

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, 17 September 2015.

PRESENT: Councillor J D Ablewhite – Chairman.

Councillors R B Howe, R C Carter, S Cawley,
D B Dew, R Harrison, J A Gray and
D M Tysoe.

29. MINUTES

The Minutes of the meeting held on 16th July 2015 were approved as a correct record and signed by the Chairman.

30. MEMBERS' INTERESTS

There were no declarations of disclosable pecuniary or other interests received at the meeting.

31. ONE LEISURE - SIX MONTH UPDATE REPORT

At the Cabinet meeting in March a report was presented on the performance of One Leisure. At the request of the Cabinet a further report was presented to provide an update on the progress made to date (a copy of which is appended in the Minute Book).

The Cabinet were informed that the progress made was as follows:

- The financial performance had significantly improved. The 2014/15 final outturn for One Leisure had a deficit of £61k which was an improvement of £314k compared to the previous financial year;
- One Leisure had been in profit for the final quarter of last year and once the expenses and income had been correctly profiled, remained in monthly profit to date;
- The 2014/15 admissions showed an increase in attendance of 9% against the previous year and was currently showing a year to date improvement of 2%;
- The outcome of the Phase I management restructure had been implemented and Phase II was currently in progress;
- Following a review of financial performance and usage patterns at One Leisure Sawtry and a consultation exercise with current users, a rationalisation of opening times was being implemented;
- The implementation of the new membership packages introduced in April, had shown a net growth in the membership base to July of 427 members compared to a net loss of 391 member for the same period in 2014;
- The latest forecast suggested the Group was on target to reach the annual budget surplus of £343k (before capital charges of £165k).

Although the management restructuring was in its early stages, the

lines for reporting and accountability had become clearer which assisted with each individual member of staff being able to understand how they contributed to the drive and deliverability of a customer focussed service.

The new membership packages introduced in April 2015 had resulted in Members now only paying for the services they used at a fairer and more competitive price. Currently 5.5% of Members cancelled their membership each month which was better than the industry standard. A key future focus was to retain Members beyond the average length of membership of 9 months.

The Cabinet recognised that the two smaller sites at Ramsey and Sawtry operated at a loss. However, with the various changes to opening times, management structure and other proposals the annual deficit would reduce to an acceptable level. The Cabinet were pleased to note that the value these two sites had to the local community had been recognised as they would remain operational albeit at a rationalised level.

In the absence of the Head of Leisure and Health, the Business Manager Operations, Paul France, explained that the staffing structure at Sawtry and Ramsey would be combined. Relations between One Leisure Ramsey and the Abbey College in Ramsey had improved as there was an agreement to enable the College to use the facilities. Discussions with Sawtry Academy had commenced regarding relations between One Leisure and the Academy Management Team, with a view to increasing the access for the Academy to use the facilities when they were not open to the public, specifically the swimming pool and sports hall.

Before the opening times of Sawtry had been rationalised, a comprehensive review of usage patterns was undertaken, along with a consultation process with users to ascertain current and future usage patterns. It was intended that customer focus groups would be introduced throughout all of the sites.

The Cabinet commended the Executive Councillor and all Officers for the significant progress made as the improvements had been remarkable. The Cabinet,

RESOLVED:

That the update report and its contents be noted.

32. CORPORATE PLAN AND FINANCE - INTEGRATED PERFORMANCE MONITORING REPORT (QUARTER 1)

The Cabinet considered a report by the Corporate Team Manager and Head of Resources (a copy of which is appended in the Minute Book) and commented on progress against the Key Activities and Corporate Indicators listed in the Council's Corporate Plan for 2015/16 for the period 1st April to 30th June 2015, and progress on the current projects being undertaken at the Council.

The Cabinet also considered and commented on the Council's financial performance on revenue and capital spend as at the end of

June 2015.

In the absence of the Head of Resources, the Accountancy Manager noted that as at the end of June 2015 the majority of capital projects had not commenced. Following the Cabinet meeting in February 2015 where it was approved, as recommended by the Finance Governance Board, that the capital programme be reduced by £1.428m, the revised process now required business plans to be submitted to the Finance Governance Board before funds were released. In future the only capital programmes that would be automatically carried forward from the previous financial year and approved were those where a contractual obligation existed.

It was further noted that the Council was not on target to deliver against the New Homes Bonus. There was a level of frustration amongst the Cabinet as the three large sites identified within the Local Plan for development all had received planning permission yet there was no sign of significant development on any of the sites in the near future.

It was noted that the report had been well received by all three Overview and Scrutiny Panels and a Project Management Select Committee – 6 Month Review report was due to be presented to the Overview and Scrutiny (Economic Well-Being) Panel in October 2015.

The report presented to the Cabinet included a breakdown of projects including the purpose of the project and comments from the Programme Office as to the current status of each project, allowing for greater transparency and ensured visibility on how the project was progressing. It was noted that there was now greater consistency in the quality of the Performance Indicator data which had been collected in accordance with standardised procedures.

Having considered the comments of the Overview and Scrutiny Panels (Social Well-Being), (Economic Well-Being), (Environmental Well-Being) the Cabinet acknowledged that the Council was in a challenging position. However, financially it was in a much better position than many other Authorities. The Cabinet stated that Members and Officers should be proud of the achievements and the progress made against the Council's ambition of not being reliant on Central Government Funding and it was,

RESOLVED:

That the Cabinet

- i. considered and commented on progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C of the Officer's report.
- ii. considered and commented on the Council's financial performance to the end of June 2015, as detailed in the Financial Performance Monitoring Suite at Appendix D of the Officer's report.

33. CIVIL PARKING ENFORCEMENT

The Cabinet was provided with a report (a copy of which is appended in the Minute Book) of the outcome of the review into the desirability of the Council in supporting the County Council to adopt Civil Parking Enforcement (CPE) powers.

The Cabinet endorsed the outcome of the review and agreed that the Council should not commit to being the County Council's agent for CPE in Huntingdonshire on the basis that the case for such powers had not yet been made and such powers were not financially viable.

However, the Cabinet agreed that the Parking Service should engage with the County Council about the development of a comprehensive traffic management strategy for Huntingdonshire that included funding by the County for the infrastructure costs if the strategy proposed a Civil Enforcement Area (CEA) for the District.

Although the creation of a CEA in Huntingdonshire was operationally desirable it was not financially viable. In order for the District Council and County Council to adopt the powers required for CPE there were initial set-up costs with an on-going net operating cost per annum that would increase year on year with inflation.

Although the Police would support the application the Police had deprioritised on-street parking enforcement because of the pressure on their resources which suggested that the Police had evaluated that illegal street parking was not a substantial issue. It was noted that no resources would transfer from the Police to the Council to support the CEA.

The Corporate Director (Services) noted to the Cabinet that during the discussions at the Overview and Scrutiny Panel (Environmental Well-being) meeting some Members had expressed concerns about parking issues within their wards. Further work was to be undertaken to establish the nature and extent of such issue. However, it was noted that CPE would not necessarily resolve these issues.

The Cabinet fully supported further engagement with the County Council to investigate whether there was a desire to develop a more holistic traffic management strategy for Huntingdonshire. Whereupon it was,

RESOLVED

That the Cabinet:

- i. does not commit to being the County Council's agent for Civil Parking Enforcement in Huntingdonshire because the case for such powers has not yet been made and such powers are not financially viable.
- ii. agrees that the Parking Service should engage with the County Council about the development of a comprehensive traffic management strategy for Huntingdonshire that includes funding by the County for the infrastructure costs if the strategy proposes a Civil Enforcement Area for the district.

34. IMPLEMENTATION OF OUTSTANDING INTERNAL AUDIT ACTIONS

Via a recommendation from Council at their meeting on 29th July 2015, the Cabinet considered a report (a copy of which is appended in the Minute Book) regarding the 13 Internal Audit Actions outstanding as at the 30th April 2015.

The Corporate Governance Panel at its meeting on 3rd June 2015 expressed concern at the outstanding audit actions and wanted the issues to be highlighted to the Cabinet. Subsequently the Panel recommended to the Council that it request the Cabinet take appropriate action to address their concerns.

Of the 13 recommendations that were not implemented when reported to the Corporate Governance Panel:

- 4 recommendations were now fully implemented;
- 4 recommendations were partially implemented; and
- 5 recommendations were not implemented.

By the end of October 2015 all recommendations, with the exception of one, were scheduled to be fully implemented.

The Cabinet requested that the relevant Executive Councillors ensured that recommendations be implemented where appropriate in line with the revised deadlines (as detailed in Appendix 1 of the Officer's report) and report to the Cabinet if the revised deadlines were not achieved.

The Cabinet expressed appreciation to the Corporate Governance Panel for its diligence and for notifying the Cabinet, whereupon it was

RESOLVED

That the Cabinet:

- i. notes the comments of Council; and
- ii. requests that relevant Executive Councillors ensure that recommendations are implemented where appropriate in line with the revised deadlines (as detailed in Appendix 1 of the Officer's report) and report to the Cabinet if the revised deadlines are not achieved.

35. COMMERCIAL INVESTMENT STRATEGY

The Cabinet gave consideration to a report (a copy of which is appended in the Minute Book) by the Corporate Director (Services) to approve the Commercial Investment Strategy (CIS) and the 'as is' model of governance arrangements.

In order to achieve the Council's ambition to reduce reliance on Central Government funding, a funding gap of £8.2m had to be addressed by 2019/20. Income generation was one business activity that would assist to address the funding gap.

The Council's current commercial estate generated a net return of £1.5m (7.2% of the £20.8m value of the estate) and the Council had established a 'Capital Investment Earmarked Reserve' to provide a source of funding for further investment in assets generating a revenue cash flow. The CIS established the parameters and governance arrangements for managing this investment.

A Business Plan was being drafted which would be presented to the Cabinet for approval. The Business Plan would establish the parameters for the Loan to Value of each type of investment to ensure that additional borrowing was affordable and that there was adequate security over direct capital investment in assets.

The governance structure for the CIS needed to allow the Council to trade on a commercial basis and also to recognise the statutory and political boundaries. The report to the Cabinet advised of the two options available to the Council. The preferred option recommended to the Cabinet was for the 'as is' position which made use of existing resources and ensured Members were involved in relevant decisions through the Treasury and Capital Management Group. The governance structure would ensure regular reporting to Members

At the Council meeting in July 2015 amendments to the Constitution were approved to reflect the Disposal and Acquisitions Policy to provide new financial thresholds for the disposal and acquisition of land and property and subsequently greater delegated decision making powers to allow Senior Officers and Members to act and take decisions on disposals and acquisitions of land and property.

In considering the comments of the Overview and Scrutiny Panel (Economic Well-Being) it was noted that the Panel had endorsed the CIS and questioned the resources available to deliver the Strategy.

The issue of risk was discussed amongst the Cabinet and it was explained that this was considered within the CIS. It was not proposed that the Council concentrated on one type investment, for instance commercial property. The CIS identified a range of investment strategies with different financial, risk and timing profiles. Initial investment would focus on lower risk investments, with potential risk and reward to be increased over time. The Business Plan would set out risks and mitigation for the types of investments planned each year.

The amount of savings that the Council was required to generate would be impossible to deliver without an impact on services; therefore the Cabinet considered that there was a bigger risk in doing nothing. The Cabinet were in agreement that they wanted to make Huntingdonshire a better place and were mindful that in implementing the CIS risks must be mitigated appropriately. In conclusion the Cabinet,

RESOLVED

To approve the Commercial Investment Strategy as attached to Appendix A of the Officer's report and the 'as is' model of governance arrangements.

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

The Cabinet was provided with an update report (a copy of which is appended in the Minute Book) by the Head of Resources on the Zero Based Budgeting (ZBB) process in preparation for the 2016/17 Budget and Medium Term Financial Strategy (MTFS).

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

In preparation for 2016/17 budget setting, Tranche 2 commenced in April 2015 and concluded with a Cabinet led Star Chamber in mid-July 2015. Tranche 3 commenced in August and the associated Star Chamber was scheduled for November 2015

In addition to the above ZBB reviews, other budget activity being undertaken included a:

- series of ZBB 'light' reviews for those services that were 'heavy' reviewed during Tranche 1 in the last financial year; and
- two cross-cutting ZBB review's, namely administration support and design service.

The confirmed 2019/20 savings accumulated from Tranche 2 of the ZBB process included in the budget savings for 2016/17 was £1.372m. In the absence of the Head of Resources, the Accountancy Manager explained that there was potential for a further £12,000 to be secured once a lean review was completed within the Licensing Service, which would give a total ZBB Tranche 2 saving of £1.384m. The conclusion of this review would be reported to the November 2015 Star Chamber and Cabinet thereafter. The detailed service changes as a result of Tranche 2 were detailed in Appendix 1 of the Officer's report.

The Cabinet agreed that the benchmarking information provided by Pixel Financial Consulting had been useful in the process as a comparison against other Authorities.

The Cabinet expressed appreciation to the Executive Councillors and Officers that had been involved in the ZBB process.

Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) it was

RESOLVED

That the Cabinet considered and commented on the progress of the ZBB programme to date and the Tranche 2 savings proposals noted in Appendix 1 of the Officer's report.

37. LANGLEY COURT - LOAN TO LUMINUS

The Cabinet gave consideration to a report by the Head of Resources and Housing Strategy Manager (a copy of which is appended in the Minute Book) regarding the transfer of a grassed area to Luminus and the provision of loan finance to Luminus at nil cost to the Council.

The need for extra care for older people in St Ives was a priority in the Council's Housing Strategy 2012-15. Luminus had an outdated sheltered scheme in Langley Close, Ramsey Road, St Ives and wanted to demolish the scheme and redevelop a new extra care scheme in its place consisting of 55 one and two bedroom flats. Luminus had supported residents to move out of the original building, the new building had planning permission and ground works had commenced.

There was a grassed area to the front of the site, bordering the car park which was owned by the Council. To make best use of the site, Luminus wanted to use the area to form part of the car park and green space for the scheme. To enable this to happen, the Council needed to transfer ownership of the green space to Luminus. It was noted that the transfer would be subject to a clawback arrangement so that if the site was ever sold in the future, the monetary equivalent of the land value reverted to the Council. It was explained that the grassed area did not have any standalone development potential, given its proximity to the street and the surrounding buildings, and therefore transferring it to Luminus would be in line with the Council's forthcoming Asset Strategy.

Legal advice had been obtained to give assurance of the Council's legal position in relation to the loan. A specialist consultant had been appointed by the Council to help arrange the loan facility for Luminus. The heads of terms for the legal agreement had been drafted and the due diligence was underway. The fees would be reimbursed by Luminus.

The specific loan details were yet to be finalised. However, the loan would not have a negative financial impact on the Council as Luminus would be repaying the loan in full including a margin of 1.5% over the 30 year term of the loan. The net loan finance to be arranged by the Council in respect of the development itself was £5m. It was anticipated that Luminus would draw down their loan at various stages of the development process and consequently the Council would draw down the loan from the Public Works Loan Board in similar tranches.

Financial security during the development phase would be Brook House, which was owned by Luminus Finance Limited. As the development came to a completion the intention would be to transfer financial security to the Langley Court development.

The Cabinet were keen to support the proposals as a need for additional care for older people in the area had been identified as a priority in the Council's Housing Strategy. The Cabinet were satisfied that the risks regarding the loan to Luminus were well mitigated.

The Cabinet subsequently

RESOLVED

- i. to the transfer of the grassed area (as identified in Appendix 1 of the Officer's report) at the front of Langley Court to Luminus, subject to a clawback arrangement as detailed in paragraph 3.5 of the Officer's report.
- ii. to the continued support of the Langley Court development by the provision of loan finance at nil cost to the Council.
- iii. that the Head of Resources, as the Section 151 Officer, be authorised to make the loan following consultation with the Executive Councillor for Resources (and a satisfactory Due Diligence report from the Council's Treasury Management Advisors).

38. SAFETY ADVISORY GROUP

RESOLVED

The report of the Safety Advisory Group meeting held on 3rd June 2015 was received and noted.

Chairman