

A meeting of the **CABINET** will be held in the **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 23 OCTOBER 2014** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

## **APOLOGIES**

(  
**Contact**  
**(01480)**

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

To approve as a correct record the Minutes of the meeting of the Cabinet held on 11<sup>th</sup> September 2014.

**Mrs H J Taylor**  
**388008**

**2. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary or other interests in relation to any item. See Notes below.

**3. DEVELOPMENT PLAN POLICY ADVISORY GROUP**

To appoint to the vacancy on the Development Plan Policy Advisory Group following the death of Councillor Paula Longford.

**4. SHARED SERVICES** (Pages 5 - 18)

To consider a report by the Managing Director setting out progress to date and the proposed next steps.

**Mrs J Lancaster**  
**388000**

**5. BUDGET MONITORING 2014/15 (REVENUE & CAPITAL) AND AN UPDATE ON ZERO BASED BUDGETING** (Pages 19 - 54)

To receive a report by the Head of Resources.

**C Mason**  
**388157**

**6. EXCLUSION OF THE PUBLIC**

To resolve –

that the press and public be excluded from the meeting because the business to be transacted contains information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and the employees of, or office holders under, the authority.

**7. OPTIONS FOR FRAUD INVESTIGATION POST SFIS** (Pages

55 - 66)

To consider a joint report by the Corporate Fraud Manager and the Head of Customer Services on the proposed establishment of a Single Fraud Investigation Service (SFIS) and the implications for the authority.

**N Jennings**  
**388480**  
**J Taylor**  
**388119**

Dated this 15 day of October 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 H Taylor, Senior Democratic Services Officer, Tel No. 01480 388008/e-mail [Helen.Taylor@huntingdonshire.gov.uk](mailto:Helen.Taylor@huntingdonshire.gov.uk) /e-mail: 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 Cabinet.**

**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).

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large text version or an audio version**

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***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 CABINET held in the Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 11 September 2014.

PRESENT: Councillor J D Ablewhite – Chairman.  
Councillors D B Dew, J A Gray,  
T D Sanderson and D M Tysoe.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors B S Chapman and R B Howe.

### 36. MINUTES

The Minutes of the meeting of the Cabinet held on 17th July 2014 were approved as a correct record and signed by the Chairman.

### 37. MEMBERS' INTERESTS

No declarations were received.

### 38. CORPORATE PLAN PERFORMANCE

Further to Minute No 13/82 and with the assistance of a report by the Policy and Performance Manager (a copy of which is appended in the Minute Book) the Cabinet considered the Council's performance against key activities identified in the Council's Corporate Plan for the period 1st April to 30th June 2014. The report had been considered by all the Overview and Scrutiny Panels whose comments were relayed to the Cabinet.

In referring to the layout of the report Executive Councillors endorsed the presentation of the performance information as it was easy to understand and could be traced back to the Corporate Plan. However, Members felt that the document would benefit from the inclusion of a named contact officer and Portfolio Holder for the corporate performance and contextual indicators.

Having been advised of a change to the performance indicator for the measuring of Disabled Facilities Grant which has arisen as a result of the work being undertaken by the shared HIA service, the Cabinet

#### RESOLVED

- (a) that the progress made against key activities and performance to date in the corporate plan be noted; and
- (b) that the measure of "time taken from first visit to completion of work on Disabled Facilities Grant (DFG) with a value of over £1,000 (weeks)" be replaced by "average time (in weeks) between date of referral to practical completion for minor jobs up to £10,000".

**39. GREEN HOUSE PROJECT - SALE OF HOUSES**

Further to Minute No 11/52 and with the assistance of a report by the Environmental Team Leader (a copy of which is appended in the Minute Book), the Cabinet was invited to consider the future of the Green House properties located in St Ives and St Neots with a view to bringing the scheme to a close. The report had been considered by the Overview and Scrutiny Panel (Environmental Well-Being) whose comments were relayed to the Cabinet.

By way of background, the Cabinet were reminded of their previous decision to retain the St Ives Green House as a showcase energy saving property until March 2014 and to rent out the St Neots property. It was reported that the educational use of the St Ives house had passed its peak with the number of visitors dropping significantly and that the tenants in the St Neots property had recently moved out.

In concurring with the Panel that the properties have served their purpose Members were advised that the Council was committed to providing educational visits for the St Ives property until Spring next year as part of the DECC funding scheme. It was therefore recommended that any marketing for the sale of the house be advertised for a completion date of March/ April 2015.

Having referred to the emerging Capital Strategy which will outline the Council's future approach to capital investments and the intention to reinvest any capital receipts received from the sale of the houses in revenue yielding assets, the Cabinet

**RESOLVED**

- (a) that the sale of the two Green Houses be approved with the St Neots property being sold as soon as possible and the St Ives Green House early next year, using a local agent and the best price sought;
- (b) that the Head of Operations be authorised, after consultation with the Executive Councillor for Resources, to accept the best offers for the sale of the properties; and
- (c) that the capital receipts from the sale of the houses be allocated in accordance with the emerging Capital Strategy.

**40. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED**

that the press and 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).

**41. SALE OF LAND, ST. MARY'S STREET**

Further to Minute No.12/82 the Cabinet considered a report by the Projects and Assets Manager (a copy of which is appended in the Annex to the Minute Book) outlining the latest position with regard to the sale of an area of Council-owned land at St. Mary's Street, Huntingdon.

In response to the views expressed by the Overview and Scrutiny Panel (Economic Well-Being) on the matter, the Cabinet stressed that the Council was not in a position to build its own accommodation on the site and that the provision of social housing should remain with the appropriate registered landlords.

Having referred to the need to produce a strategy for the future disposal and acquisition of assets, the Cabinet

**RESOLVED**

- (a) that the disposal of Council-owned land at St. Mary's Street, Huntingdon in this financial year using an approved agent be approved and the best price sought; and
- (b) that the Head of Resources, after consultation with the Executive Councillor for Resources, be authorised to act in the best interest of the authority on the sale of the site.

**42. MRS H TAYLOR**

Having been advised by the Chairman that Mrs Taylor would shortly be leaving the District Council having secured an appointment elsewhere, the Cabinet thanked Mrs Taylor for her contribution to their meetings and wished her well in her new post.

Chairman

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Public

Key Decision - Yes

\* Delete as applicable

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Shared Services
<b>Meeting/Date:</b>	Overview and Scrutiny Panel (Economic Well Being) 9 October 2014 Cabinet 23 October 2014
<b>Executive Portfolio:</b>	Executive Leader
<b>Report by:</b>	Managing Director
<b>Ward(s) affected:</b>	All Wards

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### Executive Summary:

This report sets out progress to date and the proposed next steps to ensure the next phase of work continues.

The attached report (App 1) sets out the detail of progress to date, the broad principles and anticipated timescales for further decisions.

### Recommendation(s):

1. It is recommended that Cabinet:
  - a. Endorse the good progress to date by all three Councils working together to deliver shared services;
  - b. agree the general principles, namely;
    - lead the shared service model
    - proposed lead and location arrangements
    - proposed cost sharing proposals
  - c. agree a phased approach to the development of ICT and Legal Shared Services, with interim project support appointed to assist with the process and develop full business cases; and
  - d. establish a Business and Legal Practice Manager in advance of the proposed shared legal service to assist with the transformation programme and development of the shared service.

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

- 2.1 Huntingdonshire District Council, Cambridge City Council CCC), and South Cambridgeshire District Council (SCDC) agreed in July 2014 to work in partnership to deliver shared services. A significant amount of work has taken place since then and this report sets out progress to date along with proposed next steps. The detailed report is attached at App1.

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

- 3.1 The Council has significant budget challenges to meet and part of our strategy to deliver further efficiencies, whilst protecting the quality of frontline services, is through sharing services with the Council's strategic partners.

## **4. OPTIONS CONSIDERED/ANALYSIS**

- 4.1 The services chosen for inclusion in the first phase of shared services have been selected on the basis of business imperative – that is the services require a critical mass to increase resilience, improve flexibility, to increase capacity and to assist in staff recruitment and retention. Other services are being considered but these will be evaluated in subsequent phases.

## **5. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

- 5.1 At their meeting on 9th October 2014, the Overview and Scrutiny Panel (Economic Well-Being) has endorsed the recommendations within the report and have emphasised the need to maintain momentum moving forward. In doing so, Members have expressed a wish to be involved with the development of the arrangements for scrutinising shared services in due course.

## **6. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?**

- 6.1 Risks are being managed within a project management environment with the senior managers within the three councils assuming responsibility.

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

- 7.1 The timetables are set out in the attached report. The report is also being considered at SCDC and CCC during this current cycle of meetings.

## **8. CONSULTATION**

- 8.1 Staff will be briefed on developments and a timetable for any consultation required will be developed in parallel with the evolution of the business cases.

## **9. LEGAL IMPLICATIONS**

- 9.1 To be addressed in the detailed business case reports.

**10. RESOURCE IMPLICATIONS**

*(Comments from the Assistant Director, Finance & Resources)*

10.1 See para 11 in App1

**11 REASONS FOR THE RECOMMENDED DECISIONS**

11.1 The Council has committed to the principle of sharing services as part of its response to the current budget challenges. Without sharing services the Council will reduce its choices and options around sustainable service delivery models.

**12. LIST OF APPENDICES INCLUDED**

Appendix 1 – Shared Services: a joint report by SCDC, HDC and CCC

**BACKGROUND PAPERS**

None

**CONTACT OFFICER**

Joanne Lancaster  
Managing Director  
01480 388300



## **Shared Services**

Report of the Leaders of Cambridge City, South Cambridgeshire District Council and Huntingdonshire District Council.

### **1. Purpose**

Cambridge City Council, Huntingdonshire and South Cambridgeshire all made decisions in July to work in partnership to deliver shared services. A significant amount of work has taken place since then and this report sets out progress together with proposed next steps to ensure momentum is maintained.

### **2. Recommendations**

2.1 To note the good progress to date by all three Councils working together to deliver shared services.

2.2 To agree the general principles set out in Paragraph 4, namely:

The lead authority model in the first instance (4.1)

Proposed lead and location arrangements (4.2)

Proposed cost sharing proposals (4.3)

2.3 To agree to a phased approach to the development of ICT and Legal Shared Services, with interim project support appointed to assist with the process and develop full business cases.

2.4 To establish a Business and Legal Practice Manager in advance of the proposed shared legal service to assist with the transformation programme and development of the shared service.

### **3. Summary of progress to date**

The three councils have been working well together to deliver Phase 1 of a series of shared services. Progress on ICT and Legal is included later in this report. Waste Collection, involving the City Council and South Cambridgeshire, forms a separate report and Building Control, involving Huntingdonshire and South Cambridgeshire, will be brought forward for decision in November. Other discussions involving shared services are also currently taking place through City Deal.

### **4. General Principles**

As part of ongoing work on shared services, a number of general principles have emerged that will help to ensure coherence and consistency across all shared services moving forward. These general principles will help to provide a framework within which specific decisions can be made on a service by service basis to meet operational requirements.

#### **4.1 Shared Service Models**

There are a number of shared service models that can and have been adopted elsewhere in the country, each with advantages and disadvantages. These range from a lead authority model through to a company structure and joint outsourcing.

It is believed that, in the first instance, the lead authority model would best suit our circumstances and would enable current momentum to be maintained. Under the lead authority model, one authority would be responsible for the shared service, including staff seconded on their substantive terms and conditions from the remaining two authorities. However it is important to stress that shared member and officer governance arrangements would be put in place with regard to overseeing performance.

Whilst it is proposed that the lead authority model should be the starting point for consideration, other models may be suggested as part of specific business cases, or explored over time once a shared service model has been created.

#### **4.2 Lead and host authority arrangements**

It will be important to ensure overall across the first phase of shared services that the decisions on lead authorities are made equitably, bearing in mind the cumulative impact on each of the three authorities.

In the first instance, it is proposed that Cambridge City Council should lead on Legal Services, Huntingdonshire on ICT and South Cambridgeshire on Waste Collection. Decisions on building control and other services as appropriate will be made at a later date.

As far as location is concerned, it is proposed that this should be an operational decision made on a service by service basis as a part of each business case. However, the cumulative impact will need to be borne in mind together with the strategic accommodation priorities of each Council.

As part of developing shared services, it will be important to reduce the need for travel across the three authorities to minimise costs and environmental impact. It is proposed therefore to create:

- hot desking in each authority for other partners/services to use as appropriate;
- a common document management system for meetings;
- video conferencing and related ICT facilities.

#### **4.3 Cost sharing/efficiencies**

There are a number of cost sharing models operating elsewhere, some of which are more sophisticated than others, including:

- An equal split of any savings achieved across the participating authorities.
- A proportional split based on an agreed formula (eg population, number of employees).
- A service by service approach based on the budget of each service incorporated.
- A service by service approach based on the level of service specification by each partner.

It is important to be fair and transparent, whilst at the same time not creating a significant amount of work that is disproportional to potential outcomes.

It is proposed that a service by service approach based in the first instance on the budget of each service incorporated should be the starting point, whilst also ensuring that appropriate efficiency targets are built in for each Council.

Once the shared service is created, we will need to ensure a more sophisticated approach by which each authority can determine the performance required and target potential efficiencies appropriately.

## **5. ICT Shared Service**

### **5.1 Progress to date**

It was agreed in July that the three authorities would work towards a shared ICT Service as an early priority. Following the appointment of additional capacity to help with this process, progress has been made on mapping existing activity and resources, considering different delivery models, determining desired outcomes and using these to shape the next steps as part of the development of a shared service.

### **5.2 Desired outcomes from a shared service**

The proposed outcomes are as follows:

- Improving resilience – better able to prevent service loss or interruption and cope with peaks in workload and staff absences. A larger team will also give each council access to a greater breadth and depth of professional expertise.
- Reduced external expenditure – additional resources and a broader skills base will lead to a reduction in the need for external advice. Where this is required, the combined purchasing power of all three councils should lead to more competitive procurement rates.
- Improved customer service – access to a more comprehensive ICT service should result in a better and a more responsive service to officers and members.
- Decreased fixed costs – sharing or joining up ICT services across three councils should lead to savings in, management, hardware, software and services, administrative support and accommodation costs.
- Remodelling of ICT services – bringing together the ICT services of three councils gives the opportunity to look at models of operation that are not suitable or feasible for those councils at an individual level.
- Staff development – a larger service will increase the opportunity for staff development, by allowing staff to work across a broader range of areas, or to become more specialised as appropriate.
- Staff recruitment/retention – greater work opportunities should improve staff retention and help to reduce turnover. A larger shared service could provide increased opportunity to consider participating in a higher apprentice training scheme (growing our own).

- § Improved support for ICT users to ensure that the technical strategy aligns with and enables client council objectives.

### 5.3 Current Services

The three councils provide ICT services to approximately 2000 users across 60 sites within Cambridgeshire

- § Huntingdonshire ICT serves 650 Users across 18 sites
- § South Cambs ICT serves 350 Users across 2 main sites and several community hubs
- § Cambridge City ICT serves 1000 Users across 40 sites (6 core sites)

Huntingdonshire and South Cambs operate an in house ICT operation covering all functions of ICT (Service Desk, Application Support, Infrastructure Services, Project Management and Web Services). Cambridge City operate outsource model, whereby 90% of ICT services are outsourced to Northgate.

All three councils operate their own Data Centres located in their core offices. Cambridge City and South Cambs operate a traditional Disaster Recovery contract with a 3<sup>rd</sup> party, whilst Huntingdonshire have an in house full failover system to a secondary site. All three ICT services provide very similar systems to each other and often are using the same applications, each with their own contract arrangements.

All three Councils have implemented changes in recent years to improve services and reduce costs, including via staffing restructures. Cambridge City has achieved this through contract efficiencies and the new core contract with Northgate.

All three services are challenged to meet the increasing demands from services for modern ICT as well as from central Government through initiatives such as Digital First, Cloud & G-Cloud and PSN / CESC controls. Huntingdonshire and South Cambs have continued to invest in Microsoft infrastructure platforms for delivering services, whereas Cambridge City until recently had continued to use the Novell platform. With Cambridge City now implementing a programme to move to Microsoft, by the end of 2014 all three will be fairly aligned in their infrastructure platform.

There is significant spend in the ICT services of the three councils, amounting to more than £6.1m

• South Cambs ICT budget	£1,540,220
• Huntingdonshire ICT budget	£1,485,489
• Cambridge City ICT budget	£3,169,470
• TOTAL SPEND	£6,195,179

Experience in other authorities suggests that the next stage of modernisation, through moving to the Cloud alone, achieves savings in the range of 5% to 10%. This enables ICT activities to be less focussed on the day-to-day maintenance of the service infrastructure and more focussed on modernising customer-facing services. In addition savings will flow from reduced energy consumption, consolidation of the supply chain and management efficiencies. Based upon experience in other councils, a minimum 15% saving on the combined ICT spend should be possible.



The average cost, including all on costs, of a member of ICT staff within the services is in the region of £48,000 PA.

Topic	HDC	SCDC	CCC
FTE (exc Outsourcers)	30	17	6
Vacancies	9	0	0
Actual Personnel	21	17	6
Av Cost of ICT staff	£45,386	£45,919	£56,020

The variation in cost between Huntingdonshire and South Cambs, when compared with Cambridge City, is due to the impact of the different operational models leading to Cambridge City having fewer but more senior client staff. The majority of the City Council's operational staff are with the contractor.

#### 5.4 Proposed next steps

A phased approach to the development and implementation of an ICT Shared Service is believed to be appropriate in the circumstances, given the complexities of the services. This will enable early efficiencies to be identified and secured as part of Phase 1, whilst further work takes place on the full business case and on shaping the shared service to be delivered in Phase 2. Cambridge City would work with Northgate to maximise the value from this initial phase. The adoption of a lead authority model in the first instance does not rule out any options on other service delivery models at a future point, should they be supported by a business case.

### 6. Legal Shared Service

#### 6.1 Progress to date

It was agreed in July that the three authorities would work towards a shared Legal Service as an early priority. Following the appointment of additional capacity to help with this process, progress has been made on mapping existing activity and resources, considering different delivery models, determining desired outcomes and using these to shape the next steps as part of the development of a shared service.

#### 6.2 Desired outcomes from a shared service

The proposed outcomes are as follows:

- Improving resilience – better able to cope with peaks in workload and staff absences. A larger team will also give each council access to a greater breadth and depth of professional expertise.
- Reduced external expenditure – additional resources and a broader skills base will lead to a reduction in the need for external advice and representation. Where this is required, the combined purchasing power of all three councils should lead to more competitive procurement rates.
- Improved customer service – access to a more comprehensive legal service should result in a better and a more responsive service to officers and members.

- Decreased fixed costs – sharing or joining up legal services across three councils should lead to savings in software (licences), legal library resources, administrative support and accommodation costs.
- Remodelling of legal services – bringing together the legal services of three councils gives the opportunity to look at systems, processes and workflow arrangements at each, and finding a leaner solution and more agile service offering.
- Staff development – a larger team will increase the opportunity for staff development, by allowing staff to work across a broader range of areas, or to become more specialised as appropriate.
- Staff recruitment/retention – greater work opportunities should improve staff retention and help to reduce turnover (always a problem around the Cambridge area). A larger shared service will give the opportunity to consider participating in a higher apprentice training scheme (growing our own).
- Increased opportunities for income generation – a larger, more commercially focused legal services team, should make it possible to increase income generation, for example by offering legal services to other public and voluntary sector bodies.
- Support for client officers to enable them to properly instruct legal services, incorporating:
  - The development of a collaborative culture between client and legal services.
  - Consistency in how the client accesses services.
  - Strong client leadership – setting the tone for each council.
  - Focus on early involvement of legal services in their role as supplier of services.
  - Establishment of mutual objectives.
  - Commitment to continuous improvement.
  - Transparent issue resolution.
  - Opportunity to innovate.

The development of a more effective client function across all services in the three authorities will assist the shared legal service with regard to managing priorities and workloads, reducing unnecessary work and managing risks.

### 6.3 **Current Services**

Each council currently operates its own discrete legal services section with a small to medium sized team of legal and support staff. The total number of staff currently employed across all three councils is 27. There are 19 lawyer/solicitors and 8 legal assistants/support staff. Cambridge City has the highest number of legal staff overall, including a relatively large team of 10 lawyers. All councils are currently carrying vacancies and facing recruitment challenges.

Within the existing legal services functions, a range of roles are carried out by the Heads of Legal. These include the Monitoring Officer role, professional leadership of the team, management of the practice and commissioner of legal work. Moving forward would enable these roles to be separated with greater clarity.

The total direct spend is currently estimated at around £1.7m, including at least £300,000 spent on external legal advice not including departmental budgets. Research suggests that approximately 15% of savings should be expected from direct costs in a shared legal services arrangement – around £255,000 between all three councils. This is a conservative estimate, with more savings possible from improved procurement and more efficient use of staff, including reductions in buying external legal services. Further, more detailed work would be carried out in this regard as part of the full business case. Looking ahead, we would also expect an established and high performing shared legal service team to be in a position ultimately to generate additional income, thereby further reducing the need for subsidy.

## **7. Service Delivery Models**

There are already a number of models for shared legal services operating across the country and various options for change have been considered including those set out below

**Simple Shared Service** – this includes a sharing of knowledge and information as well as some joint procurement activity. Specialists are available to work across a number of councils, thus improving resilience and reducing the need to go externally for support.

**Joint Outsourcing** – councils join together to outsource part or all of their legal services functions to another legal provider.

**Alternative Business Structures (ABS)** – councils who want to trade with third parties and generate income could need to set up an ABS. This could be jointly with other councils or also in partnership with a private sector organisation. ABSs are relatively new and several councils are currently exploring a wide range of trading and partnership options.

**Cost Sharing Group (CSG)** – This involves councils setting up a cost sharing company with members of the not for profit sector, allowing the trade in legal and other back office services exempt from VAT, with other members of the group.

It is considered, however, that the most appropriate option in the first instance would be a lead authority model. This would enable momentum to be maintained whilst managing the risks associated with moving to a shared service.

The adoption of a lead authority model in the first instance does not rule out any options on other service delivery models at a future point. Recent changes in the law have increased the opportunity for councils to be more innovative about how they operate their legal services, including increased opportunities for generating income through trading, and this may be worthy of consideration at some point in the future.

## **8. Proposed next steps**

As with ICT, it is proposed that a phased approach to the development and implementation of a Legal Shared Service would be appropriate. The first phase would incorporate the delivery of early efficiencies, the putting in place of a programme to transform practices and processes and the development of a full business case for implementation in Phase 2. A phased approach will also help to ensure the management and mitigation of risk whilst moving the proposed shared service forward.

Interim project support will continue to be necessary in order to maintain momentum moving forward as the new shared service is developed. In addition, it is proposed that a shared legal service would benefit from the appointment of a Business & Legal Practice Manager to manage workloads and priorities across the three authorities, as is common in private law practice. Given that a post of this nature does not currently exist in any of the three services, it is recommended that such a post be created at this stage in order to support the transformation programme, the delivery of early efficiencies and the move to the shared service.

## **9. Capacity**

As far as the overall programme is concerned, each Council has informally provided project management and support for different aspects of the Programme. However, overall co-ordination and capacity to move forward with momentum has proved challenging and this will need to be more structured in future if we are to maintain momentum, improve co-ordination and address more effective internal and external communications.

The successful outcome of the TCA bid is excellent news and can be used for this purpose. It is anticipated that this will be spent on:

- overall project management/co-ordination;
- interim and permanent shared posts to ensure momentum and the early delivery of efficiencies/additional income within legal, ICT and building control;
- shared training programmes;
- ICT harmonisation.

We will also continue to make applications to other funding streams where possible. We have, for example, been successful in securing funding from EELGA for joint training of key staff in developing shared services and producing business cases.

## **10. Member governance arrangements**

It was agreed in July that overall progress would be overseen by a joint steering group involving Leaders, and relevant portfolio holders where appropriate, reporting back to the respective Cabinets and other decision-making bodies.

In addition, portfolio holders from each authority will also need to be involved in overseeing performance once specific shared services have been established.

## **11. Financial Implications**

The delivery of shared services will require additional capacity upfront in order to ensure effective delivery. However it is anticipated that this will be recovered via future efficiencies and via external funding, in particular the Transformation Challenge Award.

**12. Legal**

Any legal implications will be addressed as part of outline business cases as they are brought forward.

**13. Staffing**

Whilst moving to shared services creates uncertainty for staff, it will also help to ensure greater capacity and resilience together with enhanced career opportunities. In the longer term, this will help to provide better job security and to minimise the need for compulsory redundancies.

As part of the process, it will be important to ensure full engagement and consultation with both staff and trade unions moving forward. The lead HR officers from all three Councils are currently working together to ensure a co-ordinated approach.

**14. Risk Management**

A dedicated risk log will be set up for the Shared Services Programme Board to ensure that risks are identified and managed. In addition, specific operational risks will be identified and managed through the business plan process.

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## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	<b>Budget Monitoring 2014/15 (Revenue &amp; Capital) &amp; an Update on Zero Based Budgeting</b>
<b>Meeting/Date:</b>	Cabinet 23 <sup>rd</sup> October 2014
<b>Executive Portfolio:</b>	Resources: Councillor J A Gray
<b>Report by:</b>	Head of Resources
<b>Ward(s) affected:</b>	All Wards

---

### Executive Summary:

#### 1. Budget Monitoring 2014/15

- **Revenue**

The net revenue budget approved in February 2014 was £20.870m. The variations forecast so far this year total a saving of £0.171m. The significant movements include £0.396m of staff related savings, £0.132m of transport related savings and reduced expenditure to date of £0.554m in supplies and services offset by a shortfall in interest receipts of £0.523m and income from fees and charges of £0.333m

	£m
Approved Budget	20.870
Forecast Variation	(0.171)
Forecast	20.699

A full exercise to monitor progress against the savings identified within the Facing the Future programme has been undertaken. Of the target savings of £1.571m some £1.453m are on course to be delivered (92%) and detailed explanations of the shortfall have been received.

In addition there are additional savings of some £1.335m with some £1.317m planned to be delivered over the course of the Medium Term Financial Strategy.

- **Capital**

The net capital budget approved in February 2014 was £4.623m in addition to which slippage added a further £1.945m giving a total updated budget of £6.568m. Currently the forecast out turn for this financial year is estimated to be £5.879m a difference of £0.689m made up of £53,000 cost variations and (£0.742m) timing changes.

At this stage in the year variations have been reported for under/overspends totalling a net underspend of (£0.216m), including savings on bin purchases of £0.233m, increased expenditure on the multi-storey car park of £50,000 and savings of £21,000 on green bin charging software.

Also slippage to future years of £0.293m for the CCTV Wireless scheme, and

slippage from future years of £0.180m for the sale of the Greenhouse in St Neots.

	£ m	£ m
Approved Budget		4.623
Slippage from 2013/14		1.945
Forecast Variations:		
Cost	0.053	
Timing changes	(0.269)	
Slippage to future years	(0.293)	
Slippage from future years	(0.180)	(0.689)
<b>Forecast</b>		<b>5.879</b>

- **New Homes Bonus**

The New Homes Bonus calculation is based on data collected over the twelve months between October and September each year. The target housing growth in the eleven months to the end of August 2014 was set at 482. Currently the position shows 619, an increase of 137 properties resulting in an estimated increase in New Homes Bonus of £0.164m.

## 2. Zero Based Budgeting

As a consequence of the governments continued austerity measures and the Council's past trend of underachieving its budget, as has been widely advertised over the past few months, the Council is embarking on a complete overhaul of its base budget by undertaking a Zero Based Budgeting (ZBB) exercise.

The process started in earnest in September 2014 with the appointment of an external project lead and strategic finance specialist. Together, a programme is being developed that will undertake a 3 phased approach:

- Review current outturn and budgets to establish those items of expenditure and income that can be easily isolated and ringfenced.
- Undertake five "ZBB Heavy" reviews and a programme of "ZBB Light" reviews for other Council services.
- Consolidation of savings and Peer Review.

The primary aim of the ZBB process is to align resources with corporate priorities in preparation for setting the 2015/16 budget and the forward years projections for the Medium Term Financial Strategy in February 2015.

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

The Cabinet is requested to note the:

- The Forecast Revenue Budget of £20.699m
- The Forecast Capital Budget of £5.879m
- The proposals for undertaking the Zero Based Budget exercise in preparation for the forward budget.



## 1. PURPOSE

- 1.1 To update members, in line with best practice and agreed budget monitoring reporting cycles, on the forecast outturn for 2014/15 for both capital and revenue budgets and to give an update on the progress so far in respect of Zero Based Budgeting.

## 2. BACKGROUND

### Budget Monitoring

- 2.1 Since December 2013, all members have been receiving on a monthly basis the Financial Performance Monitoring Suite (FPMS), which incorporates the Financial Dashboard. This report formalises the reporting arrangements of the current forecast outturn for 2014/15 in respect of revenue and capital; this includes a forecast outturn for the General Fund.

### Zero Based Budgeting

- 2.2 For many years the Council has followed an “incremental” budget setting process; whereby last year’s budget was adjusted for inflation, previous year’s outturn and known budget changes (better known as growth and savings). However, the fundamental problem with an incremental budgeting model is that it rests on the premise that “current” service standards are acceptable; consequently, all resources are duly allocated based on historic trends and practices.
- 2.3 However, as a consequence of the Council under achieving the budget, the external auditors recommending a Zero Based Budgeting review and various members questioning the base budget, in June 2014 Cabinet gave approval for a ZBB review to be undertaken of its services.

## 3. FORECAST REVENUE ACTIVITY

### Use of General Fund Balances

- 3.1 Members will be aware that the Medium Term Financial Strategy (MTFS) (formerly known as the Medium Term Plan) currently provides for a phased reduction in the general fund balance to £6.1m by 2018/19; the general fund balance as at the end of 2013/14 was £8.7m with a further £12.2m in Earmarked Reserves.
- 3.2 All Heads of Service have reviewed their forecasts and the “Forecast Performance” *tabulation (Appendix 1a)* shows that the forecast net spend for 2014/15 is expected to be £20.699m; this means that the forecast use of reserves for the year is £0.834m some £0.414m less than originally planned (this is net of carry-forwards to 2015/16).
- 3.4 This has a consequential impact on the expected use of general fund reserves by:
- reducing the amount needed to balance the 2014/15 budget.
  - providing flexibility to spread the level of future savings over a longer period.
- 3.3 The Original Budget has been adjusted to take into account of:

- approved budget carry-forwards from last year, which are funded from an earmarked reserve, and
- additional capitalised expenditure.

This results in an updated budget of £21.113m and when this is compared to the 2014/15 Forecast, this shows that the forecast is £0.414m less than the updated budget.

### Variations in Revenue Spend

- 3.5 As noted above, Heads of Service have provided an extensive commentary on the reasons for variations in their forecast outturn to the updated budget; this is in the “2014/15 Head of Service Corporate Budget Monitoring” *analysis* (**Appendix 1b**). Those services where the variation is greater than +/- £75,000 are summarised below:

Variation in Forecast to Updated Budget 2013/14			
	£000	Service	Commentary
1	215	Leisure Health	& <b>Leisure, recreation &amp; sport</b> Income at St Ives is recovering more slowly than anticipated
2	80	Leisure Health	& <b>Economic Development estates</b> Slippage of the Highlode scheme together with vacant properties and unrealised service savings make up most of this overspend
3	(259)	Development	<b>Development management unit</b> Savings as a result of staff vacancies
4	(86)	Community	<b>Projects management unit</b> Savings as a result of staff vacancies and staff travel
5	(66)	Community	<b>Lifestyles management unit</b> Savings as a result of staffing changes
6	104	Resources	<b>Investment interest</b> Lower than anticipated interest rates resulting in a shortfall in income
7	(143)	Corporate Team	<b>Corporate management</b> Senior management team reorganisation has resulted in this underspending
<b>Key:</b> (xx) = saving			

- 3.6 The current fiscal tightening within the Council is ensuring that Managers are being more robust in the control of their budgets.

### Achievement of Revenue Savings

- 3.7 During the production of the 2014/15 budget, members approved a savings programme as part of Facing the Future and other individual initiatives in

excess of £2.9m; this is shown in the “Achievement of 2014/15 MTFS Savings” analysis (**Appendix 1c**). Although some services have met or even exceeded their savings targets, the forecast savings that will be achieved to the end of August 2014 shows that 95% (£2.77m) of savings have been achieved or are on target to be delivered. A summary of those savings not achieved that exceed a variance of £20,000 are shown below.

Forecast Value of Non-Achievement of Savings 2014/15			
	Target £000	Achieved £000	Commentary on Underachievement of Savings
1	(88)	(47)	<b>Community: Wireless CCTV</b> Wireless CCTV project deferred while further feasibility and options review undertaken. Partially offset by reduced transmission costs.
2	(43)	0	<b>Development: Highlode</b> Highlode slippage due to protracted negotiations, awaiting a forecast to demonstrate whether remaining savings are being achieved
3	(101)	(70)	Saving delayed awaiting CRM implementation and review of management structure mitigated by some transport savings

#### 4. FORECAST CAPITAL ACTIVITY

4.1 The table below shows the forecast variations to the approved capital programme, based on the evidence of expenditure to the end of August. The variations include slippage to and from future years and variations to the cost of schemes.

CAPITAL BUDGETARY CONTROL 2014/15	Original Budget £000	Forecast outturn £000	Variation £000
Approved budget	4,623	4,623	0
Delayed spending from previous year	0	1,945	1,945
<b>Cost Variations;</b>			
<b>Multi-Storey Car Park</b> Changes to specification to increase the usability of the car park including installing LED lighting.		50	50
<b>CCTV Camera Replacements</b> Amended monitor specification.		3	3
<b>Geographical Information System</b> Slippage no longer required.		(7)	(7)
<b>Wheeled Bins</b> Increased developer contributions and savings from reusing issued bins.		(233)	(233)
<b>Green Bin Charging System Software</b> The software needed to charge for wheeled bins has been introduced at a cost lower than estimated.		(21)	(21)
<b>Alconbury Enterprise Zone</b>		0	0

<b>CAPITAL BUDGETARY CONTROL 2014/15</b>	<b>Original Budget</b> £000	<b>Forecast outturn</b> £000	<b>Variation</b> £000
This scheme, to support capital investment in the Alconbury Enterprise Zone totals £5m. The scheme is being fully funded by grant from central government and so is net nil to the council.			
Other Savings Printing and document centre equipment, and pool vehicles.		(8)	(8)
<b>Total Cost Variations</b>		(216)	(216)
<b>Slippage to Future Years;</b>			
<b>CCTV Wireless</b> The conversion of CCTV to wireless operation, is now subject to further review before the project commences.		(293)	(293)
<b>Total Slippage to Future Years</b>		(293)	(293)
<b>Slippage From Future Years</b>			
Green-House The tenancy at the Green-House in St Neots will end in September, as a result the sale of the property has been brought forward from 2015/16.		(180)	(180)
<b>Total Slippage From Future Years</b>		(180)	(180)
<b>Forecast net spending</b>	<b>4,623</b>	<b>5,879</b>	<b>1,256</b>

## 5. ZERO BASED BUDGETING

### ZBB Supporting the Corporate Plan

5.1 Zero Based Budgeting is a practical method of reviewing service provision and identifying necessary shifts in resource allocations. The main thrust of the process is to continually refocus funding on the key business objectives and to terminate or scale back any activities that no longer relate to those aims. A concise definition of ZBB would be:

“a method of budgeting in which all expenses must be justified for each new period.”

5.2 The Corporate Plan 2014-16 identifies four strategic themes for the authority; namely:

- A strong local economy.
- Enabling sustainable growth.
- Working with our communities.

- Ensuring we are a customer focused and service led council.

5.3 These are our business objectives and the services we provide contribute to the achievement of those objectives to a greater or lesser extent. The service performance levels set out the results of employing differing levels of resource across these disparate services

#### **ZBB and how it will work at HDC - strategic**

5.4 The paper to Cabinet by the Managing Director in September 2013 explored the various options for service delivery across all the council services. The detailed work that is now required is to identify the impact of changes in individual service delivery models on the budget for 2015/16.

5.5 The outcome from this process will be only as good as the managers commitment to it and members appetite for changes to “the way we do things”.

5.6 Importantly the ZBB process is not the exclusive responsibility of the finance team. It is a vehicle whereby managers can become more familiar with the consequences of their decisions and it is vital that all decision makers are involved, understand the process and are committed to the overall objective of the process, as well as their part in it, by providing data and arguments concerning “their” services.

5.7 So what is needed to undertake a comprehensive ZBB operation?

- An up to date corporate plan
- Management commitment to the process
- A structured timetable for each part of the process
- Ambitious targets for resource reallocation
- Identification of robust measures of outcomes for each service
- Service prioritisation
- Common documentation and “scoring” system
- A robust review process
- Star chamber for appeals

#### **ZBB and Activity to Date**

5.8 To date, the following activity has been undertaken:

Appointment of external “on-site” specialist who will lead the ZBB process.

This is an experienced local government finance specialist, a former Chief Executive and Chief Financial Officer who has broad local government experience in both financial and management accounting.

Appointment of external strategic financial expertise.

The appointment of Pixel Financial Consulting will strengthen this approach they are expert providers of local government funding

forecasting models and have significant financial budgeting expertise. They also work very closely with the Chartered Institute of Public Finance and Accountancy and provide their services to all levels of local government.

#### Identification of ZBB Services

Reflecting past services issues and constraints, the following services have been selected for ZBB “Heavy”:

- One Leisure
- Car Parks
- Environmental Protection (including Animal Welfare and Pest Control)
- Open Spaces (including Parks)
- Resources

The “ZBB heavy” review will entail forensic review of budgets against Council and Service priorities and Outcome measures. Each service is expected to take around 10-days and each is supported with a dedicated resource from within the Accountancy Team who will act as their “critical friend”.

All other services will receive a “ZBB light” review; this will still be a detailed budget review but will be less in-depth than the “heavy” reviews.

#### Development of Project Plan

A Gantt Chart is attached at **Appendix 2**, this details the reviews programme.

Review current outturn and budgets to establish those items of expenditure and income that can be easily isolated and ringfenced.

Commenced and the findings to date include:

- Staff briefing for Finance
- Initial meetings with Service Heads in respect of ZBB heavy
- A comprehensive review of staffing costs 2014-15
- Comparison between 2013-14 out turn and the 2014-15 budget

## **6. COMMENTS OF OVERVIEW AND SCRUTINY PANEL**

6.1 The Overview and Scrutiny Panel (Economic Well-Being) has reviewed the variations to the approved 2014/15 revenue and capital budgets at their meeting on 9th October 2014. The Head of Resources has been asked to circulate details of the one off cost relating to the settlement of a legal dispute in the land charges service and the saving for Town and Parish Council support, which has been identified within Democratic Services and is yet to be resolved. Having commented upon the estimated increase in New Homes Bonus of £0.164m, Members have also queried what the Council will do with these additional monies.

6.2 The Panel has received an update on the arrangements for the Zero Based Budgeting process and Members have been provided with an opportunity to ask questions on the operation of the process. Members have emphasised that the outcome of the process will only be as good as the managers’ commitment to it and Members’ appetite for changes to the way in which the

Council currently does things. Panel Members will give further consideration in advance of the next meeting as to whether it might be useful for the Panel to review one of the ZBB 'heavy' services in further detail.

- 6.3 In noting that consideration has also been given to those areas within the budget where more immediate benefits could be achieved, a Member has emphasised the need to avoid the temptation simply to avoid filling vacancies within the establishment to meet savings targets

## **7. LEGAL IMPLICATIONS**

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

## **8. RESOURCE IMPLICATIONS**

- 8.1 The resource implications are noted within this report.

### **LIST OF APPENDICES INCLUDED**

Appendix 1 – Financial Performance Monitoring Suite  
Appendix 1a – Forecast Performance  
Appendix 1b – Head of Service Corporate Budget Monitoring  
Appendix 1c – Achievement of Facing the Future and other savings  
Appendix 1d – Financial Dashboard (August 2014)  
Appendix 2 – ZBB Gantt chart

### **BACKGROUND PAPERS**

Working papers in Resources & Accountancy

### **CONTACT OFFICER**

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## FINANCIAL PERFORMANCE MONITORING SUITE

August 2014

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Clive Mason  
Head of Resources

**Prepared By:**  
David Ablett  
Interim Accountancy Manager

## Headlines – Financial Performance

The 2014/15 financial performance of the Council, based on August 2014 actual, is as follows:

- Page 3
  - Forecast net spending is £20.7 million which is some £170k less than the original budget.
  - Forecast contribution from reserves is £0.8million which is £400k less than originally budgeted.
- Page 4
  - If 2014/15 carry-forward requests did not proceed, forecast spend would be £20.9m and the use of reserves would be £1.08m.
- Page 13
  - Of the £2.9m savings included in the 2014/15 budget £2.77m are forecast to be achieved. The total for Facing the Future are £1.571m identified potential savings of which £1.453m are expected to be delivered.
- Page 16
  - The forecast net capital programme is £6.2 million which includes £1.9 million expenditure which slipped from 2013-14.
- Page19
  - Currently the underspending on the Council Tax Support Scheme is £0.053 million.
- Page20
  - Current indications are showing Non Domestic Rates receipts marginally above budget; however these remain volatile due to the potential impact on the valuation list of appeals (and a number remain unresolved at this time) and new valuations.
  - In addition to the NDR collected a government grant forecast at £0.660m will be received for new burdens in respect of Non Domestic Rates.
- Page 21
  - The number of “new homes” Band D equivalent properties is ahead of target by 137 properties. A potential increase of £0.164 million in New Homes Bonus.

# Appendix 1a

Huntingdonshire District Council						
- Forecast against Original & Updated Budget						
- Impact on General Fund Balance						
	August 2014			Forecast Variation Compared to		
	Original Budget £000	Updated Budget £000	Forecast £000	Original Budget £000	Updated Budget £000	%
<b>Forecast Outturn</b>						
<b>Budget Total (Net Expenditure)</b>	20,870	21,113	20,699	(171)	(414)	(2.0)
Use of Reserves	(1,005)	(1,248)	(834)	171	414	(33.2)
<b>Budget Requirement</b>	<b>19,865</b>	<b>19,865</b>	<b>19,865</b>			
Financing:						
- Collection Fund	(21)	(21)	(21)			
- Government Grant (Non-Specific)	(12,206)	(12,206)	(12,206)			
<b>Council Tax for Huntingdonshire DC</b>	<b>7,638</b>	<b>7,638</b>	<b>7,638</b>			
<b>Impact on Reserves</b>						
General Fund Reserves						
- 31st March 2014	9,027	9,027	8,684 (A)	(343)	(343)	(3.8)
Use of Reserves	(1,005)	(1,248)	(834)			
<b>Outturn General Fund Reserve</b>	<b>8,022</b>	<b>7,779</b>	<b>7,850</b>	<b>(172)</b>	<b>71</b>	<b>0.9</b>
- 31st March 2015						

## Definitions

- Original Budget
  - Updated Budget
  - (A)
- As approved by Council, February 2014.  
The Original Budget, updated for brought forward projects from 2013/14.  
Actual General Fund Balance as at 31 March 2014.

Memorandum Item - to show impact on the General Fund Balance if currently approved 2013/14 Carried Forward expenditure was not carried forward to 2014/15

	August 2014			
	Original Budget	Updated Budget	Forecast	Forecast Variation Compared to Original Budget
Forecast Outturn	£000	£000	£000	£000 %
Budget Total (Net Expenditure)	20,870	21,113	20,699	
Expenditure that has been carried-forward		246	246 (B)	
<b>Budget Total if Expenditure not c/f</b>	<b>20,870</b>	<b>21,359</b>	<b>20,945</b>	<b>75 0.4</b>
Use of Reserves	(1,005)	(1,494)	(1,080)	(75) 7.5
<b>Budget Requirement</b>	<b>19,865</b>	<b>19,865</b>	<b>19,865</b>	
Financing:				
- Collection Fund	(21)	(21)	(21)	
- Government Grant (Non-Specific)	(12,206)	(12,206)	(12,206)	
<b>Council Tax for Huntingdonshire DC</b>	<b>7,638</b>	<b>7,638</b>	<b>7,638</b>	

Impact on Reserves			
- 31st March 2014	9,027		8,684 (A)
Use of Reserves	(1,005)		(1,080)
<b>Adjusted Outturn General Fund Balance</b>	<b>8,022</b>		<b>7,604</b>
- 31st March 2015			(418) (5.2)

**Definitions**

- Original Budget
  - Updated Budget
  - (A)
  - (B)
- As approved by Council, February 2014.  
The Original Budget, updated for brought forward projects from 2013/14.  
Actual General Fund Balance as at 31 March 2014.  
Carried Forward Expenditure to 2014/15

# Appendix 1b

## HEAD OF SERVICE SUMMARY

August 2014

Service	Head of Service	Original Budget	Updated Budget	Forecast	Variation Forecast to Updated Budget	Summary Comments	Saving or Overspend Attributable to				
							2013/14	2014/15	Targeted Savings	Other	
		£000	£000	£000	£000		£000	£000	£000	£000	
Leisure & Health	Head of Leisure & Health	(1,622)	(1,251)	(956)	295	<b>Overspend</b> One Leisure St lves following the redevelopment, income is increasing at a slower rate than anticipated and business rates are higher than anticipated.	0	0	295	0	0
Community	Head of Community	2,798	2,913	2,787	(126)	<b>Savings</b> Voluntary redundancy Vacant posts Licensing increased fees & reduced costs	0	(176)	50	0	0
Development	Head of Development	1,785	1,863	1,587	(276)	<b>Savings</b> Staff vacancies	0	(289)	13	0	0
Operations	Head of Operations	5,455	5,327	5,190	(137)	<b>Savings</b> Transport maintenance and running costs Pathfinder House business rates saving and refund Cash collection from car parks Staff vacancies <b>Overspend</b> Pensions costs Cafe income shortfall	0	(230)	93	0	0

August 2014

Service	Head of Service	Original Budget	Updated Budget	Forecast	Variation Forecast to Updated Budget	Summary Comments	Saving or Overspend Attributable to					
							2013/14	2014/15		Other		
		£000	£000	£000	£000		Delayed spend	Savings	Overspend	Targeted Savings	£000	£000
Customer Services	Head of Customer Services	4,935	5,080	5,018	(62)	Saving Agency staff funded form additional grant (see Head of Resources)	(59)	(46)	43	0	0	0
Resources	Head of Resources	5,873	4,587	4,599	12	Overspend Additional grants (partially offset by expenditure see Customer Services) Training and overtime underspend	0	(92)	104	0	0	0
Corporate Team	Corporate Team Manager	2,258	3,203	3,054	(149)	Savings Reduced payment for historic pension increases Member expenses for travel and phones under budget Increased volume of Land Charges fees	0	(182)	33	0	0	0
<b>Service Total</b>		<b>21,482</b>	<b>21,722</b>	<b>21,279</b>	<b>(443)</b>							
Technical adjustments for Revenue to Capital and Recharges in Controllable Expenditure		(612)	(609)	(580)	29		(59)	(1,015)	631	0	0	0
<b>Budget Net Expenditure</b>		<b>20,870</b>	<b>21,113</b>	<b>20,699</b>	<b>(414)</b>							

## Appendix 1c

**2014/15 Forecast For Savings Items In the Budget  
(Forecast Outturn based on Period to Date Actual and estimated service costs/income to the end of the financial year.)**

Scheme	Service	MTP Target £000	Savings Achieved (based on Forecast Outturn) £000	%	(Over) or Under Achievement of Savings £000	Commentary
Wireless CCTV CCTV Shared Service	Community	(88)	(47)	53%	41	Wireless CCTV project deferred whilst further feasibility and options review undertaken. Partially offset by reduced transmission costs.
Invest to save proposal (Highlode) Increase income from proactive management of commercial estate	Development	(43)	0	0%	43	Highlode slippage due to protracted negotiation, awaiting income forecast to demonstrate whether remaining saving being achieved
Operations management & administration savings Operations management efficiency saving	Operations	(101)	(70)	69%	31	Saving delayed awaiting CRM implementation and review of management structure but sine compensating transport savings
Funded support for Local Enterprise Partnership	Development	(43)	(30)	70%	13	Agreed fee less than anticipated

One Leisure card annual fee	Leisure & Health	(45)	(32)	71%	13	Changes to be introduced November - 2 months later than MTP assumed, may still achieve expected savings
Document Centre office costs & post room savings Document Centre efficiency and external work	Customer Services	(30)	(18)	60%	12	Ongoing savings programme, further savings will be investigated
Energy saving equipment	Operations	(10)	0	0%	10	No equipment installed yet
Review advantage package	Leisure & Health	(25)	(18)	72%	7	New staff structure implemented
Fixed penalty notices for dog fouling & littering	Operations	(5)	0	0%	5	Implementation not progressed
Referral fees action on energy scheme	Operations	(10)	(5)	50%	5	Take up of scheme slow, mild winter and seasonal effect
Overview and Scrutiny Panel reduce budget provision Committee savings	Corporate Team	(8)	(6)	75%	2	Saving on Town Parish support not resolved.
Review pest control service	Community	(38)	(38)	100%	0	
Health & safety contract	Community	(9)	(9)	100%	0	
ECCHS income generation	Community	(19)	(19)	100%	0	
Street naming and numbering savings	Community	(32)	(32)	100%	0	



Management/Equalities/Community Strategy saving COMT support and training saving Corporate Office costs saving	Corporate Team	(75)	(75)	100%	0
Elections efficiency savings & improved cost recovery	Corporate Team	(2)	(2)	100%	0
Reduction in cost of print	Customer Services	(27)	(28)	104%	(1)
NNDR discretionary relief	Customer Services	(30)	(30)	100%	0
Reduce hours at Huntingdon Customer Service Centre	Customer Services	(7)	(7)	100%	0
Development Management implement e-consultation	Development	(2)	(2)	100%	0
Development Management recover consultants costs	Development	(1)	(1)	100%	0
Listed building conservation grants	Development	(37)	(37)	100%	0
Integration of Housing Strategy with Planning Policy	Development	(25)	(10)	40%	15
Selling planning expertise to other Las	Development	(20)	(20)	100%	0
Leisure savings target	Leisure & Health	(228)	(228)	100%	0
OL reduce use of external contractors	Leisure & Health	(2)	(2)	100%	0

Council wide cost saving.

Scheme not progressed - but Planning staff vacancies will off-set this

Recycling gate fees	Operations	(51)	(51)	100%	0
Car park income	Operations	(18)	(18)	100%	0
Mobilising local energy investment funding	Operations	(15)	(15)	100%	0
Energy & water use audits	Operations	(2)	(2)	100%	0
Outsource/shared legal service	Resources	(17)	(17)	100%	0
Margin on loans to RSLs etc	Resources	(21)	(21)	100%	0
No grants to Towns/parishes re housing support	Resources	(357)	(357)	100%	0
Group life insurance	Resources	(21)	(21)	100%	0
Licensing review attribution of costs	Community	(6)	(15)	250%	(9)
DECC communities funding	Operations	(16)	(26)	163%	(10)
Members allowances auto index mechanism Member support training and office savings	Corporate Team	(15)	(31)	207%	(16)
Street cleaning savings Withdraw graffiti removal & fly posting service	Operations	(70)	(113)	161%	(43)
					Cost attribution based price increases and increased volume of licences
					More funding received than expected
					Additional forecast telephone and travel savings
					Vacancies and additional ongoing transport savings

<b>Subtotal Facing The Future Savings</b>			<b>(1,571)</b>	<b>(1,453)</b>	<b>92%</b>	<b>118</b>
St Ivo LC redevelopment	Leisure & Health	(116)	98	-84%	214	Income growth currently slower than anticipated but may pick up throughout the year.
Outsourced/shared IT	Customer Services	(80)	0	0%	80	Being progressed but delayed due to change in strategy from outsourcing to strategic partnership
Outsource/shared revenues and benefits	Customer Services	(50)	(38)	76%	12	Delays in outsourcing partially offset by vacancies.
New industrial units	Development	(5)	2	-40%	7	Insurance premium increase not recoverable from tenants
Delete Arts Development budget	Community	(11)	(11)	100%	0	
Reduced bus shelter & environmental improvements budget	Community	(20)	(20)	100%	0	
Reduced project & assets Development Management budget	Community	(25)	(25)	100%	0	
Legal and Democratic budget reduction	Corporate Team	(22)	(22)	100%	0	
Local Taxation & Benefits cost of post office payments	Customer Services	(5)	(25)	500%	(20)	Additional savings now expected
Lower debt provision contributions	Customer Services	(177)	(177)	100%	0	

Recovery of Council tax benefit overpayments	Customer Services	(10)	(10)	100%	0
Housing Services efficiency savings	Customer Services	(5)	(5)	100%	0
Mobile phones lower tariffs	Customer Services	(20)	(20)	100%	0
Business systems IMD savings & delivering customer service strategy	Customer Services	(44)	(44)	100%	0
Economic Development projected savings	Development	(20)	(20)	100%	0
CIL preparations	Development	(51)	(51)	100%	0
CIL staff related reorganisation	Development	(30)	(30)	100%	0
Planning & Housing strategy saving	Development	(17)	(17)	100%	0
Mobile Home Park income	Development	(8)	(8)	100%	0
Planning staff savings (existing vacancies)	Development	(50)	(210)	420%	(160)
Replacement fitness equipment	Leisure & Health	(3)	(3)	100%	0
Charge for second green bin	Operations	(5)	(5)	100%	0
Nightsoil service no longer required	Operations	(11)	(11)	100%	0

Vacant posts have increased the saving this year and this is more than off-setting Bid 1071 above.

Emergency planning budget savings	Operations	(23)	(23)	100%	0
Reduced parks repairs & renewals fund contribution	Operations	(25)	(25)	100%	0
Environment Team projects - reduced base budget	Operations	(42)	(42)	100%	0
Reduced Facilities Management costs	Operations	(85)	(85)	100%	0
Environmental Management reduction in training budget	Operations	(3)	(3)	100%	0
Huntingdonshire Regional College loan	Resources	(146)	(146)	100%	0
Saving external audit fee	Resources	(50)	(50)	100%	0
Corporate advertising opportunities	Resources	(20)	(20)	100%	0
Reduce training budgets	Resources	(20)	(20)	100%	0
Land Charges market service, review fees & charges	Corporate Team	(13)	18	-138%	31
Environment Team projects - budget reduction	Operations	(27)	(37)	137%	(10)
Pensions increase saving	Corporate Team	(30)	(44)	147%	(14)
Parking budget saving	Operations	(16)	(45)	281%	(29)
Reorganisation senior managers	Corporate	(50)	(143)	286%	(93)

Settlement of legal dispute - one off cost.

Extra savings on projects budget

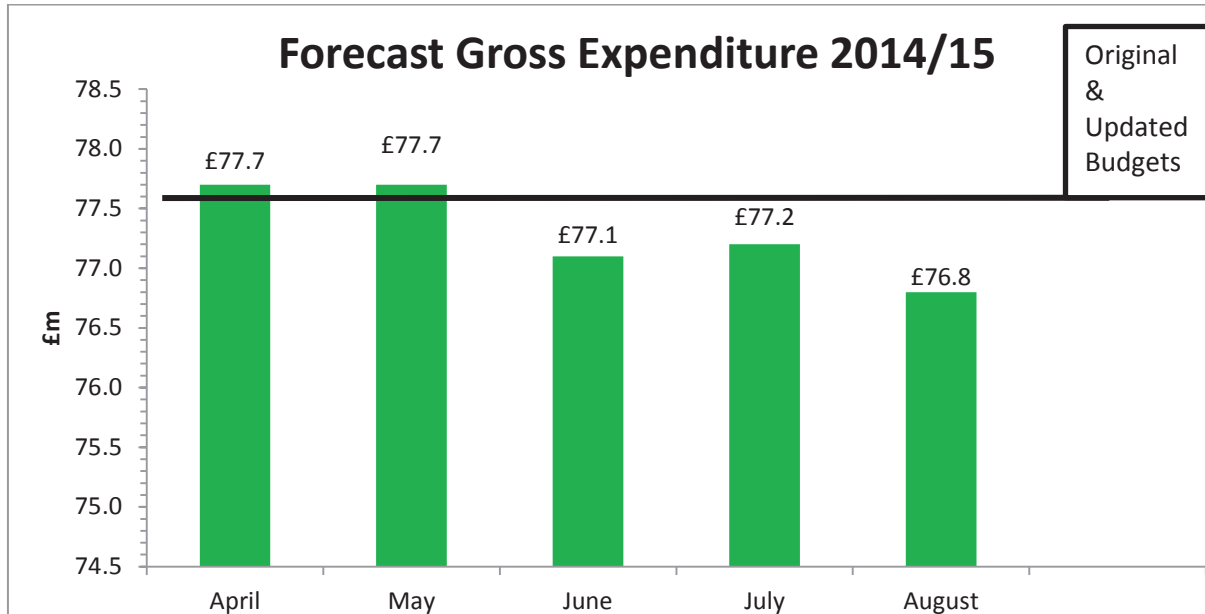
Further reduction in payment

Cash collection saving (£20,000) ongoing, variation between accrual actual (£8,582) one off

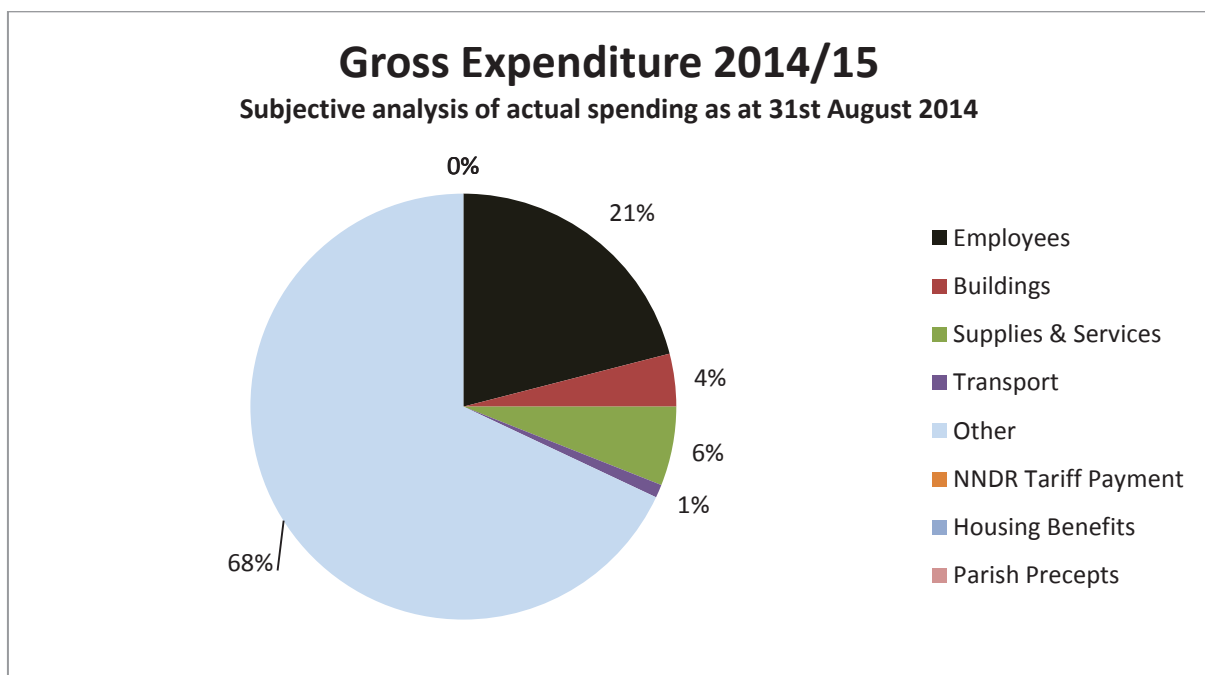
Subtotal Other Savings	(1,335)	(1,317)	99%	18
Total All Savings	(2,906)	(2,770)	95%	136

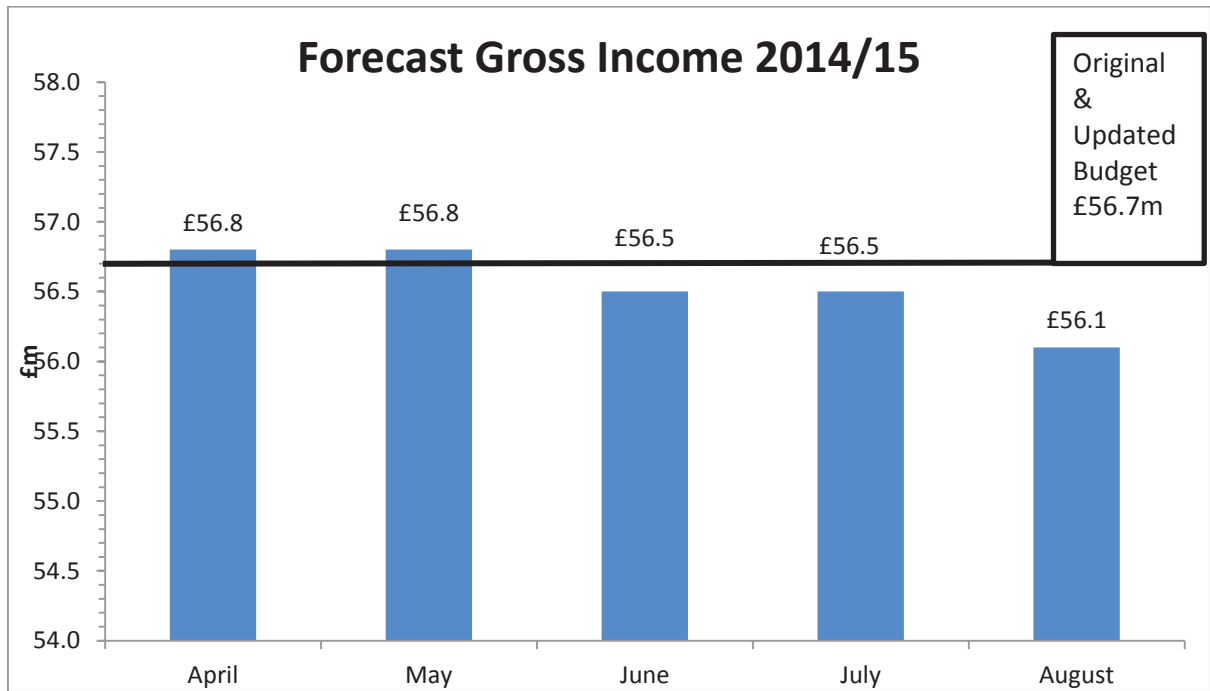
## Financial Dashboard (August 2014)

### Revenue Income & Expenditure

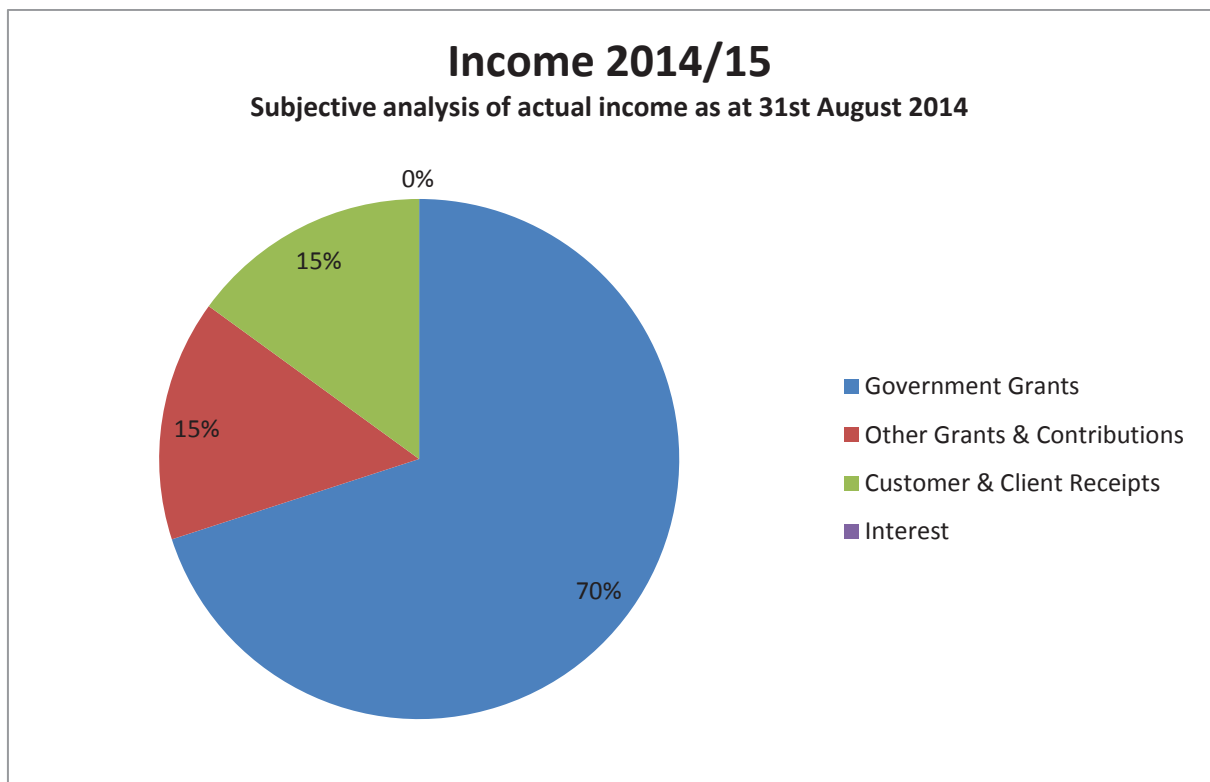


The increase in expenditure between June and July is due to a revised forecast in expenditure savings at Leisure centres and the CCTV wireless camera saving being deferred.

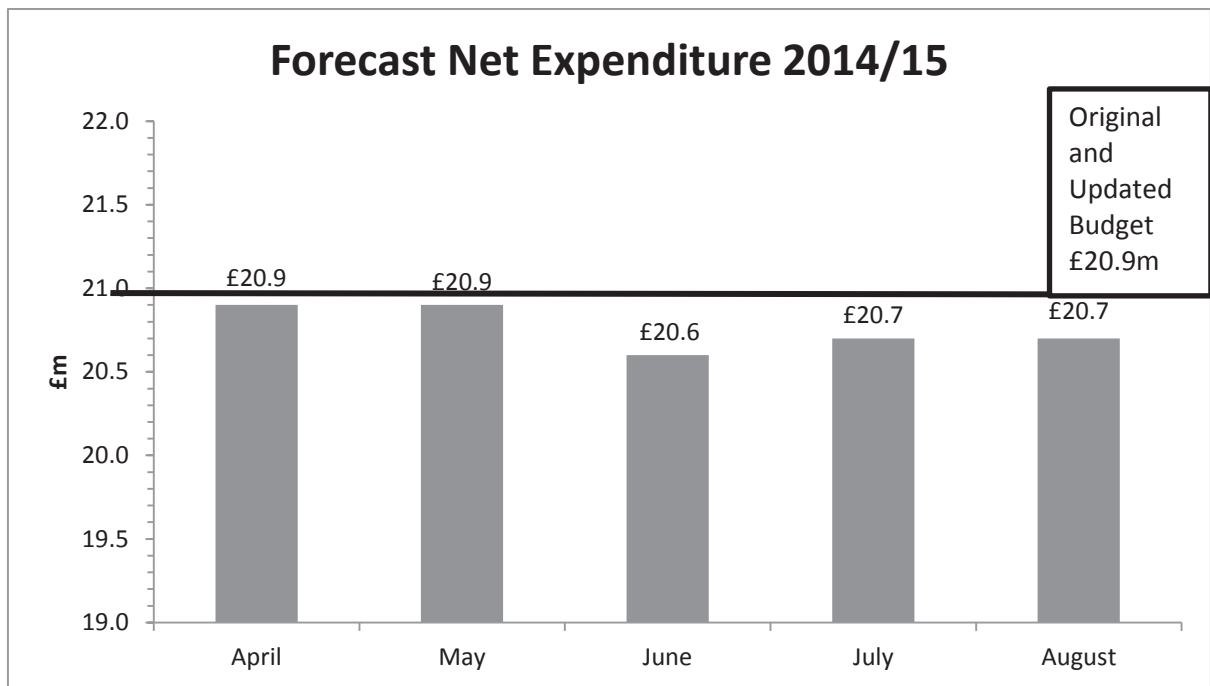




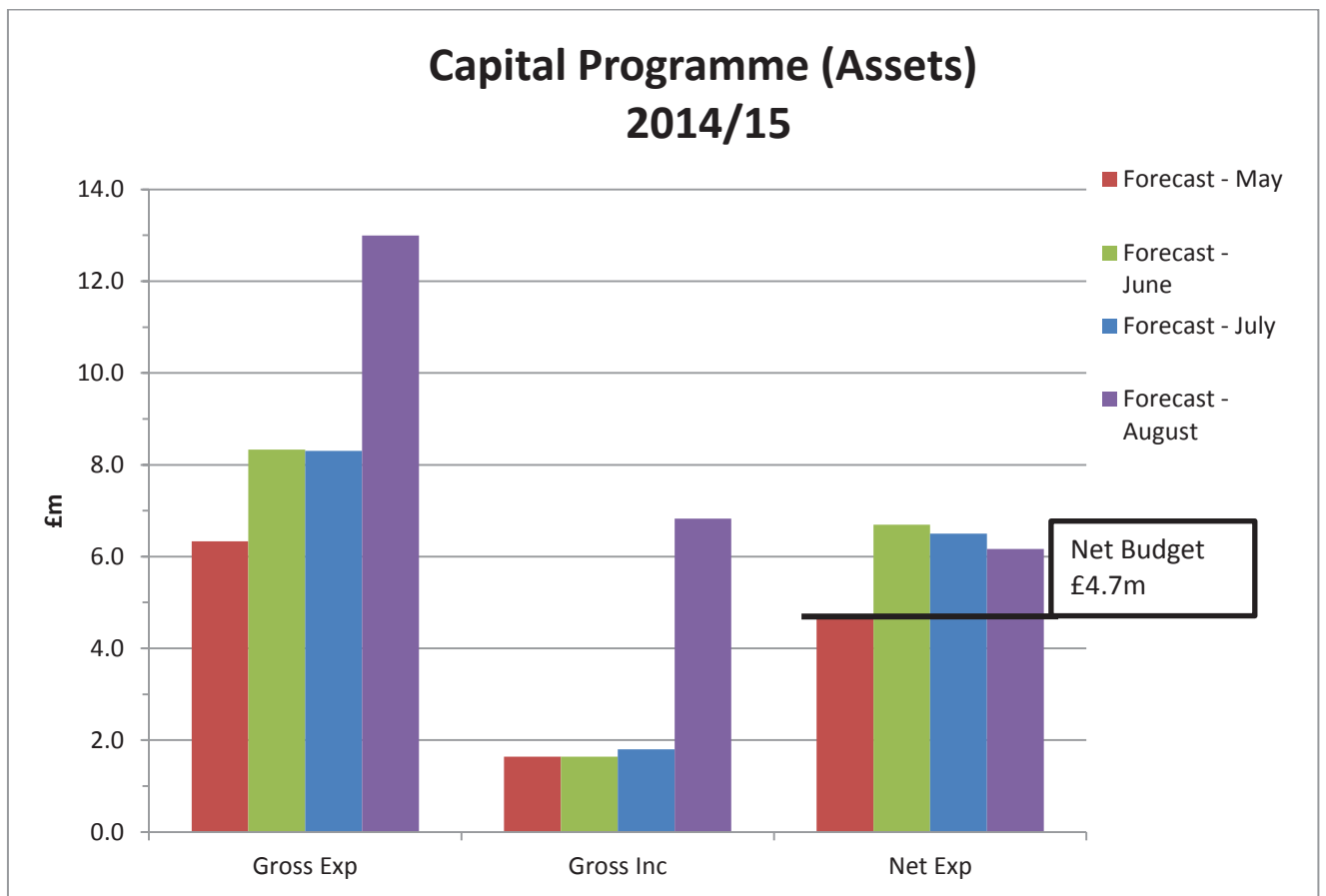
The reduction in forecast income from May to June is due to a revised projection for the Ivo Leisure Centre.







## Capital Programme (Property, Plant & Equipment)



The increase in August reflects the receipt of £5m funding from DCLG for Alconbury Weald that will then be “passported” by way of Capital Grant to the Enterprise Zone.

<b>Highlights Of Budget Changes From Last Month</b>	
	<b>£000</b>
<b>Gross Budget July</b>	<b>8,267</b>
Remove Capital Inflation	(68)
Changes in Forecast Expenditure	(262)
Slippage to Next Year	(228)
Slippage From Next Year	0
Revenue to capital transfers (revenue benefit)	0
New Scheme Funded From Contributions	5,000
<b>Gross Budget - August</b>	<b>12,709</b>
<b>Contributions and Grants - July</b>	<b>(1,830)</b>
Slippage	0
Slippage From Next Year	0
New Scheme Funding	(5,000)
<b>Contributions and Grants - August</b>	<b>(6,830)</b>
<b>Net Capital Programme</b>	<b>5,879</b>

The additional £5.0m expenditure and grant income in the table above relates to the Alconbury Enterprise Zone with a nil impact on the net capital programme.

The table below shows that the biggest single item that will be used to finance the 2014/15 capital expenditure is working capital (a mix of loans, investments, debtors, creditors and cash).

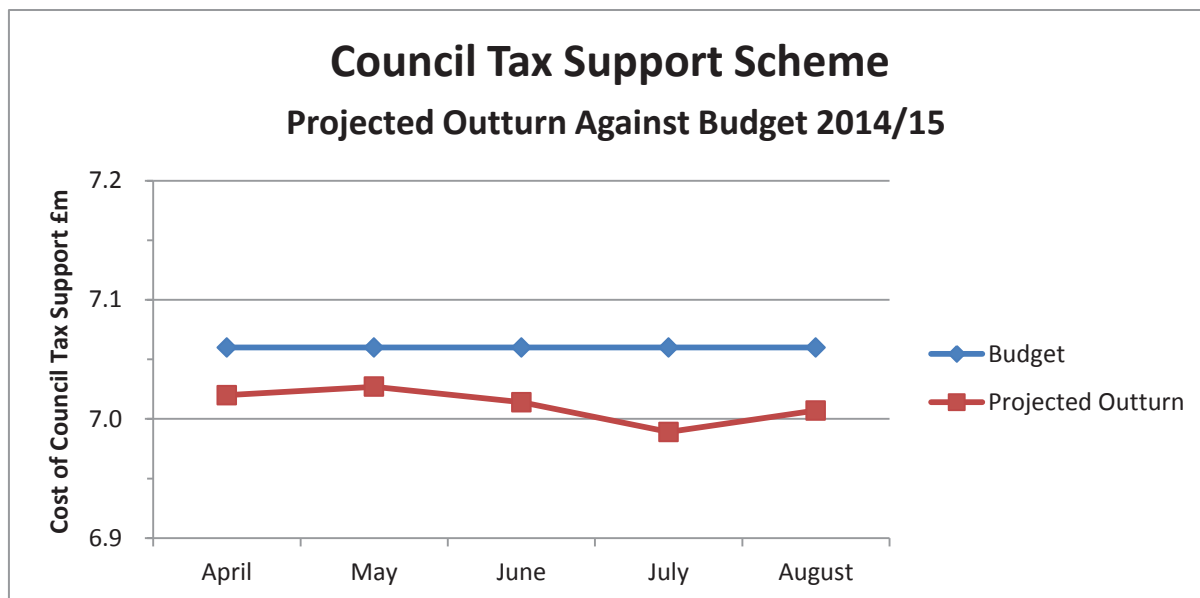
<b>How the 2014/15 Forecast Capital Programme is expected to be financed</b>	
	<b>£000</b>
<b>Gross Expenditure</b>	<b>12,709</b>
<b>Capital Programme: Source of Finance</b>	
- Grants and Contributions	(6,830)
<b>Net Capital Programme</b>	<b>5,879</b>
<b>Other Sources of Finance</b>	
Capital Receipts (Right To Buy Clawback)	(600)
Capital Receipts Land Sales	(200)
Minimum Revenue Provision	(1,623)
Capital Grants Unapplied Reserve	0
<b>Borrowing (Working Capital)</b>	<b>3,456</b>

<b>Movement in Capital Financing</b>	
	<b>£000</b>
<b>Borrowing (Working Capital) - July</b>	<b>3,914</b>
Less Capital Receipts	100
Remove Capital	
Inflation	(68)
Slippage from next year	0
Slippage to next year	(228)
Changes in forecast expenditure	(262)
<b>Borrowing (Working Capital)</b>	<b>3,456</b>

<b>What Has Changed from Net Budget to Net Forecast</b>	
	<b>£000</b>
<b>Original Net Budget</b>	<b>4,691</b>
Remove Capital	
Inflation	(68)
Slippage From 2013/14	1,945
Scheme Savings Additional Scheme	(269)
Costs	53
Revenue to Capital Transfers	0
Slippage to Future Years	(293)
Slippage from Future Years	(180)
<b>Net Forecast</b>	<b>5,879</b>

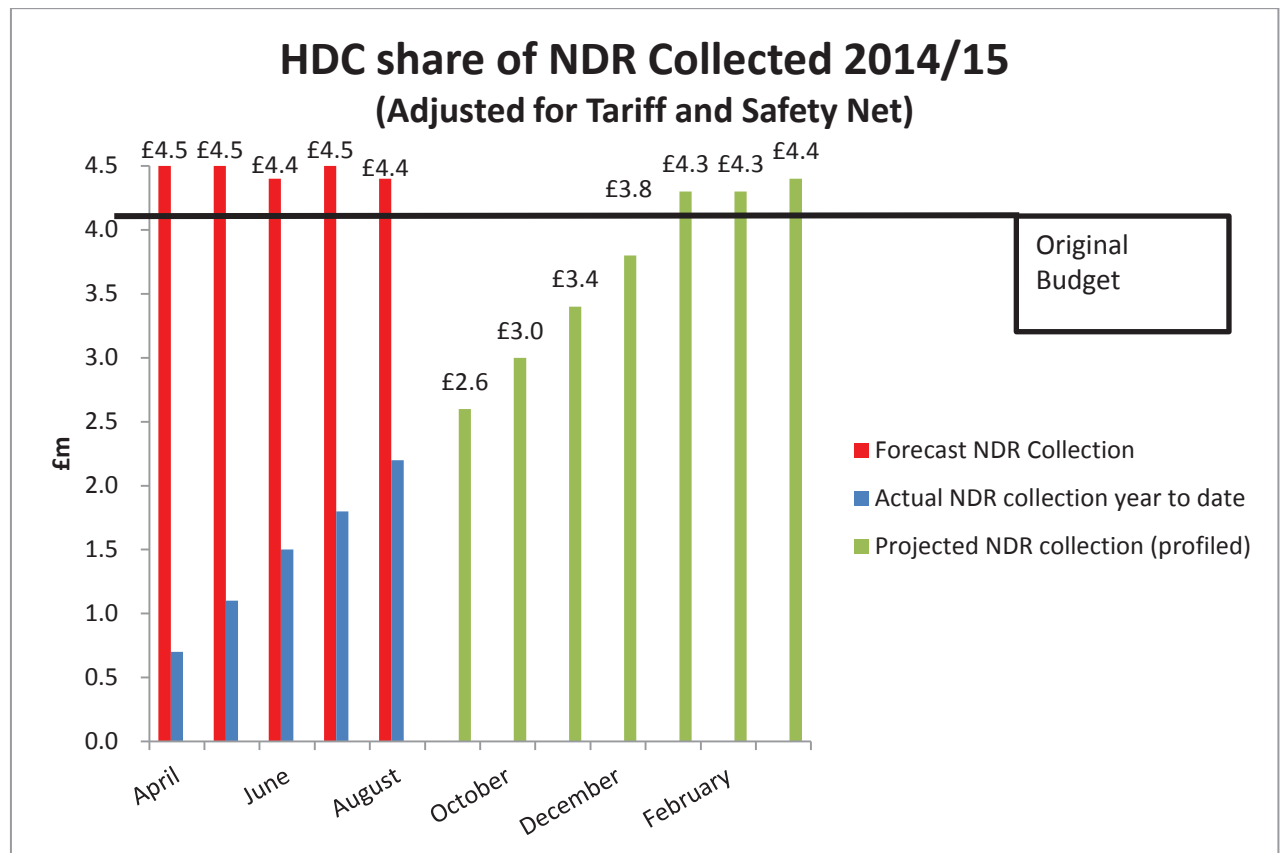
# Council Tax Support Scheme

Currently the take up of the Council Tax Support Scheme is less than planned by some £0.053 million reflecting a more buoyant local economy. Any 2014/15 saving due to the Support Scheme will impact in 2015/16.



The benefit to HDC will be proportionate to all Council Tax precepts (13.8% for HDC including parishes).

## Collection of NDR and Council Tax



Forecast variation to the original budget is £0.2m.

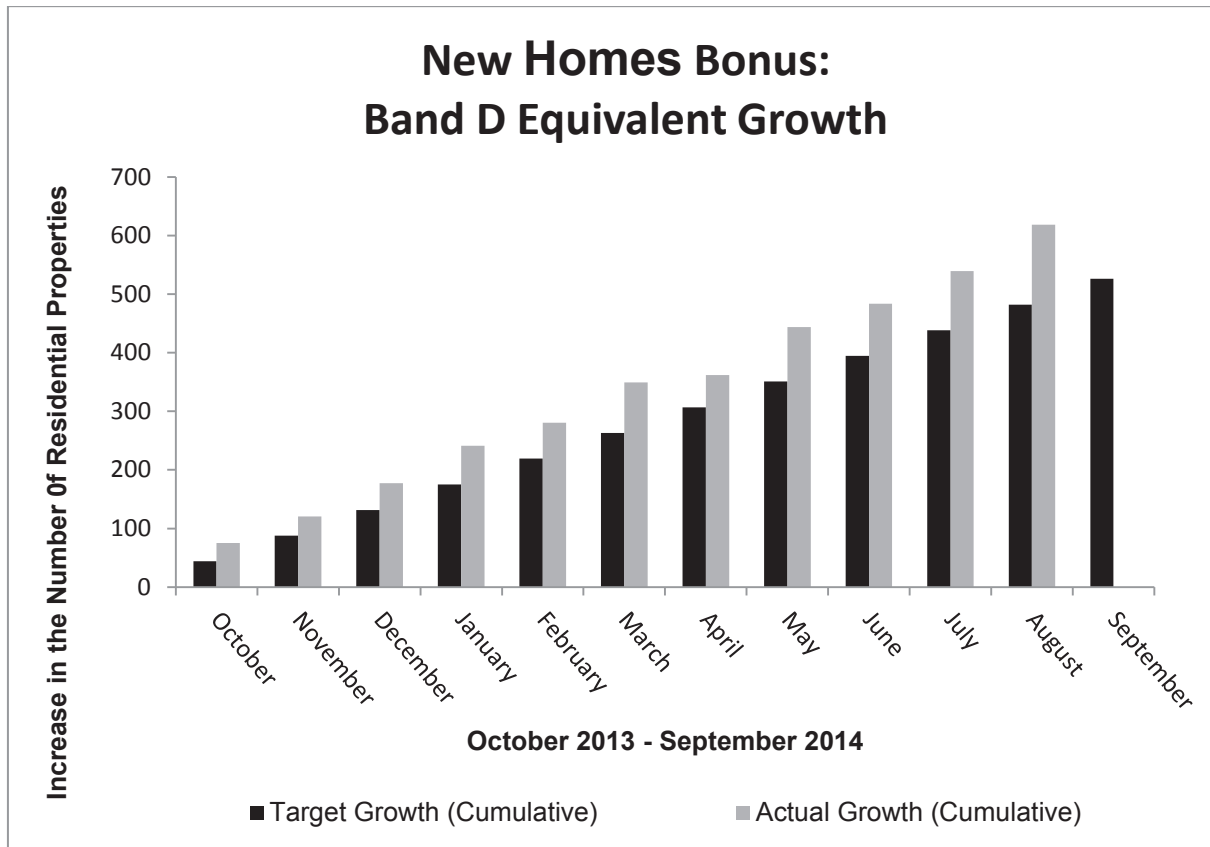
It should be noted that:

- any variance from the budget will impact in 2015/16.
- the localisation of NDR has made the modelling of collectable NDR problematic; this is due to the fact that the Valuation Office has a backlog of appeals which means the position is extremely volatile and further appeals will of necessity result in an amended forecast,
- the uncertainty as to when new premises will come into the valuation list further increases this volatility,

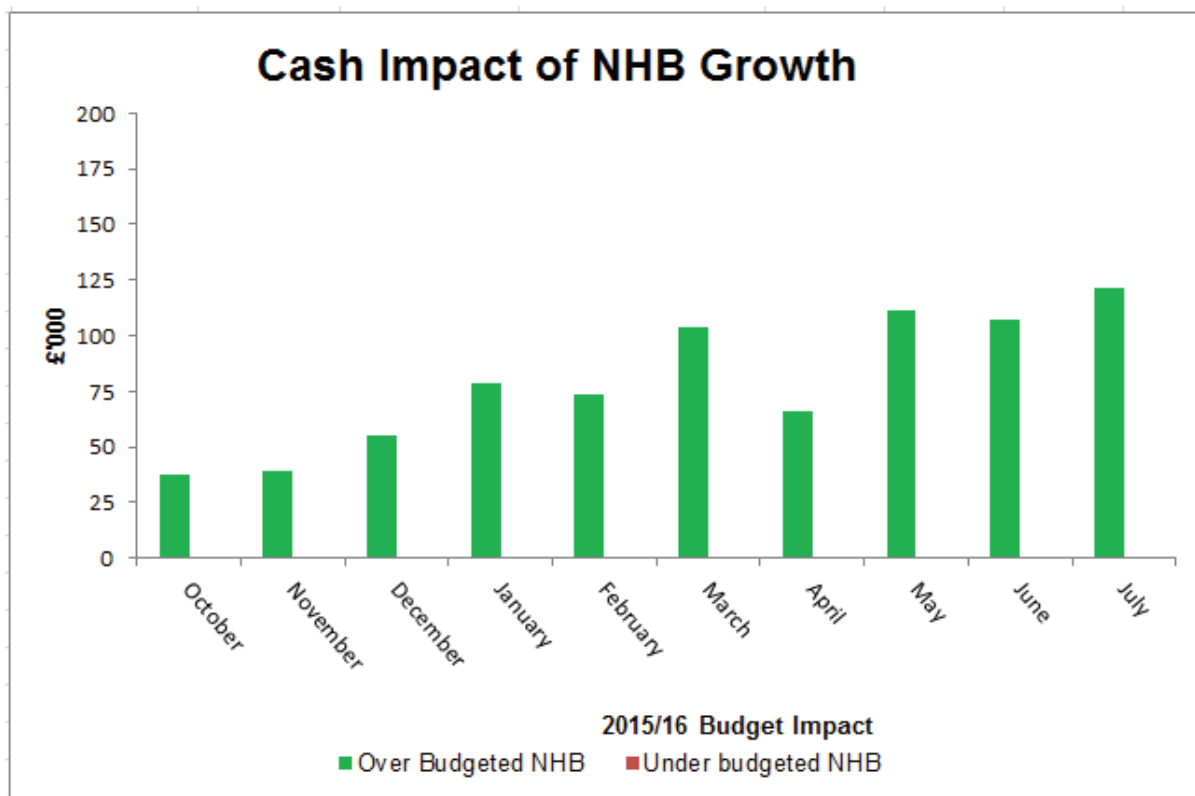
In addition to the forecast above, the Council will receive a grant estimated to be £0.660m for new burdens not allowed for in the central government's assumptions for sharing NDR.

The forecast reflects the actual liability for tax at the time of annual billing compared to the assumptions made at the time the tax base was set. The projection assumes 1% of tax due for 2014/15 will be collected during 2015/16.

## New Homes Bonus



The New Homes Bonus reporting cycle is October to September; consequently any income will be attributable to 2015/16. The following forecasts exclude adjustments for long-term empty properties and affordable homes.



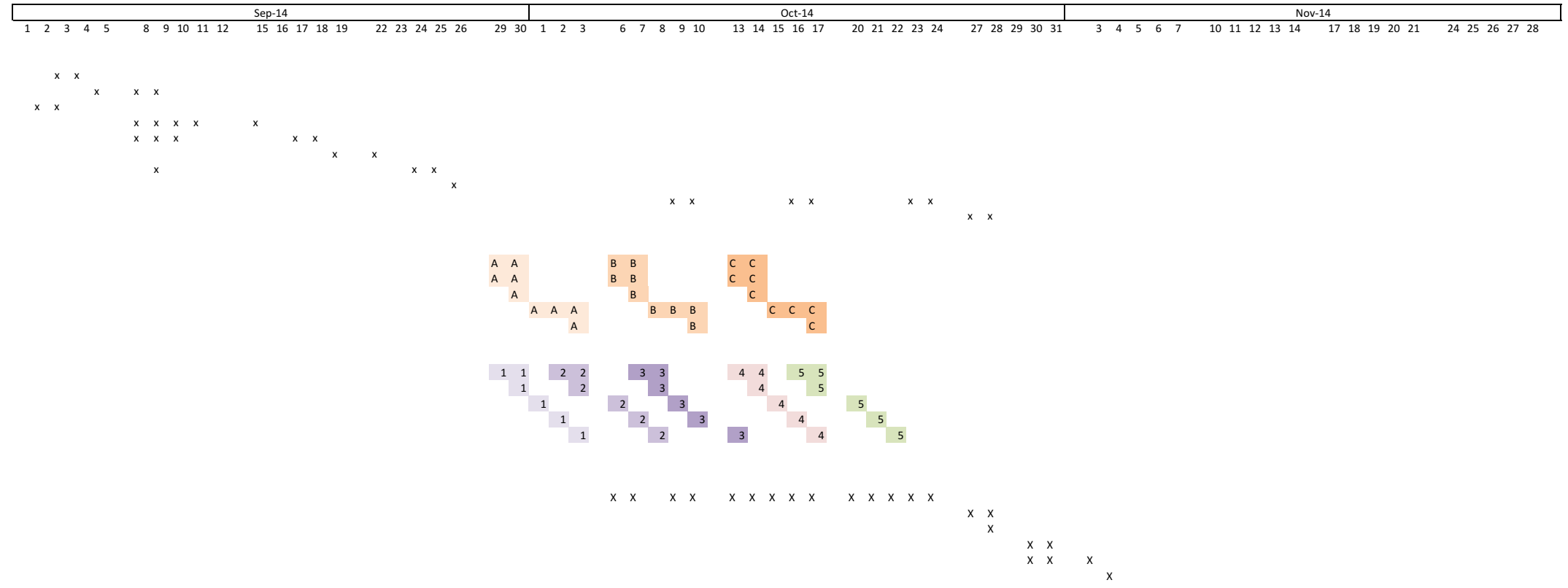
Pending confirmation from the Government the NHB value per property has been estimated at last years rate plus 2% inflation.

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**ZBB - Timetable - Gantt Chart - DRAFT**

Predecessor	Time (days)	
<b>Tasks</b>		
t/1 Training staff - finance	2	
t/2 Training staff - client	3	
t/3 Identifying ZBB type (full or light)	2	
t/4 Preparing data - financial	t/3	5
t/5 Preparing data - HR	t/3	5
t/6 Meet Heads of Service	t/4	2
t/7 Preparing data - performance	t/3	3
t/8 Recruit Star Chamber	t/6	1
t/9 Schedule results of ZBB	r/5	8
t/10 Report to Star Chamber	t/8	2
<b>Review of service</b>		
r/1(h) Prepare service profile	t/4	2
r/2(h) Cost reduction	r/1	2
r/3(h) Income maximisation	r/1	1
r/4(h) Alternative service delivery	r/1	3
r/5(h) Withdraw from service	r/1	2
<b>Light services</b>		
r/1(l) Prepare service profile	t/4	2
r/2(l) Cost reduction	r/1	1
r/3(l) Income maximisation	r/1	1
r/4(l) Alternative service delivery	r/1	1
r/5(l) Withdraw from service	r/1	1
<b>Corporate review</b>		
c/1 Review all submissions	r/3	14
c/2 Schedule service proposals	c/1	1
c/3 Identify service for star chamber review	c/2	1
c/4 Prepare agenda for Star Chamber	c/3	1
c/5 Feed back to Service Heads	c/2	3
c/6 Prepare draft report for COMT	c/4	1



This is a revised gantt chart. The iterative development of the programme in a relatively short space of time has also allowed for the identification of the "heavy" ZBB services. After discussion with Service Heads they will be scheduled into the planning process (phases A, B and C) to complement staff availability and make best use of the knowledge and experience of managers. The ZBB light services are the remaining areas of activity within the Council and these will be included in one of the phases (1 to 5) set out below.

"Heavy" services include One Leisure, parks, car parks environmental health and finance. "Light" services will provide a re-focused approach to the usual budget cycle using the ZBB methodology to restate the budget.

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By virtue of paragraph(s) 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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