Economic Well-Being Panel will be invited to attend. Next report to be considered at the Panel's June 2014 meeting.	Whole Panel
Review of Elderly Patient Care at Hinchingsbrooke Hospital	To undertake a review of elderly patient care at Hinchingsbrooke Hospital.	Social Well-Being	Working Group appointed to undertake a review which will be undertaken in conjunction with the	Working Group

			Hospital. A number of meetings have been held. The general care and support provided to elderly patients at the Hospital will be the focus of discussions at the next meeting.	
Tree Strategy	To develop a Tree Strategy for Huntingdonshire.	Environmental Well-Being	Final Strategy to be presented to Panel's June 2014 meeting. The Working Group will meet prior to the Strategy's submission to the Panel.	Working Group
Flood Prevention within the District	To investigate flood prevention arrangements in the District and the impact of flooding on associated local policy developments.	Environmental Well-Being	Representatives from the Environment Agency delivered a presentation on flood risk management within Huntingdonshire. A scoping report was considered by the Panel in April 2014 and a Working Group was appointed. The Clerk to the Middle Level Commissioners and Internal Drainage Board will be delivering a presentation to the Panel's June 2014 meeting to outline their role in dealing with flood alleviation within the District.	Whole Panel.

# Progress Report

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
04/07/13	<p><b><u>Customer Services</u></b></p> <p>Performance reports to be submitted to the Panel twice a year (February &amp; October).</p>		The next report is due in October 2014.	09/10/14
04/06/14	<p><b><u>Corporate Plan</u></b></p> <p>Appointments to the Corporate Plan Working Group will be made at the Council meeting on 4 June. Update to be provided for the meeting.</p>			
05/07/13	<p><b><u>Economic Development</u></b></p> <p>The Huntingdonshire Economic Growth Plan 2013 to 23 was considered by the Panel. The Economic Development Manager was asked to give a further update on the marketing and implementation plans in due course.</p>		This is expected to be in the Autumn.	
06/02/14	<p><b><u>Gross Costs</u></b></p> <p>Agreed to establish a Working Group to consider the Gross Costs of Capital. Councillors S Greenall, P G Mitchell, T V Rogers and A H Williams were appointed for this purpose.</p>		A meeting of this Group was held on 26th March 2014. The Accountancy Manager has been asked to provide further information.	
06/03/14	<p><b><u>Capital and Revenue Monitoring</u></b></p> <p>The Chairman suggested that the Panel should have sight of the Capital &amp; Revenue Monitoring reports which are prepared for the Cabinet.</p>		A reporting procedure has now been agreed. The first report would be presented to the Panel in July 2014.  The Provisional Outturn 2013/14 appears elsewhere on the Agenda.	

# Progress Report

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
03/04/14	<p><b><u>Audit of EDM</u></b></p> <p>The Panel reviewed the outcome of the Internal Audit of the management of the Electronic Document Management (EDM) System within six of the Council's Services.</p> <p>Members discussed in general terms the need for Council schemes and projects to be subject to a process of independent post implementation review.</p> <p>In terms of the business plans that had been prepared to support the development of the Huntingdon multi-storey car park and the One Leisure St Ives development, the Panel has asked to be kept informed of progress.</p> <p>Having noted that a Corporate Programme and Project Management Board had been established to promote project management disciplines and governance within the Authority, it was suggested that as part of the new arrangements, the Panel should receive follow-up reviews once projects had been completed.</p>			



# Progress Report

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
02/11/11	<p><b><u>Scrutiny of Partnerships</u></b></p> <p>Following a review of the Strategic Partnership, the Overview &amp; Scrutiny Chairmen and Vice Chairman agreed that responsibilities should be divided as follows:-</p> <p>Social Well Being</p> <ul style="list-style-type: none"> <li>❖ Community Safety</li> <li>❖ Children &amp; Young People</li> <li>❖ Health &amp; Well-Being</li> </ul> <p>Environmental Well Being</p> <ul style="list-style-type: none"> <li>❖ Growth &amp; Infrastructure</li> </ul> <p>Economic Well Being</p> <ul style="list-style-type: none"> <li>❖ Local Enterprise Partnership</li> </ul>		<p>The Panel has already received two presentations on the Local Enterprise Partnership. A presentation on the Local Enterprise Zone was given to the Panel's meeting in November 2011.</p> <p>The Panel has suggested that the Chairman and the Chief Executive of the Local Enterprise Partnership should be invited to a future meeting of the Council to give a presentation on their business plan.</p> <p>At a recent meeting of the Council Programme Board, it was suggested that it might be more appropriate for the Panel to receive this presentation. An approach has been made to the Local Enterprise Partnership and a response is currently awaited.</p>	
04/03/14	<p><b><u>Transfer of CreativeExchange, Longsands Campus</u></b></p> <p>The Panel has requested that a review be undertaken on the lessons which have been learned from the project, including the expenditure which had been incurred.</p> <p>The Panel requested further information on the impact of the Cabinet's decision regarding the lease for the Creativeexchange in St Neots.</p>		<p>A summary of expenditure has been circulated to Members by email.</p> <p>Information regarding the existing tenants has been provided to Councillor Harrison. Further information to be provided to the next meeting.</p>	
03/04/14				

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