

A meeting of the **OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING)** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29** on **THURSDAY, 3 SEPTEMBER 2015** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 5 - 8)

To approve as a correct record the Minutes of the meeting held on 9 July 2015.

L Berridge 388026

2. MEMBER'S INTERESTS

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

3. NOTICE OF KEY EXECUTIVE DECISIONS (Pages 9 - 12)

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

**Democratic Services
388015**

4. INTEGRATED PERFORMANCE MONITORING (QUARTER 1)
(Pages 13 - 38)

The Corporate Team Manager will present the Integrated Performance Monitoring Report (Quarter 1) to the Panel.

D Buckridge 388065

5. COMMERCIAL INVESTMENT STRATEGY

The Corporate Director (Services) will present the Commercial Investment Strategy to the Panel.

J Slatter 388103

(REPORT TO FOLLOW)

6. ZERO BASED BUDGETING (Pages 39 - 44)

To consider a report on Zero Based Budgeting, presented by the Head of Resources.

C Mason 388157

7. IMPLEMENTATION OF AUDIT ACTIONS (Pages 45 - 58)

To consider a report on the Implementation of Audit Actions by the Head of Resources.

C Mason 388157

8. LANGLEY COURT - LOAN TO LUMINUS (Pages 59 - 76)

- The Head of Resources will present a report on Langley Court – Loan to Luminus to the Panel. **C Mason 388157**
- 9. WORKPLAN STUDIES** (Pages 77 - 80)
- To consider the Work Programmes of the Social and Environmental Well-Being Overview and Scrutiny Panels. **L Berridge 388026**
- 10. OVERVIEW AND SCRUTINY PROGRESS** (Pages 81 - 84)
- To consider a report on the Panel's activities. **L Berridge 388026**
- 11. SCRUTINY** (Pages 85 - 94)
- To scrutinise decisions taken since the last meeting as set out in the Decision Digest and to raise any other matters for scrutiny that sit within the remit of the Panel. **Democratic Services 388169**

Dated this 26 day of August 2015



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

The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening at meetings. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and available via the following link [filming, photography and recording at council meetings.pdf](#) or on request from the Democratic Services Team. The Council understands that some members of the public attending its meetings may not wish to be filmed. The Chairman of the meeting will facilitate this preference by ensuring that any such request not to be recorded is respected.

Please contact Ms Lucie Berridge, Scrutiny Officer, Tel No. 01480 388026/e-mail Lucie.Berridge@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

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

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

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

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

Emergency Procedure

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

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the **OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING)** held in **Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN** on **Thursday, 9 July 2015**.

- PRESENT:** Councillor G J Bull – Chairman.
- Councillors T D Alban, P L E Bucknell, R S Farrer, L George, D Harty, J M Palmer and J E White.
- APOLOGIES:** Apologies for absence from the meeting were submitted on behalf of Councillors E R Butler and Mrs A D Curtis.
- IN ATTENDANCE:** J Slatter, Councillors J Gray, J Ablewhite, and D Dew.

120. MINUTES

The minutes of the meeting held on 4 June 2015 were approved as a correct record and signed by the Chairman.

121. MEMBER'S INTERESTS

Councillor T Alban raised an interest regarding Item 4 on the Agenda due to occasional work on a freelance basis for BBC Radio Cambridgeshire.

122. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel considered and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book).

123. BUDGET MONITORING 2015/15 (REVENUE & CAPITAL)

The Accountancy Manager presented a report to the Panel on the Budget Monitoring 2015/16 (Revenue and Capital).

The report's key points concentrated on:

- Revenue Forecast Outturn
- Capital Forecast Outturn
- General Fund Reserve
- New Homes Bonus

Feedback on the report was positive, with discussion focusing on the progress made since the previous report that was noted by the Panel in 2015.

Members recommended that the report be approved by Cabinet.

124. MARKETING STRATEGY AND BRANDING FOR HUNTINGDONSHIRE

The Panel considered a report by the Economic Development manager on the Marketing Strategy and Branding for Huntingdonshire. The Panel were informed that the Strategy document is for the team to work from, rather than external facing marketing material and is a follow-up to the overarching report that was presented in June 2015.

Members of the Panel queried timescales for the Marketing Strategy implementation, and were informed that the external work will be starting immediately following approval from Cabinet.

Members noted the report and recommend it to Cabinet for approval, with additional recommendations:

- Progress on the implementation of the Marketing Strategy to be reported to the Overview and Scrutiny Economic Well-Being Panel at six monthly intervals.
- An annual report on the impact of the Marketing work programme to be presented to the Overview and Scrutiny Economic Well-Being Panel.

125. SHARED SERVICES

The Overview and Scrutiny Panel (Economic Well-Being) considered a report presented by the Corporate Director for Services. The primary subjects for discussions were as follows:

- Lead Authority Model
- Head of Shared service position
- Robust governance; joint committee
- Business plan
- Intelligent Client function
- Identity for Shared Services (branding etc.)
- Sovereignty guarantee

Members raised questions regarding the effects of Shared Services on Councillors; the Panel were informed that Shared Services will lead to a more robust service, and that these improvements will create extra resilience for HDC, SCDC and CCC.

In terms of Scrutiny, there may be instances where joint Scrutiny Panels may be appropriate with each Council reporting their findings from the Shared Service implementation.

It was agreed that strong communication channels between officers and members need to be developed and upheld to maintain clarity and understanding of the areas for improvement within each separate

Council.

The Panel provided positive feedback on the work achieved so far, and recommended that the reports should be approved by Cabinet.

(a) LEGAL SHARED SERVICES BUSINESS CASE

The Panel received a report by the Managing Director, presenting the business case for the proposed Legal shared service and including details of the financial savings expected.

The Head of Operations explained the Scope for the future legal service as included in the report. Members were informed of the key points of the report:

- There are expected disaggregation issues for participating Councils; these issues are in hand within the respective Councils.
- Work relating to the Regulation of Investigatory Powers Act (RIPA), the Freedom of Information Act (FOIA), the Data Protection Act (DPA), Assets of Community Value (ACV) and similar areas will remain within the participating Councils who will commission legal advice and support as appropriate from the Practice.
- Each authority will take a decision on its required Monitoring Officer arrangements separately from this project.
- The Practice business case is based on the need to create resilience, improve the quality of service to clients, become more efficient and increase capacity within the Practice in order to reduce expenditure on external legal support and increase external fee earning opportunities.

The Panel concluded that the report clearly showed the benefits of a shared Legal service between the three Councils. Members have approved this report for Cabinet.

(b) ICT SHARED SERVICES BUSINESS CASE

The Panel received a report by the Managing Director, presenting the business case for the proposed ICT shared service and including details of the financial savings expected.

The Head of Operations summarised the report and talked the Members through the benefits and outcomes of the proposed ICT shared service including:

- An ICT service that has the capability and capacity to meet the future demands of the Councils

- Greater efficiency and reduced duplication in ICT services
- Better access to and sharing information for performance management and benchmarking
- Increased customer self-service for straightforward interactions
- Continuity and resilience of service
- Raising quality and adding value to existing services
- Securing cost savings and sustainable efficiencies
- Releasing staff time for more customer facing activities
- Improving system scalability
- Ensuring improved and more up-to-date systems
- Ability to offer otherwise unsustainable services
- Levering transformation.

The Panel concluded that the report clearly showed the benefits of a shared ICT service between the three Councils. Members have approved this report for Cabinet.

126. WORKPLAN STUDIES

The Panel received and noted a report (a copy of which is appended in the Minute Book) which contained details of studies being undertaken by the Overview and Scrutiny Panels for Social Well-Being and Environmental Well-Being.

127. OVERVIEW AND SCRUTINY PROGRESS

With the aid of a report (a copy of which is appended in the Minute Book) the Panel reviewed the progress of its activities since the last meeting.

128. SCRUTINY

The 156th Edition of the Decision Digest was received and noted.

Chairman



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

Prepared by Councillor J D Ablewhite
Date of Publication: 14 August 2015
For Period: 1 September 2015 to 31 December 2015

Membership of the Cabinet is as follows:-

Councillor J D Ablewhite - Executive Leader of the Council	3 Pettis Road St. Ives Huntingdon PE27 6SR Tel: 01480 466941 E-mail: Jason.Ablewhite@huntingdonshire.gov.uk
Councillor R C Carter - Executive Councillor for Operations & Environment	5 The Paddock Bluntisham Huntingdon PE28 3NR Tel: 07986 325637 E-mail: Robin.Carter@huntingdonshire.gov.uk
Councillor S Cawley - Executive Councillor for Organisational Change & Development	6 Levers Water Huntingdon PE29 6TH Tel: 01480 435188 E-mail: Stephen.Cawley@huntingdonshire.gov.uk
Councillor D B Dew - Executive Councillor for Strategic Planning & Housing	4 Weir Road Hemingford Grey Huntingdon PE28 9EH Tel: 01480 469814 E-mail: Douglas.Dew@huntingdonshire.gov.uk

Councillor J A Gray - Executive Councillor for Resources	Vine Cottage 2 Station Row Catworth Huntingdon PE28 0PE Tel: 01480 861941 E-mail: Jonathan.Gray@huntingdonshire.gov.uk
Councillor R Harrison - Executive Councillor for Strategic Economic Development & Legal	55 Bushmead Road Eaton Socon St Neots PE19 8GC Tel: 01480 406664 Email: Roger.Harrison@huntingdonshire.gov.uk
Councillor R Howe - Deputy Executive Leader of the Council with responsibility for Commercial Activities	The Old Barn High Street Upwood Huntingdon PE26 2QE Tel: 01487 814393 E-mail: Robin.Howe@huntingdonshire.gov.uk
Councillor D M Tysoe - Executive Councillor for Customer Services	Grove Cottage Maltings Lane Ellington Huntingdon PE28 OAA Tel: 01480 388310 E-mail: Darren.Tysoe@huntingdonshire.gov.uk

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Notice is hereby given of:

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

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

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

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

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

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

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

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

→ Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Civil Parking Enforcement	Cabinet	17 Sep 2015		Alistair Merrick, Interim Head of Operations Tel (01480) 388388 Email alistair.merrick@huntingdonshire.gov.uk		R Howe	Environmental Well-Being
Scheme of Delegation for the Scrap Metal Dealers Act 2013	Cabinet	17 Sep 2015		Chris Stopford, Head of Community Services Tel No. 01480 388280 email: chris.stopford@huntingdonshire.gov.uk		R Harrison	Social Well-Being
Home Improvement Agency - Annual Report ***	Cabinet	17 Sep 2015		Trish Reed, Housing Strategy Manager Tel No. 01480 388203 or email: Trish.Reed@huntingdonshire.gov.uk		D B Dew	Social Well-Being

Subject/Matter for Decision	Decision/recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Commercial Investment Strategy ***	Cabinet	17 Sep 2015		Clive Mason, Head of Resources Tel No. 01480 388157 or email: Clive.Mason@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Huntingdonshire Infrastructure Business Plan	Cabinet	22 Oct 2015		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 email: Paul.Bland@huntingdonshire.gov.uk		D Dew	Environmental Well-Being
Local Plan to 2036 - Proposed Submission	Cabinet	22 Oct 2015		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 email: Paul.Bland@huntingdonshire.gov.uk		D Dew	Environmental Well-Being
Statement of Licensing Policy ***	Cabinet	19 Nov 2015		Christine Allison, Licensing Manager Tel No. 01480 388010 email: Christine.Allison@huntingdonshire.gov.uk		R Harrison	Social Well-Being
Gambling Act 2005 Statement of Principles ***	Cabinet	19 Nov 2015		Christine Allison, Licensing Manager Tel No. 01480 388010 email: Christine.Allison@huntingdonshire.gov.uk		R Harrison	Social Well-Being
Housing Register Lettings Policy Amendment ***	Cabinet	19 Nov 2015		Jon Collen, Housing Needs and Resources Manager Tel No. 01480 388220 or email: Jon.Collen@huntingdonshire.gov.uk		D Tysoe	Social Well-Being
Approval of Council Tax Base ***	COMT (Chief Officers Management Team)	1 Dec 2015		Ian Sims, Local Taxation Manager Tel No. 01480 388138 or email: Ian.Sims@huntingdonshire.gov.uk		J Gray	Economic Well-Being
Update on Budget and Medium Term Financial Strategy ***	Cabinet	10 Dec 2015		Clive Mason, Head of Resources Tel No. 01480 388157 or email: Clive.Mason@huntingdonshire.gov.uk		J Gray	Economic Well-Being

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Corporate Plan & Finance – Integrated Performance Report

Meeting/Date: Overview and Scrutiny (Economic Well-being) Panel,
3 September 2015
Cabinet, 17 September 2015

Executive Portfolio: Executive Leader and all other relevant Portfolio Holders

Report by: Corporate Team Manager and Head of Resources

Ward(s) affected: All

Executive Summary:

The purpose of this report is to brief Members on progress against the Key Activities and Corporate Indicators listed in the Council's Corporate Plan for 2015/16 for the period 1 April 2015 to 30 June 2015. The report also incorporates progress reporting for current projects being undertaken at the Council and details of financial performance on revenue and capital spend as at the end of June.

The Corporate Plan's strategic priorities have been allocated to Overview and Scrutiny Panels as follows:

Social Well-being	1. Working with our communities
Economic Well-being	1. A strong local economy 2. Ensuring we are a customer focused and service-led Council
Environmental Well-being	1. Enable sustainable growth

Recommendations:

Members are recommended to consider and comment 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.

Members are recommended to consider and provide comments on the Council's financial performance to the end of June, as detailed in the Financial Performance Monitoring Suite at Appendix D.

1. PURPOSE

- 1.1 The purpose of this report is to present performance management information on the Council's Corporate Plan for 2015/16 and updates on current projects.

2. BACKGROUND

- 2.1 The Council's [Corporate Plan](#) was adopted as a two-year plan in 2014, with an update approved in April 2015 setting out what the Council aims to achieve in addition to its core statutory services during 2015/16. The information in the summary at Appendix A and the performance report at Appendix B relates to the Key Actions and Corporate Indicators listed for 2015/16.
- 2.2 As recommended by the Project Management Select Committee, project updates are now included in this performance report at Appendix C. There are currently 29 open, pending approval or pending closure projects logged on the HDC SharePoint site across various programmes. As explained in the Programmes and Projects report considered by Overview and Scrutiny Panels and Cabinet in June 2015, each project has been aligned with a strategic priority to allow progress to be reported to the relevant Panel. The report for Cabinet covers all of the Council's current and pending projects. Since June's Overview and Scrutiny meetings, all Capital Projects have been set up on SharePoint and aligned with our strategic priorities. No Capital Projects have currently been approved for spend in 2015/16.
- 2.3 The report to the Overview and Scrutiny (Economic Well-being) Panel and Cabinet now also incorporates financial performance to the end of June. Performance is summarised below and details are listed in Financial Performance Monitoring Suite at Appendix D.

3. PERFORMANCE MANAGEMENT

- 3.1 Members of the Overview and Scrutiny Panels have an important role in the Council's Performance Management Framework and a process of regular review of performance data has been established. The focus is on the strategic priorities and associated objectives to enable Scrutiny to maintain a strategic overview.
- 3.2 Progress against Corporate Plan objectives is reported quarterly. The report at Appendix B includes performance data in the form of a narrative of achievement and a RAG (Red/Amber/Green) status against each Key Action in the Corporate Plan and results for each Corporate Indicator. Appendix C gives a breakdown of projects including the purpose of the project and comments from the Programme Office as to the current status of each project's SharePoint site as part of the new governance arrangements.
- 3.3 Overview and Scrutiny Panels each receive separate quarterly performance reports, ordered by strategic priority. Cabinet receive a single report covering all of the Corporate Plan strategic priorities and all Corporate Indicator results.
- 3.4 There is now greater consistency in the quality of the Performance Indicator data which has been collected in accordance with standardised procedures. Targets for Corporate Indicators and target dates for Key Actions have been set by the relevant Head of Service, after discussion with the appropriate Portfolio Holder.

4. FINANCIAL PERFORMANCE

4.1 Attached at Appendix D is the June Financial Performance Monitoring Suite. Highlights from this report are described below.

4.2 Revenue Forecast Outturn and Variations in Revenue Spend

In February 2015, Council approved a:

- Net revenue expenditure budget of £18.881m
- Contribution to reserves of £0.797m, and
- Budget Requirement of £19.678m

As part of the 2014/15 accounts closure process, and approved by Cabinet in June 2015, carry-forward requests of £0.262m were brought into the 2015/16 budget. This adjusted the contribution to reserves to £0.535m with a consequential increase in the net revenue budget to £19.143m.

With regard to the 2015/16 forecast outturn, the net revenue budget is forecast to be £18.993m; £0.150m less than the updated budget of £19.143m. This has the consequential impact of increasing the forecast contribution to reserves to £0.685m. The reduced spend is mainly due to vacant posts and a general reduction in service spend at this point in the financial year. In addition to the service saving, there is a further £0.448m as a consequence of additional Section 31 new-burdens grant (e.g. funding to support reduced business rates for small business); therefore the overall saving against the budget is £1.133m.

4.3 Capital Forecast Outturn and Variations in Capital Spend

The Council approved the 2015/16 capital programme of £11.065m in February 2015. In April 2015, Cabinet approved the Finance Governance Board's (FGB) recommendations that the capital programme be reduced by £1.428m after further scrutiny and challenge. Together with the approved carry forwards of £0.274m, the updated capital budget for 2015/16 is £9.363m as detailed in the table below.

Capital Summary	£'000
Original Approved Budget	11,065
Approved reductions by FGB	1,428
Approved carry forwards from 2014/15	274
Updated Capital Programme	<u>9,363</u>

As at the end of June 2015, the majority of capital projects have not started. However, as a consequence of receiving Disabled Facility Grant, there is currently a new surplus on the capital programme of £0.398m. The main reasons for the current delay on spend in the capital programme are summarised below.

Capital Programme 2015/16 - Commentary on Actuals to May 2015

Budgeted figures shown in brackets.

Head of Community

The camera replacement budget (£87,000) is reactive and will not be spent until cameras breakdown and need replacing. Expenditure on Loves Farm Community Centre will be funded from S106 grants. The final cost of the Huntingdon West Development (£1.2m) has not been finalised, once the final cost has been agreed, CIL payments will be made over the next few years.

Head of Leisure and Health

The synthetic pitch replacement (£118,000) at St Neots has been agreed by Cabinet but has not commenced yet. The expansion at One Leisure Huntingdon (£795,000) and Replacement Fitness Equipment (£200,000) are subject to further review by the Finance Governance Board before commencement. The retention for development works at One Leisure St Ives (£60,000) is still subject to ongoing internal audit review.

Head of Resources

The sale of land at St Marys Street (£420,000) was completed in July 2015. The anticipated £5.0m Housing Association loan is subject to a due diligence process and will not be advanced until that is complete.

Head of Customer Services

The ICT Virtualisation budget (£75,000) is allocated to the Microsoft Enterprise licence, which is due later in the year. The server virtualisation and network budget (£20,000) is for replacement equipment and this will only be spent as the need arises.

Head of Operations

The sale of the Green-House at St Ives was completed in August and the final receipt was £295,000, some £60,000 more than budgeted. Vehicle Fleet Replacement (£761,000) is subject to a long lead time and so will not be spent until later in the year. The Salix Building Efficiency budget will be used to replace the air handling unit at One Leisure Huntingdon. The Environment Strategy budget (£30,000) is planned to be spent on Loves Farm Community Centre for installing energy saving measures. The contribution (£500,000) towards the multi-storey car park is expected imminently.

Head of Development

Expenditure on Disabled Facilities Grants (£1.1m) has commenced, with grant from government received in advance of expenditure (£554,000).

4.4 **General Fund Reserve**

As noted in paragraph 4.2, the total forecast saving for this financial year is £1.133m, it is proposed that this is split between a contribution of:

- £0.535m to the general fund, thereby reflecting the originally budgeted contribution net of the approved carry-forward requests from 2014/15, and
- £0.598m to the Capital Investment Earmarked Reserve, thereby reflecting the
 - £0.150m which represents the saving from service spend and therefore the reduction in the reliance of government grant (e.g. New Homes Bonus) to support revenue spend, and
 - the £0.448m additional government funding.

The 2015/16 Medium Term Financial Strategy (MTFS) anticipated that the general fund balance at the end of 2015/16 would be £9.334m; with the aforementioned contribution this would give a forecast year-end general fund balance of £9.972m. With regard to the Capital Investment Earmarked Reserve, this would increase to £5.185m.

5. **COMMENTS OF OVERVIEW & SCRUTINY PANELS**

5.1 Overview and Scrutiny (Economic Well-Being) – 3 September 2015

To be added

6. **RECOMMENDATION**

6.1 Members are recommended to consider and provide comments to Cabinet on progress made against Key Activities and Corporate Indicators in the Corporate Plan 2015/16 and current projects, as summarised in Appendix A and detailed in Appendices B and C.

6.2 Members are recommended to consider and provide comments to Cabinet on the Council's financial performance to the end of June.

CONTACT OFFICER

Corporate Plan Performance Monitoring and Projects (Appendices A, B and C)

Daniel Buckridge, Policy, Performance & Transformation Manager (Scrutiny)

☎ (01480) 388065

Financial Performance (Appendix D)

Rebecca Maxwell, Accountancy Manager

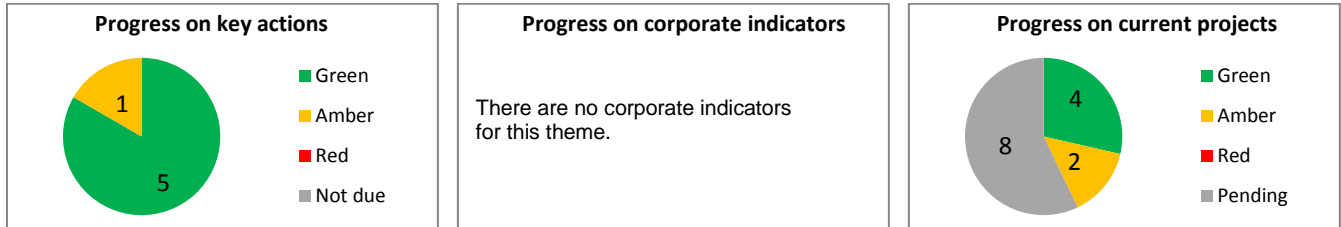
☎ (01480) 388117

Appendix A

Performance Summary Quarter 1, 2015/16

A strong local economy

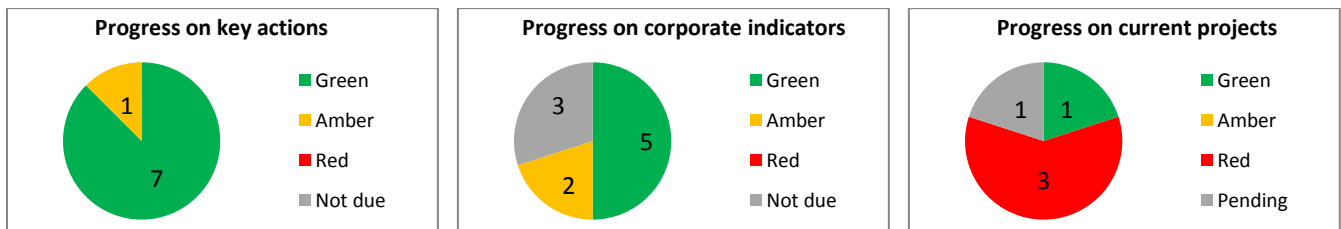
Making Huntingdonshire a better place to live, work and invest



Highlights include the EDGE skills for enterprise scheme now operating from a Huntingdon town centre location.

Enabling sustainable growth

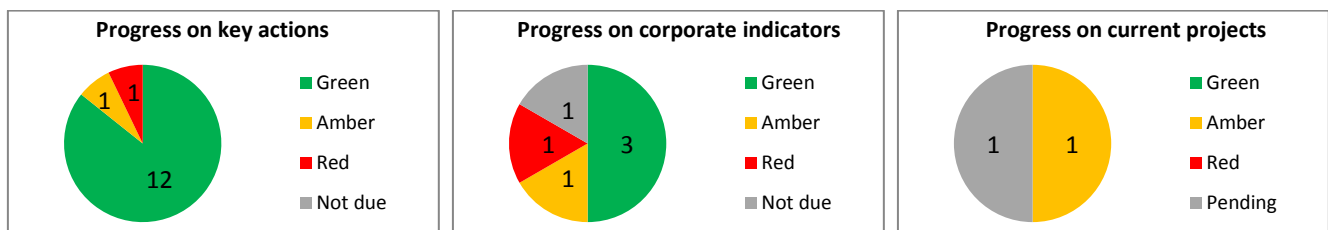
Delivering new and appropriate housing with minimum impact on our environment



Highlights include a planning application for 11 affordable homes on Council land at Hermitage Road, Earith.

Working with our communities

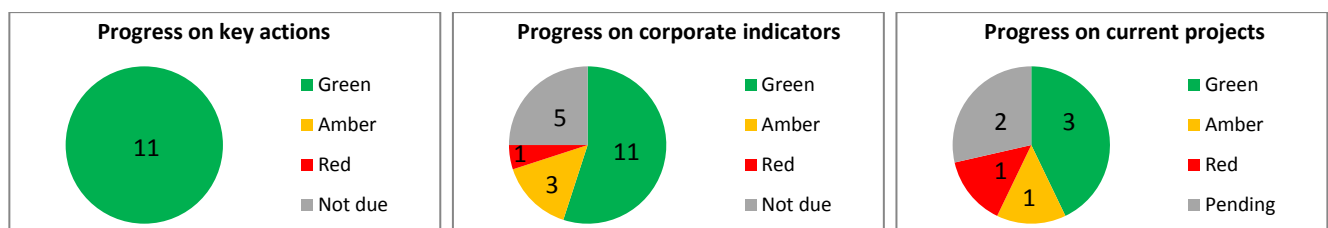
Making sure they thrive and get involved with local decision making



Highlights include an overall increase in admissions across all One Leisure sites

Ensuring we are a customer focused and service led council

Delivering value for money services



Highlights include an above target collection rate for Council Tax.

CORPORATE PLAN – PERFORMANCE REPORT

Appendix B

STRATEGIC THEME - A STRONG LOCAL ECONOMY

Period April to June 2015

Summary of progress for Key Actions

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
5		1		0		0		0	

Target dates do not necessarily reflect the final completion date. The date given may reflect the next milestone to be reached.

Summary of progress for Corporate Indicators

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
n/a		n/a		n/a		n/a		n/a	

19

WE WANT TO: Accelerate business growth and investment

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Deliver a programme of themed business information clinics and events, and measure their impact.	Ongoing	Cllr Harrison	Andy Moffat	<u>Economic Development</u> Preliminary work for information clinics at Alconbury underway, including needs analysis sessions with some existing tenants. Date and speakers confirmed for next main event 'Make it Here' to focus on manufacturing in the district, 29 th September 2015.
G	Report on the effectiveness of the fast track pre-application advice available to potential growing businesses	Quarterly	Cllr Dew	Andy Moffat	<u>Development Management</u> None received in Quarter 1.

WE WANT TO: Remove infrastructure barriers to growth

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Develop Community Infrastructure Levy	March 2016	Cllr Dew	Andy Moffat	<u>Planning Policy</u>

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
	(CIL) governance structure				The scoping of this project is on track, with options under development and including consideration of HDC's potential role in shaping / leading a broader CIL service as part of a shared services project in partnership with other authorities.
A	Influence the Local Enterprise Partnership (LEP) to secure resource to facilitate delivery and mitigate the impact of new housing and to drive economic growth	Ongoing	Cllr Dew and Cllr Harrison	Andy Moffat	<u>Economic Development</u> Meeting held of all LEP area local authority (LA) representatives (Senior Sponsors Group) to identify infrastructure priorities (immediate/critical and longer-term/strategic) over a 30-year period. Local Authority inputs have been provided to the LEP, awaiting the LEP's collation of the information and response.

WE WANT TO: Develop a flexible and skilled local workforce

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Commit resources to 'EDGE smarter skills for enterprise', a public/private sector partnership to improve the business/ education-training skills match, ensuring that the agreed business plan targets are met	Ongoing, official launch November	Cllr Harrison	Andy Moffat	<u>Economic Development</u> EDGE is now operational from its Huntingdon town centre location. Planning is underway for an official launch event at the Houses of Commons, to be hosted by MP Jonathan Djanogly in November. Business plan target currently being reviewed.
G	Work in partnership to identify skills and competency gaps in high value manufacturing and develop gap closure strategies.	May 2015	Cllr Harrison	Andy Moffat	<u>Economic Development</u> Institute for Manufacturing report completed in May.

STRATEGIC THEME - ENSURING WE ARE A CUSTOMER FOCUSED AND SERVICE LED COUNCIL

Period April to June 2015

Summary of progress for Key Actions

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
11		0		0		0		0	

Target dates do not necessarily reflect the final completion date. The date given may reflect the next milestone to be reached.

Summary of progress for Corporate Indicators

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
11		3		1		0		5	

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WE WANT TO: Become more business-like and efficient in the way we deliver services

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Continue zero base budgeting (ZBB) for 2016/17 including a 'service challenge' process	December 2015	Cllr Gray	Clive Mason	<u>Accountancy</u> The ZBB process started again in April 2015, with Tranche 2 services being subject to Star Chamber on the 20th & 21st July 2015. The Tranche 3 review has commenced with the Star Chamber scheduled for November 2015.
G	Deliver 'Facing the Future' (FtF)	Ongoing	Cllr Gray for programme / Various for themes and activities	Adrian Dobbyne	<u>Corporate Team</u> Facing the Future activities have now been all fully assessed and broken down into new categorisations as either business as usual, projects or pending. This means that the main reporting on activities is through normal service reporting and the newly established project reporting through Overview and Scrutiny Panels and Cabinet.
G	Develop full business cases for previously identified energy reduction projects across the Council's estates	31 March 2016	Cllr Gray	Head of Operations	<u>Environment Team</u> Desk top assessments of energy saving potential at the Council's main sites are complete. Work to determine which sites require full investment grade proposals to be completed by end of second quarter 2015/16.

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Carry out a staff satisfaction survey	Aug 2015	Cllr Ablewhite	Jo Lancaster	<u>Corporate Team</u> Survey launched in mid-July and due to run until mid-August. Results will be shared with Employment Panel in September.
G	Build and launch a new council website that focuses on customer need	October 2015	Cllr Tysoe	John Taylor	<u>IMD</u> Work is on track. A site has been built and is going through a series of development activities. Alongside that content for the site is being produced – with the new site being written in more customer focussed language. There is also a focus on fewer pages, making it easier for customers to find what they need. The site is also designed to work on tablets and phones –which now make up the majority of visits to the Website.
G	Maximise the income generating potential of One Leisure sites to fully cover the cost of the operation	March 2016	Cllr Howe	Jayne Wisely	<u>One Leisure</u> Income is UP (£20K) on the same period last year and, when factoring in a trend of a general 5% increase for the rest of the year due to price rises, is suggesting that we will exceed income targets. We will have to be very watchful over the next 3 months as this is traditionally when income levels fluctuate the most. Expenditure is DOWN (£140K) which is all down to a reduction in employee costs. This suggests that we are ahead of our net target of £340K surplus. The July to September period is crucial. Income streams from October onwards have been pretty easy to predict and have been good in years gone by.
G	Develop a full business case for a Building Control Shared Service	July 2015	Cllr Dew	Andy Moffat	<u>Building Control</u> A report and Business Case was prepared for July's O&S (Environmental Well-Being) Panel and Cabinet meetings. The business case has been approved by Cabinet.
G	Publish Online Schedule of Proposed Procurements to promote future contract opportunities	September 2015	Cllr Gray	Clive Mason	<u>Procurement</u> This requirement has been incorporated into the new website design and once live will be populated as opportunities arise
G	Provide two training events to local businesses in Public Procurement	January 2016	Cllr Gray	Clive Mason	<u>Procurement</u> Advertised through Economic Development's business contacts and coordinated with preceding economic development events, the first event is booked for 7th October 2015. The second event will piggyback on a major economic development event planned for January 2016.

WE WANT TO: Ensure customer engagement drives service priorities and improvement

Status	Key Actions for 2015/16	Target date	Portfolio Holder	Head of Service	Progress Update – Q1 2015/16
G	Implement a consultation exercise with residents to inform 2016/2017 budget planning	September 2015	Cllr Gray	Adrian Dobbyne	<u>Corporate Team</u> This is being planned and will take place in Quarter 2.
G	Revisit and relaunch the Customer Service Strategy to ensure it continues to meet the needs of our customers and provide value for money services	Mar 2016	Cllr Tysoe	John Taylor	<u>Customer Services</u> This is on track. The Overview & Scrutiny (Social Well-being) Panel and Cabinet have seen and commented on a simple vision document, and Officers are now working on a final version of the strategy prior to resubmission to Members.

Corporate Performance and Contextual Indicators

Key to status

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
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Performance Indicator	Full Year 2014/15 Performance	Q1 2014/15 Performance	Q1 2015/16 Target	Q1 2015/16 Performance	Q1 2015/16 Status	Annual 2015/16 Target	Forecast Outturn 2015/16 Performance	Predicted Outturn 2015/16 Status
Number of days to process new benefits claims Aim to minimise	25 days	32 days	26 days	23 days	G	26 days	c. 23 days	G
Number of days to process changes of circumstance Aim to minimise	5 days	12 days	7 days	4.5 days	G	7 days	c. 4.5 days	G
Number of days to process new council tax support claims Aim to minimise	25 days	30 days	26 days	21 days	G	26 days	c. 21 days	G
Number of days to process council tax support change events Aim to minimise	6 days	10 days	7 days	6 days	G	7 days	c. 6 days	G
Comments: (Customer Services) The performance in quarter 1 has exceeded expectations. This level of performance can be attributed to the introduction of a number of improvements made over the last few years including an on-line claim form, Risk Based Verification, ATLAS automation and a LEAN review of processes as well as a general improvement in the economy.								
% of Council Tax collected Aim to maximise	98.4%	28.96%	29%	29.15%	G	98.5%	98.5%	G
Comments: (Customer Services) The "in year" (2015/16) collection is at 29.7% against 29.5% for the previous year, highlighting the continued gradual improvement since the impact of "localised discounts", such as Council Tax Support, from 1 April 2013.								
% of Business Rates collected Aim to maximise	98.8%	29.6%	32%	29.9%	A	99.0%	98.8%	A
Comments: (Customer Services) While all possible enforcement action has been taken in accordance with the service plan, collection has been adversely affected by a large insolvency case (involving multiple properties) and "avoidance tactics" which has been the subject of a recent consultation and which it is hoped will be tackled as part of the Governments review of Business Rates Administration, not least to address the loss to the overall collection "pot" (of which the authority retains 40%).								

Performance Indicator	Full Year 2014/15 Performance	Q1 2014/15 Performance	Q1 2015/16 Target	Q1 2015/16 Performance	Q1 2015/16 Status	Annual 2015/16 Target	Forecast Outturn 2015/16 Performance	Predicted Outturn 2015/16 Status
The percentage of Benefit claims with overpayments where recovery action is taking place Aim to maximise	New indicator for 2015/16	New indicator for 2015/16	n/a	74%	n/a	To be set (see comments)	n/a	n/a
Comments: (Customer Services) This is a new indicator for 2015/16 and shows the work taking place to recover benefit overpayments from customers no longer in receipt of Housing Benefit. The recovery of these overpayments is currently carried out by the Income and Benefits sections and the performance data shown here covers performance across both services. Data will be collected during the year to establish targets for 2015/16 and 2016/17. Performance will never reach 100% as there is a statutory right of appeal against an overpayment decision which the statistics must take into account.								
Telephone satisfaction rates Aim to maximise	98%	96.7%	n/a	n/a	n/a	95%	97%	G
Customer service centre satisfaction rates Aim to maximise	98%	96.7%	n/a	n/a	n/a	95%	97%	G
Comments: (Customer Services) We now plan to carry out the annual customer service customer satisfaction survey in August. We continue to record positive comments we receive from customers.								
Staff sickness - working days lost per Full-Time Employee (FTE) Aim to minimise	11.5 days	2.5 days	2.5 days	2.3 days	G	10 days	10 days	G
Comments: (LGSS HR services/Corporate Team) The average number of days lost through sickness absence per FTE in the first quarter is lower than in the same quarter last year. Last year's Q2 performance was the worst ever recorded but we don't expect that to be repeated this summer. The predicted outturn is expected to be better than the target set and a significant improvement on last year's full year performance of 11.5 days/FTE but to remain higher than benchmark figures reported by the East of England LGA (7.4 days/FTE in 2013/14) and the CIPD public sector average (7.9 days/FTE in their 2014 survey). Further information on sickness absence in Q1 and the actions taken to deal with this will be included in the Q1 Workforce Information Report due to go to Employment Panel in September.								
Subsidy per visit to council owned leisure facilities Aim to minimise	-£0.03	-£0.50	-£0.13	-£0.10	G	£0.15	£0.17	G
Comments: (Leisure and Health) With income levels up and expenditure levels down significantly, there is a large improvement on the Net Cost per Head compared to the same quarter in the previous year. Admissions are also up slightly, improving this figure, although they do sit behind the increased target at this stage of the year. End of year predictions after the first quarter however are that the target of £0.15 profit per admission will be exceeded.								
% of rent achievable on estates portfolio	97%	95%	100%	95%	A	100%	98%	A

Performance Indicator	Full Year 2014/15 Performance	Q1 2014/15 Performance	Q1 2015/16 Target	Q1 2015/16 Performance	Q1 2015/16 Status	Annual 2015/16 Target	Forecast Outturn 2015/16 Performance	Predicted Outturn 2015/16 Status
Comments: (Operations) This is an annual indicator, no target reduction for the total cost of waste collection to be set for 2015/16 until the planned reconfiguration of the Waste Collection Service is complete.								
% of green bin debt outstanding after three months Aim to minimise	15.46%	26.88%	40%	37.97%	G	0%	0%	G
Comments: (Operations) Full year performance in 2014/15 was higher due to credits not being taken off accounts until April 2015; this then reduced the total outstanding debt to 1.16%. Invoices were issued in May 2015 for 2015/16 so the reporting on debt will commence in the second quarter to allow for the payment terms. The figures shown for 15/16 are for debt outstanding at the end of June 2015.								
% of invoices from suppliers paid within thirty days Aim to maximise	98.5%	97.9%	98%	98.8%	G	98%	98%	G
Comments: (Resources) Performance for quarter 1 was above target.								

Appendix C – Project Performance and Projects

Green = Progress is on track	Amber = Progress is within acceptable variance	Red = Progress is behind schedule or lack of governance information	Pending Approval = Business Case to be approved	Pending Closure = In close-down stage
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Title and purpose of project	Programme	Project Manager	Target End Date	Expected End Date	Programme Office comments	RAG Status	Latest Update Date
CIL/S106 Idox Implementation To implement UNIFORM CIL module and Obligation Tracker for CIL, this includes Outlook Integration and Access Reports	Cross-Cutting	Alterton, Emma (IMD)	30/11/13	30/09/15	Ongoing technical difficulties.	Red	Over 2 months ago
Operations Data Review To resolve issues raised by Operations in using their data through Uniform & GIS	Cross-Cutting	Alterton, Emma (IMD)	30/07/15		Imminent end date. No meeting documentation, but recent activity. No major impact as a result of slippage.	Amber	Within last month
Leisure Invest to Save Opportunities Explore further opportunities for invest to save schemes including conversion of synthetic pitch at St Neots and self-serve gyms at Ramsey and Sawtry	Facing the Future	Davidson, Chris (Leisure)	30/09/15	01/09/15	Awaiting Board decision on delays. Well documented.	Amber	Within last month
Strategic review of Industrial and Commercial stocks Deliver a strategic review of Industrial and Commercial stocks	Facing the Future	Tilah, Bill (Estates)	30/09/2015		Site has been updated, but no risks as yet. Work to be done.	Amber	Within last month
OL Membership Software Procurement To procure a contract to deliver and support a membership management system which covers EPOS, Bookings, Subscriptions, Access Control (this list is not exhaustive)	Leisure & Health	Corley, Pete (Leisure Ser.)	30/09/2015		Lots of documentation. Looks on track.	Green	1-2 months ago
Council Tax Automated Forms Introduce automated forms into business systems	Facing the Future	Woodruff, Paul (IMD)	31/03/16		Lots of documentation. Looks on track.	Green	1-2 months ago
Mobile Working To increase flexibility and assist in mobilising the workforce	Cross-Cutting	Keech, Edward (IMD)	01/12/15		Lots of documentation. Looks on track.	Green	Within last month
IT Shared Service To bring together HDC, SCDC and Cambs City IT departments	Shared Service	Alterton, Emma (IMD)	01/10/15		Documentation largely held elsewhere, but reports, business cases and FAQs on site.	Green	Within last month
Legal Shared Service To bring together HDC, SCDC and Cambs City Legal departments	Shared Service	Cambridge City Council	01/10/15		Documentation largely held elsewhere, but reports, business cases and FAQs on site.	Green	Within last month

Green = Progress is on track	Amber = Progress is within acceptable variance	Red = Progress is behind schedule or lack of governance information	Pending Approval = Business Case to be approved	Pending Closure = In close-down stage
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Title and purpose of project	Programme	Project Manager	Target End Date	Expected End Date	Programme Office comments	RAG Status	Latest Update Date
Building Control Shared Service To bring together HDC, SCDC and Cambs City Building Control departments	Shared Service	Cambridge City Council	01/10/15		Documentation largely held elsewhere, but reports, business cases and FAQs on site.	Green	Within last month
Website Redevelopment To completely re-build a new HDC website in Umbraco	Customer Service	Sexton, Kathryn (Customer Services)	16/10/15		Lots of documentation. Looks on track.	Green	Within last month
Benefits Online Changes To provide an intelligent online form with back office integration for customers to report changes in their Housing Benefit & Council Tax Support	Customer Service	Huggins, Barnes (Rev. Serv.)	30/09/15		Lots of documentation. Looks on track.	Green	Within last month
Debt Recovery Improve the debt recovery process to be efficient and cost effective to maximise financial recovery	Cross-Cutting	Clough, Lucie (Corporate Office)				Pending Approval	Within last month
Resource Booking To explore options and procure a new room booking system for internal and third party use	Cross-Cutting	Clough, Lucie (Corporate Office)				Pending Approval	1-2 months ago
ICT Replacements & Server Virtualisation	Capital					Pending Approval	N/A
Graphical Information System	Capital					Pending Approval	N/A
Salix Projects	Capital					Pending Approval	N/A
Pedals Scheme	Capital					Pending Approval	N/A
One Leisure Future Improvements	Capital					Pending Approval	N/A
One Leisure Replacement Equipment	Capital					Pending Approval	N/A
One Leisure Huntingdon Development	Capital					Pending Approval	N/A
Phoenix Industrial Unit Roof	Capital					Pending Approval	N/A

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Financial Performance Monitoring Suite June 2015

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4. Financial Dashboard.....	3

Clive Mason
Head of Resources

Prepared By:

Rebecca Maxwell
Accountancy Manager

Headlines – Financial Performance

The 2015/16 financial performance of the Council, based on June 2015 actuals, is as follows:

- Forecast net spending is £18.993m, which is £0.685m lower than the updated budget.
- Forecast “overall” contribution to reserves is £1.133m; this is made up of the:
 - A. budgeted contribution to reserves of £0.797m,
 - less the 2014/15 carry forward adjustments of £0.262m,
 - plus the service saving of £0.150m, which
 - gives a net forecast revenue surplus of **£0.685m**
 - B. plus additional government funding of **£0.448m**.
- The contribution to reserves will be split between £0.535m to the General Fund Reserve and £0.598m as an additional contribution to the Capital Investment Earmarked Reserve.

Forecast Outturn and General Fund Reserve as at: June 2015

Revenue Forecast Outturn June 2015	2014/15		2015/16		Forecast Variation Compared to :-				
	Provisional Outturn	Original Budget	Updated Budget	Forecast	Original Budget		Updated Budget		
	£'000	£'000	£'000	£'000	£'000	%	£'000	%	
Revenue by Service:									
Community	2,487	2,130	2,136	2,132	2	0.1	(4)	-0.2	
Customer Services	4,160	4,488	4,719	4,440	(48)	-1.1	(279)	-5.9	1
Development	1,268	1,691	1,700	1,591	(100)	-5.9	(109)	-6.4	2
Leisure & Health	320	58	60	33	(25)	-43.1	(27)	-45	
Operations	4,546	4,593	4,593	4,609	16	0.3	16	0.3	
Resources	2,997	3,930	3,929	3,777	(153)	-3.9	(152)	-3.9	3
Directors and Corporate	2,845	2,377	2,392	2,411	34	1.4	19	0.8	
Technical Adjustments	(452)	(386)	(386)	0	386	-100	386	-100	
Net Revenue Expenditure	18,171	18,881	19,143	18,993	112	0.6	(150)	-0.8	
Contribution to Reserves	1,693	797	535	685	(112)	-14.1	150	28	
Budget Requirement (Services)	19,864	19,678	19,678	19,678					
Financing:-									
NDR & Council Tax surplus	(6,222)	(4,242)	(4,242)	(4,619)	(377)	8.9	(377)	8.9	
Government Grant (Non-specific)	(8,022)	(7,668)	(7,668)	(7,739)	(71)	0.9	(71)	0.9	
Contribution to Reserves (additional Funding)	2,018	0	0	448					
Council Tax for Huntingdonshire DC	7,638	7,768	7,768	7,768					
General Fund Reserve									
Balance as at 1st April	8,684	8,537	8,537	9,287 A	750	8.8	750	8.8	
Contribution to Service Expenditure	603	797	535	535	(262)	-32.9	0	0	
Outturn forecast as at 31 March	9,287	9,334	9,072	9,822	488	5.2	750	8.3	
Earmarked Reserves					Movement in Earmarked Reserves				
S106 agreements	1,141			1,141					
Commuted S106 payments	1,762			1,762					
Repairs and Renewals Funds	1,300			1,300					
Delayed Projects	262			262					
Collection Fund	2,768			2,768					
Capital Investment	4,737			5,335					
					598				598 Additional Saving in excess of the contribution to General Fund Reserves
Special Reserve	2,500			2,500					
Other Reserves	1,227			1,227					
Total Earmarked Reserves	15,697			16,295	598				

Definitions

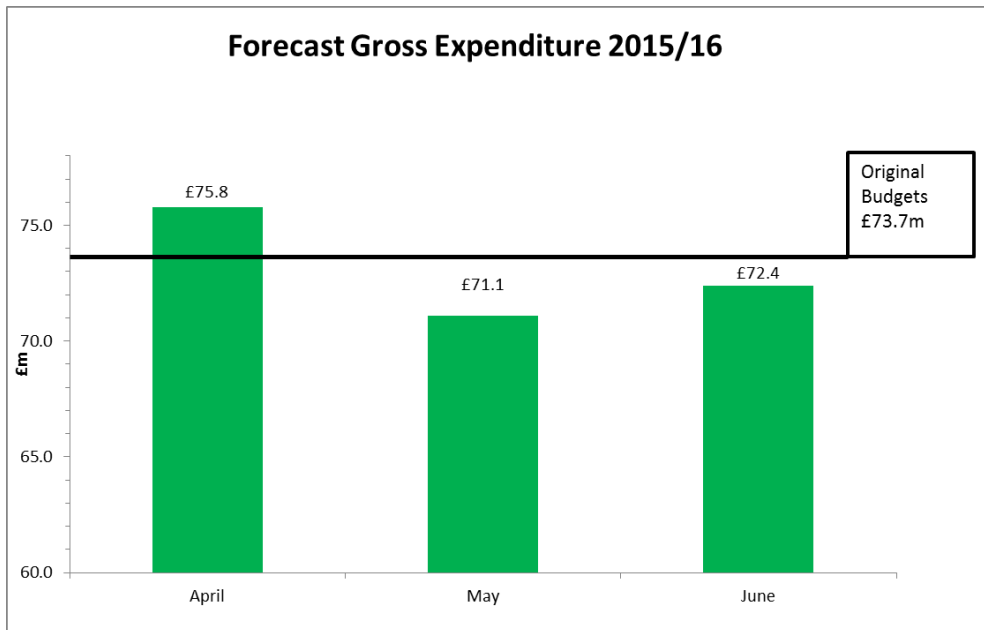
Original Budget
Updated Budget
Provisional Outturn
(A)

As approved by Council, February 2015
The Original Budget including approved carry forwards from 2014/15
Provisional Outturn reported to Cabinet in June 2015.
Actual General Fund Balance as at 31st March 2015

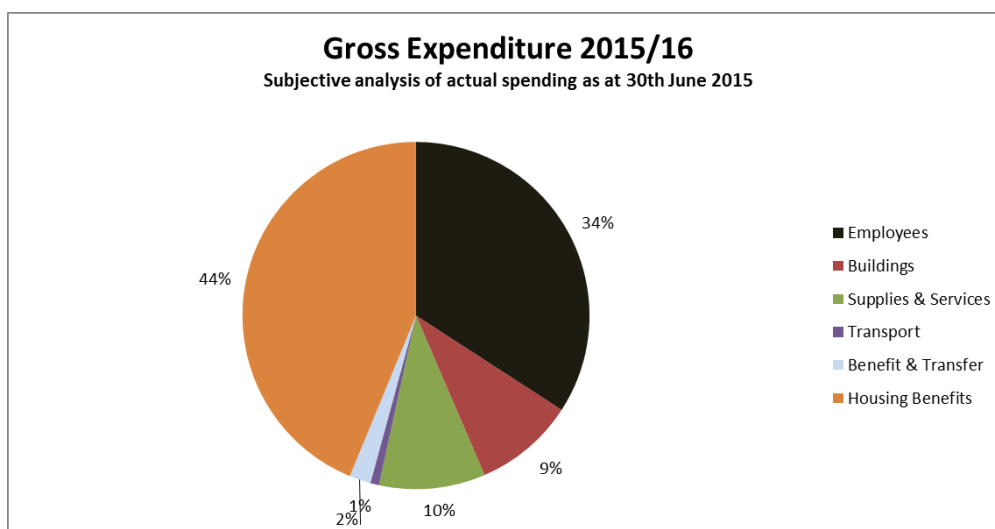
Forecast Outturn commentary for variances over £75,000 against Updated Budget		
Revenue by Service:	No.as above Commentary:	
Customer Services	1	£75,000 lower Housing Benefits costs due to caseload changes and lower use of Bed & Breakfast accommodation, £120,000 savings from 5 vacant posts.
Development	2	£120,000 savings from 5 vacant posts.
Resources	3	£175,000 S31 grant received and £24,000 additional spend for ZBB

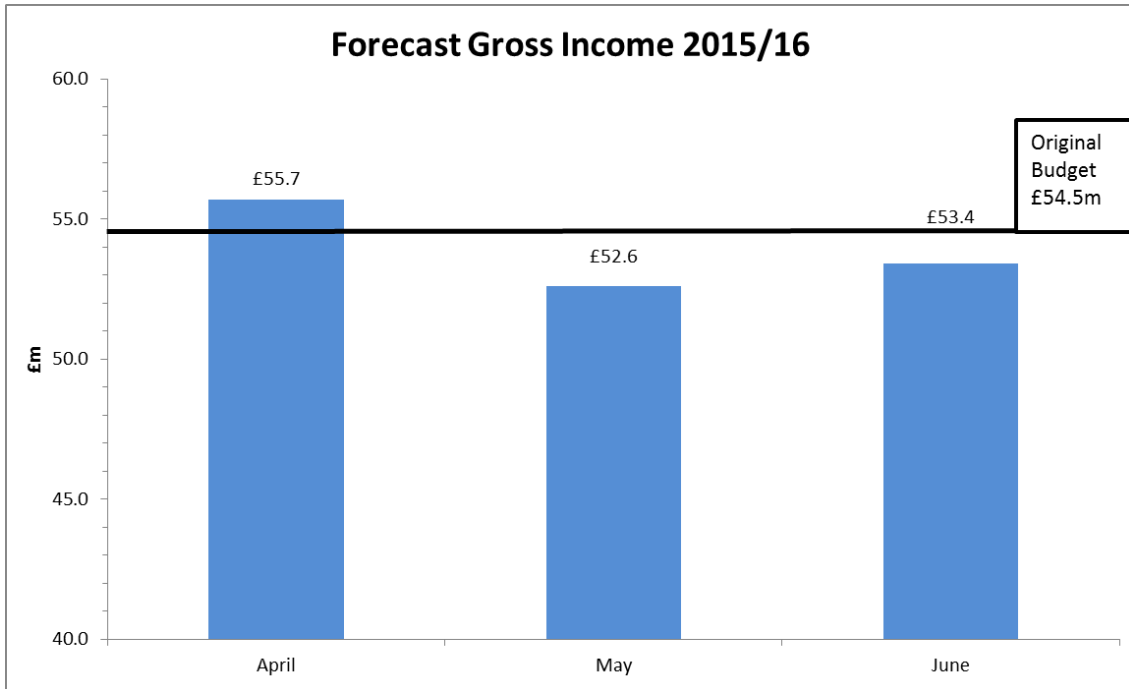
Financial Dashboard (June 2015)

Revenue Income & Expenditure

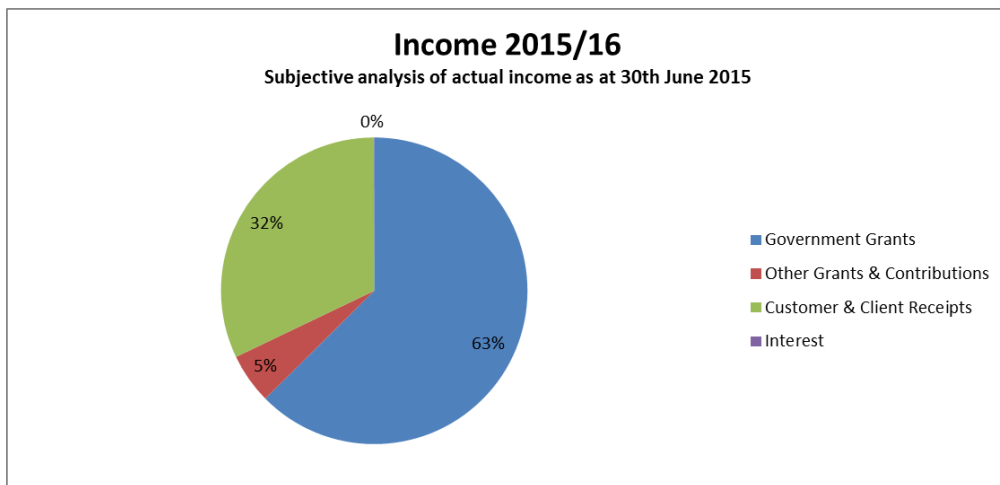


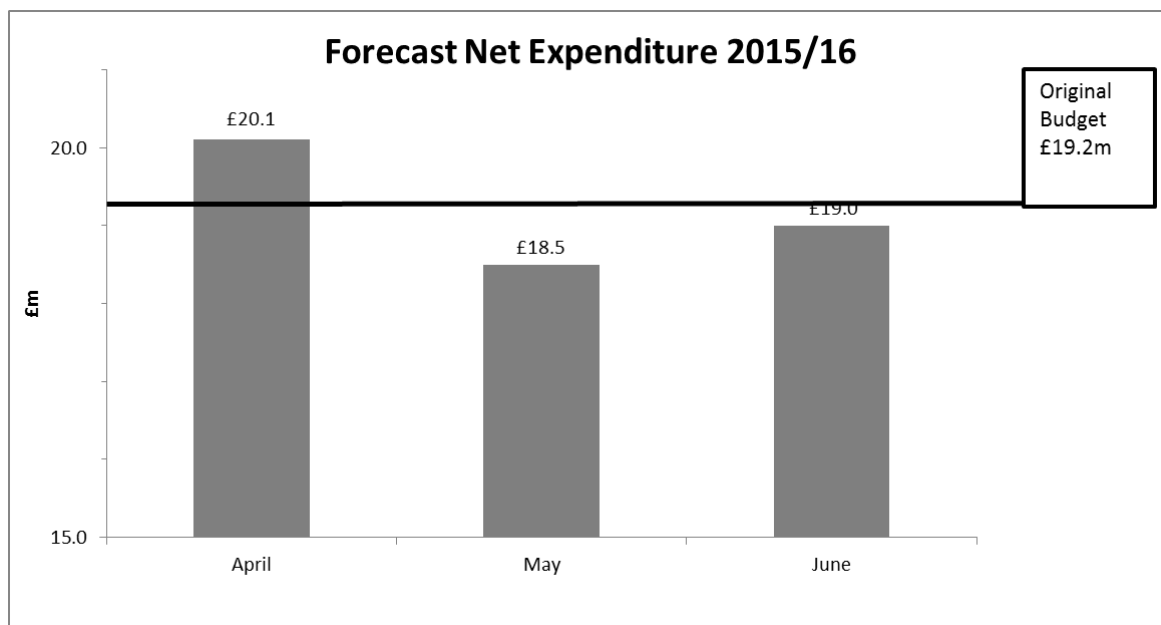
The 2015/16 original gross revenue expenditure budget of £73.7m is combined with the approved carry forwards from 2014/15 to give an updated budget of £74.0m. As shown below the main area of expenditure is Housing Benefits and employees.





The gross revenue income budget as approved in February 2015 has not been affected by the approved carry forward budgets from 2014/15.





At the end of the first quarter (June 2015) net revenue expenditure is forecast to be at £18.993m, £0.150m below the updated net budget of £19.143m. The potential effect on overall balances is to increase the surplus contribution by £0.685m by the year end.

The financial and budgeting process is being revised and now will fall in line with the corporate reporting timetable. These changes have impacted on the time in which to discuss and involve the Heads of Service and the Budget Managers in the new process.

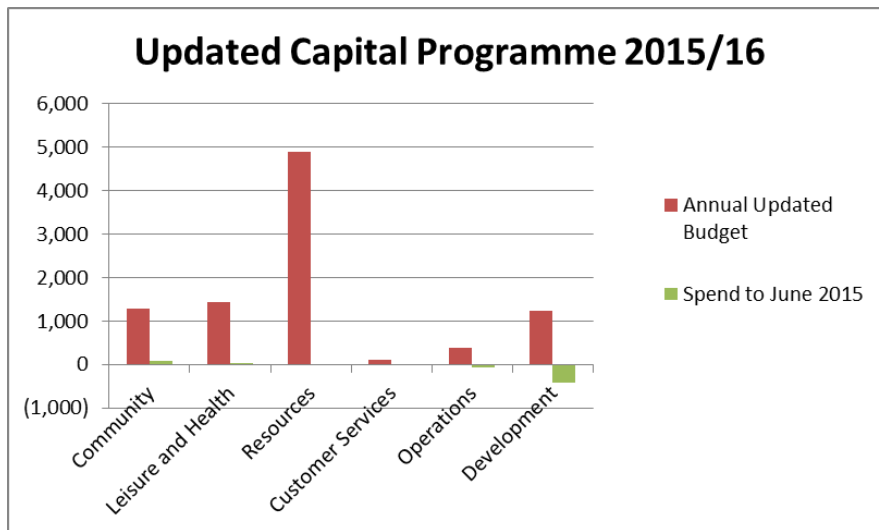
Capital Programme (Property, Plant & Equipment)

The Council approved the 2015/16 capital programme of £11.065m in February 2015. This was following the February 2015 Cabinet that approved the Finance Governance Board's (FGB) recommendations that the capital programme be reduced by £1.428m. Together with the approved carry forwards of £0.274m the updated capital budget for 2015/16 is £9.363m as detailed in the table below.

<u>Summary</u>	<u>£'000</u>
Original Approved Budget	11,065
Approved reductions by FGB	1,428
Approved carry forwards from 2014/15	274
Updated Capital Programme	9,363

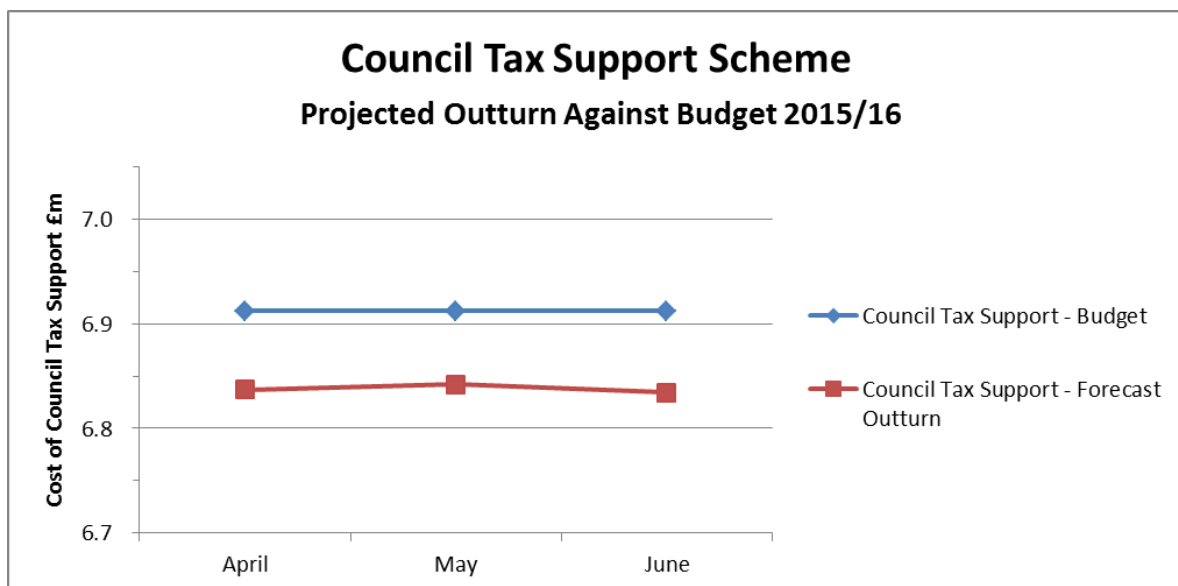
As at the end of June 2015, the capital programme showed a net income of £0.398m due to the receipt of Disabled Facilities grant and the majority of the planned projects not yet starting. The revised process requires business plans to be submitted to the

finance governance board before funds are released, this has slightly delayed the programme.



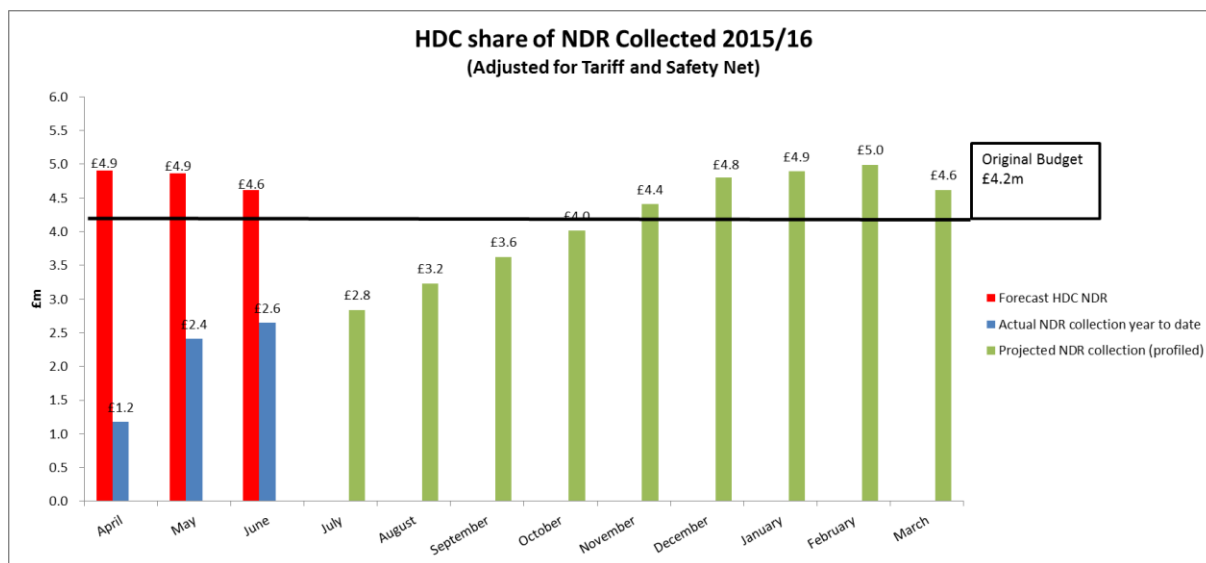
Council Tax Support Scheme

Reflecting improvements in local employment, take-up of the Support Scheme is lower than originally planned. Any 2015/16 saving due to the Support Scheme will impact in 2016/17.



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

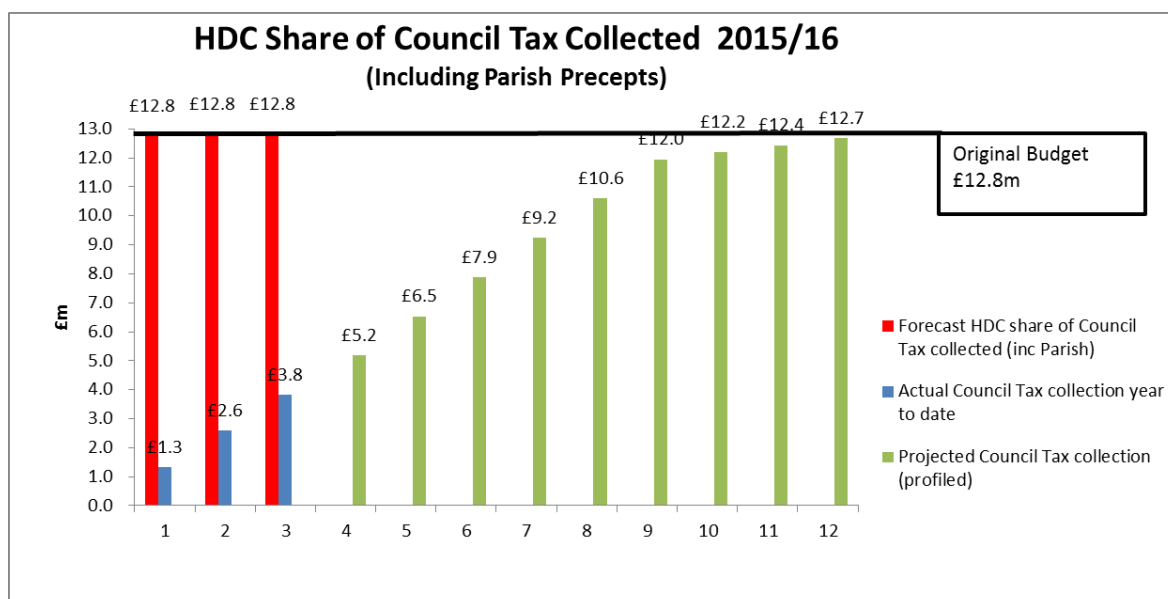
Collection of NDR and Council Tax



Forecast variation to the original budget is £0.4m. This additional funding comes from the new burdens identified during the completion of the NNDR1 submission to DCLG.

It should be noted that:

- the localisation of NDR has made the modelling of collectable NDR problematic; this is due to the fact that the position in respect of appeals is extremely volatile and further appeals could result in a reduced forecast. In May 2015 an appeal of £1.3m was upheld and the Councils share will be £0.520m (40%).
- the uncertainty as to when new premises will come into valuation further increases this volatility,

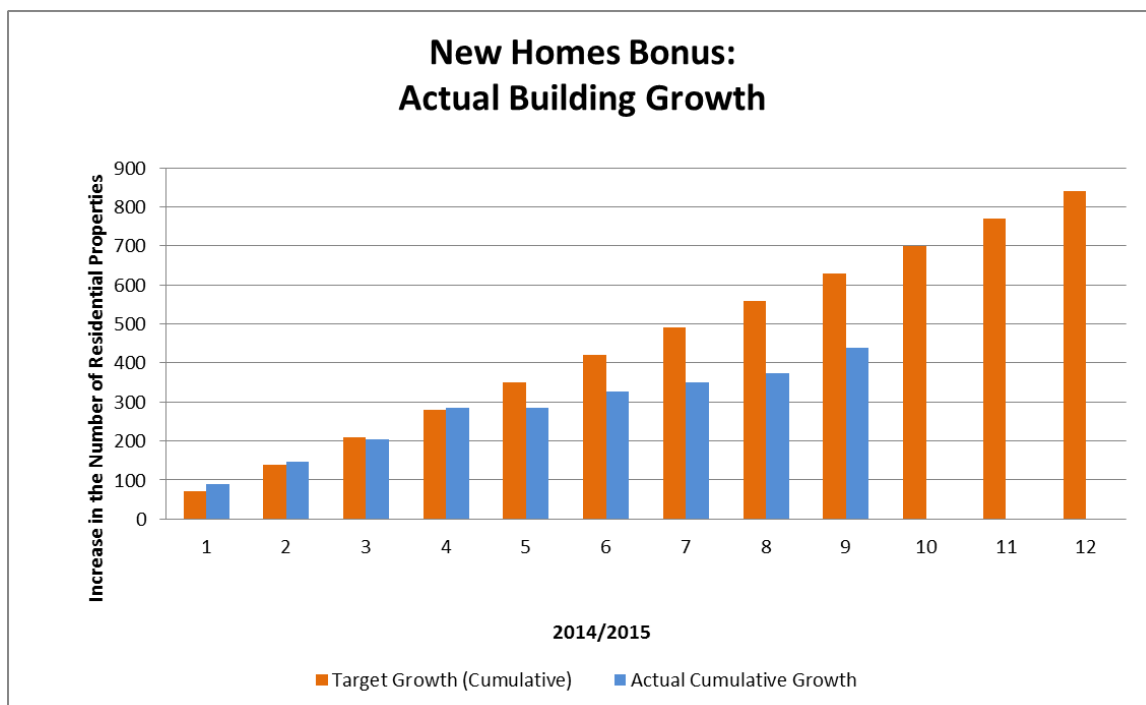


The forecast reflects the actual liability for tax at the time of annual billing compared to the assumptions made at the time the tax base was set. The projection assumes 1% of tax due for 2015/16 will be collected during 2016/17.

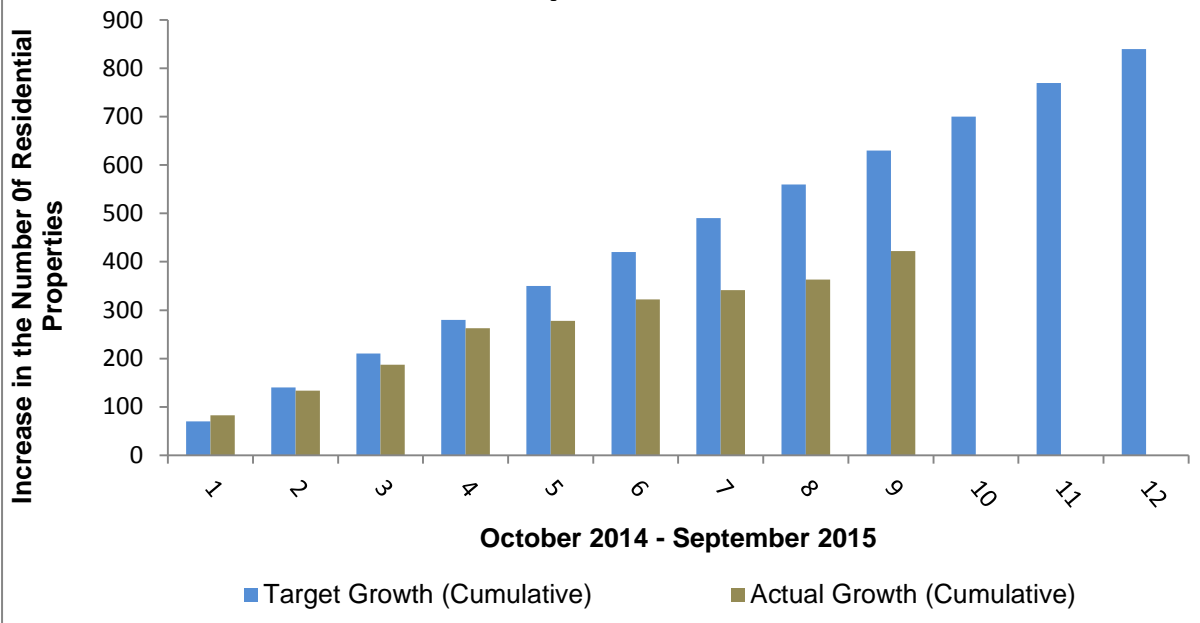
New Homes Bonus

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.

To the end of June 2015, there were 439 new homes, down 191 on the target of 630 for the same period. The target growth of 840 for the year is divided equally into a target of 70 homes per month. However, actual builds are likely to be greater in the summer months due to the improved weather. It is expected that the target growth will be delivered and the programme will catch up over the next few months.

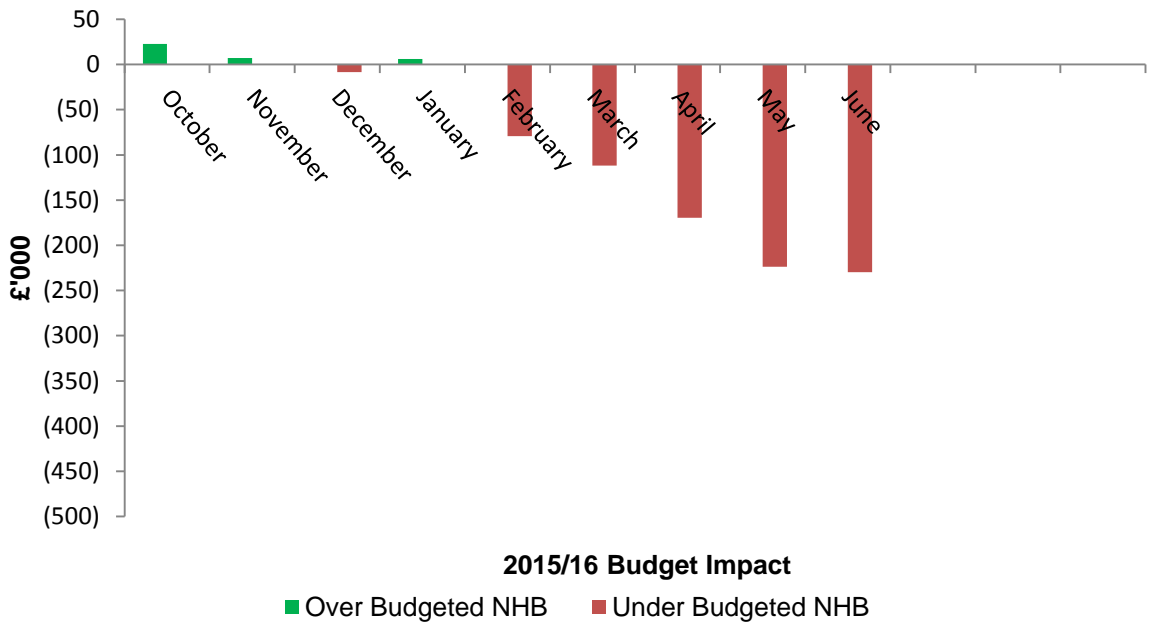


New Homes Bonus: Band D Equivalent Growth



■ Target Growth (Cumulative)
 ■ Actual Growth (Cumulative)

Cash Impact of NHB Growth



■ Over Budgeted NHB
 ■ Under Budgeted NHB

Public/Confidential*
Key Decision - Yes/No*
* Delete as applicable

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Zero Based Budgeting Update: Preparation for the 2016/17 Budget and Medium Term Financial Strategy
Meeting/Date:	Overview & Scrutiny Panel (Economic Well-Being) – 3 rd September 2015 Cabinet – 17 th September 2015
Executive Portfolio:	Councillor Jonathan Gray Executive Portfolio Holder for Resources
Report by:	Head of Resources
Ward(s) affected:	All

Executive Summary:

As part of the budget setting cycle for 2016/17, the Council is continuing the Zero Based Budgeting exercise that started during the last financial year in preparation for the 2015/16 budget. The ZBB process is split into a number of Tranches, with Tranche 1 having been undertaken during the Autumn of 2014 (in which £1.8m was removed from the Councils 2015/16 budget) and Tranches 2 and 3 are 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; the estimated savings totalled in excess of £1.3m and the detailed service changes are shown in Appendix 1. Tranche 3 commences in August and the associated Star Chamber is scheduled for November 2015.

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

- series of ZBB “Light” reviews for those services that were “heavy” reviewed (Tranche 1) in the last financial year.
- two cross-cutting ZBB review’s, namely administration support and design service.

Recommendation(s):

That Overview & Scrutiny (Economic Well-Being) Panel:

- i. notes the progress of the ZBB programme to date, and
- ii. reviews the Tranche 2 savings proposals noted in Appendix 1

and comments to Cabinet accordingly.

1. PURPOSE

- 1.1 To provide members with an update on the Zero Based Budgeting (ZBB) process in preparation for the 2016/17 Budget and Medium Term Financial Strategy (MTFS).

2. BACKGROUND

- 2.1 As a result of:

- an external audit recommendation following the audit of the 2013/14 Annual Financial Report,
- the new management team's focus on ensuring that the Council has effective control and understanding of cost base,
- a past trend of excessive budget under spending over a number of years,
- a need to deliver significant budget savings over the medium term,
- a wish by members to have a more engaged and transparent budget process,

it was agreed by Cabinet that by the time that the 2016/17 Council Tax was to be set, all Council services would have been subject to a ZBB review. During the late summer of 2014 a comprehensive ZBB programme was developed that would involve all services being split into three Tranches and subject to a "Heavy" review process. Therefore for the:

- 2015/16 Budget, the Tranche 1 "Heavy" review was completed along with a "Light" review of all other services.
- 2016/17 Budget, Tranche 2 and 3 "Heavy" reviews will have been completed along with a "Light" review for all other services.

ZBB Tranche 1

- 2.2 Tranche 1 commenced in early Autumn 2014 and the services included were:

- Leisure & Health: One Leisure
- Community: Health Protection and Animal Welfare/Pest Control
- Operations: Greens Spaces and Car Parking
- Resources: All teams except Estates.

- 2.3 Along with the "Light" reviews; the total net ZBB related saving that was included within the 2015/16 budget was £1.847m.

3. 2016/17 BUDGET SETTING AND MTFS

- 3.1 In February 2016, Full Council will be presented with the proposed budget for 2016/17 and the MTFS, Council will then set the Council Tax for the forthcoming year. By this time Tranche 2 and 3 of the ZBB process will have been completed.

ZBB Tranche 2

- 3.2 Tranche 2 itself commenced in April 2015 and the services that have been subject to a "Heavy" review were:

- Development (including Housing Strategy and Economic Development)
- Community: Licensing and Projects & Assets
- Customer Services (including Housing Needs and Document Centre)
- Resources: Estates

3.3 As last year:

- an external “on-site” specialist has been appointed who is leading the day-to-day ZBB programme; this includes ongoing project management, service liaison and critical friend challenge. The appointee is a long-serving local government finance specialist who has expertise in technical, financial and budget management.
- Pixel Financial Consulting have been appointed to provide strategic benchmarking, forecasting and budgeting advice.

3.4 Members will recall that a key milestone in the ZBB process is the presentation of service change options to a Star Chamber. The Tranche 2 Star Chamber was held on the 20th and 21st July and the Cabinet members who attended the Star Chamber were the Leader, Deputy Leader and the Executive Portfolio Holder for Resources (Chairman). For each service, various options for service change were presented by the respective Executive Portfolio Holder, with support from the relevant Head of Service and a summary of the savings that were reported to the Star Chamber is shown at **Appendix 1**. At this time, the confirmed 2019/20 savings that can be included in the budget savings for 2016/17 at this time are £1.372m; there is a potential further £12,000 which may be able to be secured once a LEAN review is completed within the Licensing Service (this would give a total ZBB Tranche 2 saving of £1.384m). The conclusion of this review will be reported to the November Star Chamber and Cabinet thereafter.

3.5 The current MTFS modelled a total draw-down from General Reserves of £6.263m between 2016/17 and 2019/20. If the total savings from Tranche 2 are achieved, the total draw-down will have reduced by 77.1% to £1.435m. By the final year of the current MTFS (2019/20) the forecast net saving to the budget is 6.4%. This is summarised in **Table 1** below.

Table 1	Impact of ZBB Tranche 2 savings on the 2015/16 Budget and MTFS (Reserves & Net Expenditure)				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
RESERVES					
2015/16 MTFS: Planned Reserves Used to balance budget	298	1,537	2,073	2,355	6,263
Tranche 2 Savings	(966)	(1,164)	(1,314)	(1,384)	(4,828)
Revised Planned Use of Reserves	(668)	373	759	971	1,435
	>100.0%	75.7%	63.4%	58.8%	77.1%
NET EXPENDITURE					
Approved 2015/16 MTFS Net Expenditure:	19,870	20,671	21,259	21,721	
Post Tranche 2 2015/16 MTFS Net Expenditure	18,904	19,507	19,945	20,337	
Tranche 2 Savings	(966)	(1,164)	(1,314)	(1,384)	
Reduction in Net Expenditure	4.9%	5.6%	6.2%	6.4%	

ZBB Tranche 3

3.6 Tranche 3 will commence in August 2015 with the Star Chamber provisionally agreed for November 2015. The services that will be subject to a “Heavy” review are:

- Community: CCTV
- Customer Services: Revenues and Benefits
- Operations: all services
- Corporate Team and Directors

3.7 By the conclusion of Tranche 3, all services will have been subject to the ZBB “Heavy” process.

Other Budget work currently being undertaken

3.8 ZBB Light

During the late Summer/Autumn of 2015, further “Light” reviews will be undertaken of those services that were in Tranche 1.

3.9 Cross-Cutting Review

The ZBB process currently being undertaken has followed a traditional “bottom-up” approach. However, it is considered that there may be some advantage in undertaking two cross-cutting reviews, namely Administrative Support and Design Services. Such an approach may allow some cross-service efficiencies to be achieved but also allow for a practical evaluation of the cross-cutting ZBB approach for future budget setting cycles.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 To be completed following Panel.

5. LINK TO THE CORPORATE PLAN

5.1 Zero Based Budgeting is a key action within the Corporate Plan Strategic Theme “Ensuring we are a customer focused and service led council” by “becoming more business-like and efficient in the way we deliver services”.

6. LEGAL IMPLICATIONS

6.1 There are no direct legal implications arising from this report.

7. RESOURCE IMPLICATIONS

7.1 The implications in respect of ZBB are detailed within the report.

8 REASONS FOR THE RECOMMENDED DECISIONS

8.1 To ensure that there is continued strategic support of the ZBB process and that Cabinet fully support the Tranche 2 proposed savings following the July Star Chamber.

14. LIST OF APPENDICES INCLUDED


Appendix 1 – ZBB Tranche 1 Savings

BACKGROUND PAPERS

Enclosed

CONTACT OFFICER

Clive Mason, Head of Resources

 01480 388157

Star Chamber Confirmed Service Change Proposals & Budget Implication					
Service	Recommendation	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Community Services					
Strategic Assets & Projects	Restructuring	(88)	(89)	(90)	(91)
	Reductions in Environmental Improvement Budgets	(10)	(15)	(15)	(15)
	Review of fees and charges	(37)	(73)	(73)	(73)
		(135)	(177)	(178)	(179)
Development Services					
Economic Development	Various Grants	(30)	(30)	(30)	(30)
Development Management & Planning Policy	Changes to working practices	(80)	(80)	(81)	(81)
	Pre-Planning Application fee increases	(10)	(10)	(10)	(10)
	Reduction in Consultants budgets for redevelopment proposals	(140)	(140)	(140)	(140)
Housing Strategy	Changes to working practices	(34)	(34)	(34)	(34)
	Procurement Savings	(20)	(20)	(20)	(20)
		(314)	(314)	(315)	(315)
Customer Services					
Customer Services	Reductions in Service offer	(39)	(39)	(39)	(39)
	Restructure of Customer Services and relocation of Call Centre to Pathfinder House	(183)	(185)	(186)	(188)
	Creation of Multi-Agency Customer Service HUB at Pathfinder House	(17)	(46)	(46)	(46)
	Review of front facing service provision at CSC's	0	(23)	(92)	(92)
Document Centre	Re-procurement and rationalisation of print and postage services	(31)	(36)	(36)	(36)
	Increased income generation from external customers	(60)	(95)	(110)	(115)
Housing Needs	Re-procurement of Information Technology Systems	(10)	(10)	(10)	(10)
	Reduction in Homelessness Prevention Budget	(20)	(20)	(20)	(20)
	Reduce Homelessness related Housing Benefits due to reduced use of temporary accommodation	(60)	(60)	(60)	(60)
		(420)	(514)	(599)	(606)
Resources					
Estates	Reduced Repairs & Maintenance	(8)	(8)	(8)	(8)
	Increased and new fees and charges	(77)	(139)	(202)	(264)
		(85)	(147)	(210)	(272)
Savings - ZBB Tranche 2 - Confirmed		(954)	(1,152)	(1,302)	(1,372)

Star Chamber Service Change Proposals & Budget Implication BUT Subject to confirmation via a LEAN Service Review					
Service	Recommendation	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Community Services					
Licensing	Removal of vacant post	(12)	(12)	(12)	(12)
Savings - ZBB Tranche 2 - Subject to LEAN Review		(12)	(12)	(12)	(12)

TOTAL SAVINGS - ZBB TRANCHE 2		(966)	(1,164)	(1,314)	(1,384)
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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Implementation of Outstanding Internal Audit Actions

Meeting/Date: Overview & Scrutiny (Economic) Panel – 3rd September 2015
Cabinet – 17th September 2015

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

At the 3rd June 2015 Corporate Governance Panel, the Panel received a report detailing 13 Internal Audit recommendations which were outstanding as at the 30th April 2015. Via a recommendation by Council, the Cabinet is asked to comment in respect of each of the recommendations that remain outstanding as shown in Appendix 1.

Recommendation(s):

That the Overview & Scrutiny (Economic Well-Being) Panel notes the comments of Council and provides comments as it considers necessary to Cabinet.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

1.1 As a consequence of:

- a concern raised by the Corporate Governance Panel (CGP) at their 3rd June 2015 meeting in respect of outstanding Internal Audit recommendations,
- the Panel recommended to Council that they ask Cabinet to take appropriate action to address their concerns.

2. BACKGROUND

2.1 At the 3rd June CGP, the Panel received a report detailing 13 Internal Audit recommendations which were outstanding as at the 30th April 2015. Via a recommendation by Council, the Cabinet is asked to comment in respect of each of the recommendations.

3. ANALYSIS

3.1 The details of each of the original recommendations, as presented to CGP are shown at Appendix 1.

3.2 Of the 13 recommendations that were not implemented when reported to CGP:

- 4 recommendations are now fully implemented.
- 4 recommendations are partially implemented.
- 5 recommendations are not implemented.

Appendix 1 also includes an update by the relevant Head of Service with an anticipated implementation date.

3.3 Members should note that by the end of October, all recommendations bar one are scheduled to have been implemented.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 This report is to be considered at the meeting held on the 3rd September 2015.

5. KEY IMPACTS/RISKS?

5.1 Non-compliance with these Internal Audit recommendations could expose the Council and its service to various degrees of risk. All recommendations have previously been accepted by management so it is fair to assume that management does not consider that the inherent risk by non-implementation is acceptable.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 Relevant Heads of Service will ensure that recommendations are implemented by the revised deadlines and report, as necessary to respect Portfolio Holders if there is to be further delay.

7. LINK TO THE CORPORATE PLAN

- 7.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across these three areas such that Managers are able to deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

8. CONSULTATION

- 8.1 No consultation has taken place.

9. LEGAL IMPLICATIONS

- 9.1 No direct legal implications arise out of this report.

10. RESOURCE IMPLICATIONS

- 10.1 As recommendations are implemented there may be consequential resources implications. Where such resources are required, appropriate approvals will take place within the Councils governance framework.

11. OTHER IMPLICATIONS

- 11.1 No other implications are expected to arise from this report.

12. REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 To ensure that the concerns raised by CGP in respect of outstanding audit recommendations are brought to the attention of Cabinet and that Cabinet takes appropriate action to ensure that the recommendations are implemented.

13. LIST OF APPENDICES INCLUDED


Appendix 1 – Outstanding Internal Audit recommendations that were presented to CGP, updated actions by the Head of Service and revised implementation deadline.

BACKGROUND PAPERS


Working papers in Resources

CONTACT OFFICERS


Clive Mason, Head of Resources

 01480 388157

Jayne Wisely, Head of Leisure & Health

 01480 388049

Adrian Dobbyne, Head of Leisure & Health

 01480 388100

Outstanding Audit Actions as at 30 April 2015 (as reported to CGP, 3rd June 2015) + Head of Services Update

Corporate Team Manager

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Staff Training & Development 2014/15	<p>Red</p> <p>Testing revealed that training spend for 2013/14 outside of the LGSS contract was approximately £230k. It was also noted that the 500 training place allocations are consistently under used. LGSS consider that these places are not available for service specific / technical training (for example Operations related training), but are for generic training only, e.g. equality & diversity.</p> <p>The OWD element of the LGSS contract includes a number of areas where the LGSS proposal does not appear to be delivered in full (e.g. service (technical) training and development needs are analysed and learning interventions and solutions commissioned as appropriate), and others which are being interpreted differently by ourselves and LGSS.</p> <p><i>Training provision may not meet</i></p>	Agreement will be sought with LGSS on the scope of the training that is to be delivered under the contract. If necessary, protocols and guidelines for the operation of the contract will be documented and agreed for clarity.	<p><u>March 2015</u></p> <p>Partially introduced.</p> <p>The LGSS currently offer a wide and varied training programme. However not all of the Council's training needs are covered by it.</p> <p>Once the 2014/15 appraisal process has been completed, training needs that sit outside of the LGSS programme will be identified and referred to LGSS. LGSS intend to update their training programme to reflect the Council's requirements so allowing for an increase in use of the</p>	<p>Fully Implemented</p> <p>The Appraisals process completed by the 31st July 2015.</p> <p>This will enable training needs / plans per Service to be completed and used to robustly discuss with LGSS and to determine the changes to the programme that they offer that they should make. Further, this will help to determine what training will be scheduled to deliver outside of the contract from other providers.</p> <p>The regular contract monitoring reports received from LGSS have been amended to enable the training provision aspect of the contract to be more clearly managed. This is reported to Employment Panel.</p>	August 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
	<p><i>the needs of staff and the authority Savings may not be realised where spend continues in addition to the LGSS provision</i></p> <p><i>Service provision may be adversely affected where contract terms are not enforced.</i></p> <p><i>The current expenditure on training is not delivering value for money.</i></p>		500 training places. It is expected that this will also lead to a reduction in off-contract spend.		
National and Local Indicators 2009/10	<p>Amber</p> <p>From our testing of five indicators, two (NI195 and 'The number of dwellings improved by the actions of the Council') did not have a data measure template in place for recording of the indicator methodologies and responsible officers, including the officer accountable for data quality checks.</p> <p><i>There is a risk that inconsistent recording and/or methodologies could result in incorrect data being reported. In addition, unless designated officers are assigned responsibility, there is a risk of a</i></p>	<p>To enable consistent accurate reporting of data each of the indicators included within the divisional quarterly performance reports should be documented on the standard data measure template.</p> <p>This document should record the</p>	<p><u>March 2014</u></p> <p>Partially introduced.</p> <p>Templates have been issued and 50% have been completed.</p>	<p>Partially Implemented (at time of report drafting)</p> <p>All templates for 2014/15 have been completed as at 30 June, except for 3 in Operations which are partially complete.</p>	August 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
	<i>lack of accountability in place.</i>	officer responsible for compiling and checking the information, the methodology used, the reporting timescales and associated measures and targets.			
Payments in Lieu 2011/12	Amber Overtime and additional hours are paid at different rates (1, 1.5 or 2 times hourly rate) with little guidance as to the application of each rate. This issue was identified in the June 2007 internal audit review of Overtime. The Head of HR agreed that standard procedures for overtime would be introduced by November 2007 to ensure that employees receive the same overtime rates. This action was not introduced.	LGSS will review our current procedures for the payment of overtime with a view to standardising practice.	<u>March 2015</u> Outstanding. This will be included in our Pay Policy and Flexible Working Policy scheduled for review during 2015/16.	Not implemented (at time of report drafting) As per the contract, the times are currently being agreed for policy updates for 2015/16 with LGSS and / or the use of consultancy days to enable this to be completed.	September 2015

Head of Service: Resources

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Loans and Investments 2014/15	<p>Red</p> <p>The Head of Resources maintains a Treasury Management Practices (TMP) manual that details how the CIPFA 2011 Code of Practice for Treasury Management in the Public Services will be followed. The manual contains a number of minor errors which need to be corrected. It also needs to be revised to reflect current working practices and post changes, including the DMO authorised list.</p> <p><i>The current manual does not reflect the current working arrangements. Staff may be unaware of the correct procedures to follow</i></p>	The TMP manual will be reviewed and updated to reflect current decision making responsibilities and working practices.	<p><u>April 2015</u></p> <p>Outstanding.</p>	Fully implemented	June 2015
VAT 2013/14	<p>Amber</p> <p>Discussion confirmed that the CIPFA VAT code of practice has not been adopted</p> <p><i>Non-compliance with best practice guidelines</i></p>	Adopt the CIPFA VAT code of practice and review the processes involved to ensure compliance with the code.	<p><u>March 2014</u></p> <p>Partially introduced.</p> <p>Processes have been reviewed and training is being looked into to achieve compliance.</p>	<p>Fully Implemented</p> <p>The VAT code is adopted and compliant.</p> <p>Not implemented</p> <p>A training programme is currently be developed with</p>	October 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
				the Councils VAT Advisor in respect of Capital development so VAT is considered as a key variable in the capital programme decision making process.	
Repairs and Maintenance of HDC property and equipment 2013/14	<p>Amber 18% of property on the fixed asset register has not been assigned to a manager. It should also be noted that the fixed asset register does not contain all the Council's operational property</p> <p><i>Property assets may not be maintained</i></p>	Once the appropriate Head of Service have been recruited, they should works towards delivering a corporate fixed asset register that covers all council owned property. A manager will be named as being responsible for the management and maintenance of each property on the register.	<p><u>March 2015</u> Outstanding.</p>	<p>Not implemented</p> <p>Commercial Estate – all associated assets are assigned to the Head of Resources.</p> <p>Operational Estate – these assets primarily fall within the remit of Facilities Management within Operational Services.</p> <p>There is currently a review underway of all property to ensure that the asset register + gazetteer are complimentary. Where there are assets not assigned, these are being duly assigned. Once this review is completed, all assets will be duly assigned.</p> <p>Repairs and maintenance is undertaken on a reactive basis.</p>	October 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
Commercial Rents and Estates Management 2013/14	<p>Amber</p> <p>From review and discussion it has been confirmed that the Current Estates spreadsheet (the main record for recording tenant and property information) is out of date and does not contain all the necessary lease information. (e.g. changes in tenants, underlying property data, rent review completions, due dates etc).</p> <p><i>Inaccurate and incorrect data reduces efficiency and increases the risk of errors being made</i></p>	<p>The commercial estates module in the Uniform system will be investigated & assessed for 'fit for purpose'.</p>	<p><u>February 2015</u></p> <p>Partially introduced.</p> <p>System still being considered in view of a number of upgrades.</p>	<p>Fully Implemented</p> <p>Uniform has been assessed and while there are difficulties with use and it is not an ideal professional property database, the estates module does provide a sufficient range of tools to replace the current spreadsheet.</p>	June 2015
		<p>If the Uniform system is deemed 'fit for purpose', the system will be implemented as a replacement for the estates spreadsheet.</p>	<p><u>January 2015</u></p> <p>Partially introduced.</p>	<p>Not implemented (at time of report drafting)</p> <p>As noted above, the Uniform system is considered a fair database, options are being reviewed to ensure an effective transfer of data</p>	September 2015
Commercial Rents and Estates Management 2013/14	<p>Amber</p> <p>There is no plan of work for the repairs or maintenance of commercial properties; repairs are carried out on a reactive basis only. The repairs and maintenance budget is based on previous years spend.</p>	<p>Prioritise maintenance and repair work to ensure that commercial properties are maintained to the required</p>	<p><u>March 2015</u></p> <p>Outstanding.</p>	<p>Fully Implemented</p> <p>The Councils resource base now means that maintenance will be reactive and the new capital approval process is in place.</p>	July 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
	<i>The condition of the property portfolio may decline leading to reduced occupation and increased repair costs</i>	standards to achieve the optimum rent and maintain tenant satisfaction.		<p>In terms of outstanding work:</p> <p>Phoenix Court is a priority - The capital project has been approved via the new Capital Programme Methodology and the required works will be subject to tender during Autumn 2015. This will be completed in February 2016.</p> <p>For Clifton Road & Levellers – This capital works is currently being determined and will be subject to a future bid to be included in the 2016/17 Capital Programme. This will be completed in August 2017.</p>	
Main Accounting System – Continuous Auditing 2013/14	Amber The Income and Income Suspense bank reconciliation summary has not been completed. At present there is a difference of approximately £20k. The main bank account reconciliation summary for March 2014 has not been produced. All transactions in this bank account have to be entered manually using a journal. Due to the issues with the income reconciliation, the overall bank	All bank accounts for the period ending 30 June, will be fully reconciled and approved by the 31 July 2014	<u>July 2014</u> Partially introduced.	Not implemented From an overarching perspective, the Councils cash reconciliation is fully reconciled i.e. bank statements to general ledger (as confirmed by the external audit of the 2013/14). The issue is the reconciliation between individual systems that the Council operates. We are currently fundamentally reviewing the detailed cash	March 2016.

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
	summary spreadsheet has not been completed. The Paymaster and the Loans and Investment reconciliations have not yet been signed off by Accountancy.			reconciliation process and are expecting that in due course the Council will be required to procure a new cash module/interface that will allow more effective cash processing.	

Head of Service: Leisure and Health

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
One Leisure Impressions 2013/14	Red Impressions facilities are operating without formal business, strategies and targets / performance measures. There has been little management presence or direction at a site level. Staffing arrangements are inconsistent across the sites. <i>Reduced use and reputation of facilities as a result of poor corporate management</i>	Formal plans, strategies and targets will be established for the Impressions facility, which will be subject to regular review and monitoring. Staffing structures will be formalised to ensure that appropriate skills and resources are available both at a site and	<u>September 2014</u> Partially introduced. Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.	Partially Implemented The process of reviewing and developing plans etc has started and will be completed by the revised implementation deadline.	September 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
		cross – facility level. Meeting schedules will be agreed to ensure that issues are discussed and communicated.			
One Leisure Impressions 2013/14	<p>Amber Procedure notes in place do not cover all aspects of the service / work undertaken by staff. Guidance is split between the QMS and Impressions Data drives, which may hinder staff in locating and accessing information.</p> <p>At OLS a manual file is retained in the Gym Office containing key policies / procedures, which are reviewed and signed off by staff as appropriate.</p> <p><i>Staff may be unaware of the correct procedures to follow</i></p>	Procedure notes will be reviewed for relevance and appropriateness. Guidance will cover all key processes / work undertaken within Impressions, including stock control. Guides will be located in a SharePoint site so that staff can easily locate information.	<p><u>March 2015</u></p> <p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.</p>	<p>Partially Implemented</p> <p>Policies and Operating Procedures are currently being reviewed and will be completed by the revised implementation deadline.</p>	September 2015
One Leisure Impressions 2013/14	<p>Amber 16 PARQ forms were selected for review – in 1 case the form could not be located, and in 1 case the form only recorded the client name, no other details had been included.</p>	PARQ forms will be completed and signed by all members. Staff will be reminded of the	<p><u>March 2015</u></p> <p>Partially introduced.</p> <p>Recruitment process is underway and once</p>	<p>Partially Implemented</p> <p>There has been communication with all One Leisure Impressions staff and this will be finally implemented</p>	September 2015

As reported to Corporate Governance Panel, 3 rd June 2015				Head of Service Update for Cabinet: 17 th September 2015	
Audit	Original Audit Findings & Assessed Risk	Agreed Action	Due Date & Implementation Position at Due Date	Comment & Proposed Action	Revised Implementation Deadline
	<p>In a small number of cases the Wellness system had not been updated with information from the PARQ. Where PARQs have been archived, the system provides the most accessible health record.</p> <p>It was found during testing that different versions of the Wellness system are in use, and subsequently differing degrees of information is captured.</p> <p><i>Incomplete / inaccurate records may be maintained.</i></p>	<p>need to update the Wellness system with all information recorded on the PARQ and identified in the induction programme.</p> <p>All sites will use the same version of Wellness for completeness of record keeping.</p>	<p>complete work will begin on reviewing the impressions structure and operations.</p>	<p>revised implementation deadline (subject to the recruitment of the Gym Manager).</p>	

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Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Langley Court – Loan to Luminus

Meeting/Date: Overview & Scrutiny (Economic Well-Being) Panel – 3rd September 2015
Cabinet – 17th September 2015

Executive Portfolio: Cllr Gray, Resources
Cllr Dew, Planning and Strategic Housing

Report by: Head of Resources
Lead Housing Strategy Manager

Ward(s) affected: St Ives

Executive Summary:

Together with Cambridgeshire County Council and health partners, we identified a need for extra care for older people in St Ives. Developing this scheme is a priority in the Council's Housing Strategy 2012-15 and helps to meet the needs of our ageing population. Luminus had an outdated sheltered scheme in Langley Close, Ramsey Road. Luminus were willing to demolish the scheme and redevelop a new extra care scheme in its place consisting of 55 1 and 2 bedroom flats. Luminus have supported residents to move out of the original building and the new building has planning permission and ground works have commenced.

There is a grassed area to the front of the site, bordering the car park which is still owned by this Council, and not by Luminus. To make best use of the site, Luminus would like to use this space to form part of the car park and green space for the scheme. To enable this to happen, this Council would need to transfer ownership of the green space to Luminus (see Annex 1). Any potential transfer will be subject to a clawback arrangement so that if the site is ever sold in the future, the monetary equivalent of the land value reverts to this Council. This grassed area does 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 has been obtained from a member of Queens Counsel to give assurance of the Council's legal position in relation to the loan. A specialist consultant has been appointed by this Council to help arrange the loan facility for Luminus. The heads of terms for the legal agreement have been drafted and the due diligence is underway. These fees will be reimbursed by Luminus.

At the time of drafting the report the specific loan details are yet to be finally agreed; however the loan will not have a negative financial impact on the Council as Luminus will be repaying the loan in full including a margin of 1.5% over the 30 year term of the loan.

Recommendation(s):

That members:

1. agree to the transfer of the grass area (see Appendix 1) at the front of Langley Court to Luminus, subject to a clawback arrangement at paragraph 3.5.
2. agree to the continued support of the Langley Court development by the provision of loan finance at nil cost to the Council.
3. agree 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).

1. WHAT IS THIS REPORT ABOUT?

- 1.1 To update Members on the redevelopment of Langley Court St Ives.
- 1.2 To seek approval to transfer a piece of land to Luminus to enable the redevelopment to proceed.
- 1.3 To update Members about the terms of the loan to Luminus.

2. BACKGROUND

- 2.1 Together with Cambridgeshire County Council and health partners a need has been identified for extra care for older people in St Ives. Developing this scheme is a priority in our Housing Strategy 2012-15 and helps us to meet the needs of our ageing population.
- 2.2 Luminus had an outdated sheltered scheme consisting of 50 bedsits and 1-bedroom flats in Langley Close, Ramsey Road, next to Slepe Hall. Luminus were willing to demolish the scheme and redevelop a new extra care scheme consisting of 55 1 and 2 bedroom flats in its place. The extra care scheme will feature communal areas including restaurant and lounge, hairdressing salon, assisted bathing facilities and guest room. Social activities and other services (e.g. visiting chiropody) will be made available for older people who live in the surrounding community to make use of. In addition to the normal housing related support service, there is 24 hour social care presence on the site. Health partners intend to commission intermediate care in the scheme whereby people go to the scheme for a short while to help with rehabilitation after a hospital admission. This facility can also be used to prevent emergency hospital admissions when someone has had a period of ill health at home.
- 2.3 The scheme is expected to cost in the region of £8.4m with £2.3m being secured in grant funding from the Department of Health via the Homes and Communities Agency (HCA), with this Council's support. On 21st November 2013 Cabinet considered a report by the Executive Director of Finance and Resources (a copy of which is appended in the Minute Book) regarding a request by Luminus for a loan to enable them to develop a new extra care scheme for frail older people at Langley Court, St Ives. Executive Councillors discussed the significant housing, health and social care benefits the scheme would offer to the local population. In expressing their support for the scheme, the Cabinet stressed that:
 - no residents should be asked to leave until planning permission for the scheme is granted;
 - any provision allows any resident that wishes to return after the new build is finished, can;
 - every possible effort be made to ensure that any resident that wishes to return is temporarily housed in St Ives; and
 - the Luminus Board reconsiders its attitude to District Council appointed Members to ensure full engagement and transparency.

Cabinet then agreed that (a) that a loan be provided to Luminus of up to £5.5m over 30 years to fund the new extra care home, subject to confirmation of the various legal, procedural and security issues highlighted in the report and agreement of the interest rate; and

(b) that the Assistant Director, Finance and Resources, be authorised to make the loan following consultation with the Executive Councillor for Resources on these issues, subject to the Executive Councillor having the right to require agreement of the details to be determined by Cabinet.

2.4 However, considering:

- the time that has elapsed since this approval was given,
- the changing financial environment that the Council now finds itself, and the
- new management arrangements that have come into place since 2013,

it is opportune to update members on the loan arrangement.

3. UPDATE ON PROGRESS

The Scheme

3.1 Luminus have supported residents to move out of the original building. A planning application was submitted for the new extra care scheme. This included a large glass and steel atrium. Unfortunately the final costs of this proved prohibitive and Luminus have had to reproduce a more modest design in order to deliver the project within their budget. The revised plans have been approved and Luminus have let a build contract. An archaeological dig has been completed and contractors are now on site commencing ground works. Luminus have claimed the first tranche of grant funding from the HCA to support this stage of development.

The Site

3.2 There is a grassed area to the front of the site, bordering the car park (see Appendix 1) and is still owned by this Council, and not by Luminus. To make best use of the site, Luminus would like to use this space to form part of the car park and green space for the scheme. At this time the grass area does not have any obvious standalone development potential, given its proximity to the street and the surrounding buildings. However that does not mean that if the Langley Court development had not been taking place that some future development opportunity would not have been possible. To enable Luminus to utilise this space the Council would need to transfer ownership of the green space to Luminus.

3.3 To give some relative depth to the value of this space, a separate external valuation has been undertaken of this land to determine the potential transfer cost to the Council; three scenarios were reviewed:

i. Scenario 1 – Market Value: existing use and present condition

As a cleared site subject to the benefit of planning permission (as secured by Luminus) for the proposed extra care development, the combined Luminus and HDC land is valued at £1.4m, with the Councils element being £50,000 (3.5%).

ii. **Scenario 2 – Market Value; in its proposed use as an extra care development.**

This valuation was based on the agreed plans and costings and on the express assumption that the development has been completed as at the date of valuation. The combined Luminus and HDC land is valued at £11.1m, with the Councils element being £100,000 (0.9%).

iii. **Scenario 3 – Market Value; subject to tenancies and no restrictions upon subsequence disposal.**

This valuation was based on the principle that tenancies would convert from affordable rents to market rents after an average of five years for each tenancy. The combined Luminus and HDC land is valued at £5.5m, with the Councils element being £30,000 (0.4%).

3.4 It is envisaged that the extra care facility will continue for the duration of the loan agreement, consequently Scenario 3 is unlikely. Further, a 4th scenario of alternative use was not considered because the Council has previously made a full commitment to supporting this partnership development.

3.5 Considering that:

- there is a likelihood that there will be an increase in the value of the land,
- the land does not have any standalone development potential considering the Councils partnership commitment to the project, and
- the valuations have shown that the HDC land has a proportionately small value when compared to the whole,

the land should be transferred to Luminus subject to an appropriate a claw-back arrangement.

The Loan and associated Financial Considerations

3.6 The net loan finance to be arranged by the Council in respect of the development itself is £5.0m. Interest due on loan instalments during the construction period will be capitalised and rolled up into a consolidated loan at Practical Completion of Langley Court. This means the estimated gross value of the loan is £5.140m at Practical Completion. The maximum permitted value of the loan, including any interest, is £5.5m. A summary of the cost of the project and all financing is shown in **Table 1** below.

HDC Loan Arrangement		Table 1
	£m	
Project Cost	8.346	
Luminus Sourced Funding		
- Homes and Communities Agency	(2.300)	*1
- Luminus Contribution	(0.746)	
- Recycled Capital Grant	(0.113)	*2
- Capital Receipts	(0.187)	*3
	<u>(3.346)</u>	
HDC Loan Arrangement - Langley Court Development	5.000	
Interest - maximum roll-up	0.500	
Total Loan	<u>5.500</u>	
Key		
*1 £2.3m via a successful bid to the Homes and Communities Agency (HCA)		
*2 £0.113m via Recycled Capital Grant Fund – this is a pot that Luminus have accrued from the sale of shared		
*3 £0.187m via capital receipts contribution from Luminus' disposal and replacement programme.		

3.7 It is anticipated that Luminus will draw down their loan at various stages of the development process; consequently the Council will draw down the loan from PWLB in similar tranches. The currently estimated draw down profile is shown in **Table 2** below.

Loan Funding Profile		Table 2
		£
2015	October	750,000
	November	500,000
2016	January	500,000
	February	500,000
	March	500,000
	April	500,000
	May	750,000
	June	500,000
	July	500,000
		<u>5,000,000</u>
Interest Roll-Up: Maximum		
	After July 2016	500,000
		<u>5,500,000</u>

3.8 Luminus is a group of separate companies. The practicalities of the loan arrangement are that the:

- Loan will be with Luminus Finance Limited,
- Langley Court development will be undertaken by Oak Foundation Limited,

- And security during the development phase will be Brook House, which is owned by Luminus Finance Limited, as the development comes to practical completion the intention will be a transfer of security to the Langley Court development itself. However, if there is any risk in respect of not being able to secure the charge on the Langley Court development (i.e. potential change to charitable status) the release of Brooke House will not be undertaken until all such risks are eliminated
- 3.9 Although this appears to be a relatively complicated arrangement, a summary is attached in **Appendix 2** but members should be reassured that the various legal agreements provide the same protection to HDC as would a single Loan Agreement and associated legal charge.
- 3.10 At the time of drafting this report, the following elements of the loan arrangement process have been completed:
- Queen’s Counsel has provided assurance that the loan does not attract any State-Aid Issues.
 - Heads of Terms have been agreed between the Council and Luminus.
- 3.11 The following work continues:
- A Due Diligence review is being undertaken by the Councils Treasury Management Advisors, Arlingclose.
 - Actual draw-down of the loan from PWLB.
- 3.12 All costs relating to the loan arrangement will be reimbursed by Luminus. However there has been a considerable opportunity cost in arranging this loan facility and there will be an ongoing opportunity cost in respect of future monitoring of the loan facility for both the finance and legal services.
- 3.13 Other elements of the terms of the loan that members should be aware include:
- The margin on the loan will be 1.5% above the prevailing PWLB rate at the time of drawdown (Subject to confirmation from Arlingclose that this is an acceptable margin and anticipated to be £75,000 in the first full year of the loan, which will then gradually reduce as the loan is repaid over a 30 year period)
 - The Facility Fee for the loan will be 0.75% (approximately £37,500)
 - The term of the loan is 30 years from Practical completion of Langley Court.

Treasury Management

- 3.14 The Councils Treasury Management Strategy, as approved by Council in February 2015 includes the Prudential Indicator “The authorised limit for external debt”; this permits the Council to borrow up to £75.0m in respect of “Loans to Organisations and Investments Yielding a Commercial Return”. This indicator is broken down further between two sub-indicators:
- £15.0m for “long term borrowing to finance long term loans to organisations”, and
 - £60.0m for “long term borrowing to finance loans for capital investments delivering a commercial yield”

As shown in **Table 3**, if the loan for Langley Court is £5.5, the total borrowings for the Council will be £7.075m, this is well within the overall authorised limit and the sub-indicator “long term borrowing to finance long term loans to organisations”.

Treasury Management Long Term Borrowing for Loans to Organisations	Table 3	
	Amount HDC has borrowed	Amount HDC has invested
	£m	£m
Financed from external borrowing		
- Luminus Finance (Langley Court)	5.500	5.500
- Huntingdon College	1.500	1.500
Total	7.000	7.000
Financed from internal borrowing		
- Huntingdon Gym	0.075	0.075
Total	0.075	0.075
Overall borrowing & investment	7.075	7.075
Authorised Limit as per 2015/16 Treasury Management Strategy	15.000	

3.15 A specific consideration is in respect of Minimum Revenue Provision (MRP). Both the Treasury Management Strategy (which was approved by Council in February 2015) and also the accounting policies that are approved by the Councils external auditors permit the Council to:

- recognise principal repayments from the borrower as capital receipts, and to
- subsequently apply these as the Councils own principal repayment.

This approach will thereby mitigate the requirement for the Council to set-aside additional MRP. The specific Treasury Management and Accounting Policy mitigations in respect of MRP are shown in **Appendix 3**.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 To be completed following Panel.

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

5.1 The loan of up to £5.5m is substantial and carries risk. This risk is mitigated by the due diligence process that is underway. Furthermore, the ongoing financial position of Luminus is subject to ongoing regulation by the Homes and Communities Agency.

5.2 Other risks involved in delivering the project on time and within budget are owned by Luminus and not the Council. However, the loan is not risk free in that should the scheme not be successful, the Council could be required to step in and resolve any problems. Ultimately it may be forced to sell the assets upon which it has security and it cannot be guaranteed that the proceeds would cover the value of any loan outstanding.

5.3 However the Council has taken steps to mitigate the various project risks, there are shown in **Appendix 4**. If mitigation were ever to be necessary then this would be taken in consultation with the regulator, the Homes and Communities Agency.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 Once the due diligence and legal agreement are completed, the loan can be drawn down. This is likely to happen in the Autumn of 2015.

6.2 Development has commenced and the scheme should be completed by Winter 2016.

7. LINK TO THE CORPORATE PLAN

7.1 Enabling sustainable growth

- Improve the supply of new and affordable housing to meet future needs

7.2 Working with our communities

- Improve health and well-being
- Meet the housing and support needs of our ageing population
- Enable people to live independently through the provision of adaptation, accessible housing or support

7.3 Ensuring we are a customer focused and service led council (Delivering value for money services)

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

8. CONSULTATION

8.1 Enabling an extra care scheme to be developed in St Ives is a key action for the Council's Housing Strategy 2012-15. The Housing Strategy was produced following consultation with partners.

9. LEGAL IMPLICATIONS

9.1 Advice on State Aid was obtained and assurance received that the loan does not trigger any State Aid provisions.

9.2 Risk has been negated as much as possible by securing the loan against various properties owned by Luminus. Once the new build has been completed, the loan will then be secured against this property.

9.3 Discussions are ongoing for the remainder of the terms of the loan agreement and will be in place prior to any loan being provided.

10. RESOURCE IMPLICATIONS

- 10.1 The loan to Luminus, although it will broadly be in line with market rates, will only generate the Council a small return – but it will be at nil cost to the Council. However, it is considered that any such investments should be viewed in the future as a means of supporting the Council’s strategic housing objectives rather than as a means by which the Council can make a worthwhile contribution to bridging the known future revenue budget gap.
- 10.2 With regard to the land that is needed to complete the Langley Court development, it is considered that without this land the development would not meet its full potential and therefore the proposal of transferring to Luminus, with appropriate clawback arrangements, is fair.

12 REASONS FOR THE RECOMMENDED DECISIONS

(Summary leading to the Recommendations)

- 12.1 This report updates Members on the progress with Luminus’ extra care scheme in St Ives. In summary, the original building has been vacated by residents. It has been demolished and construction has commenced.
- 12.2 There is a green space at the front of the site which is owned by HDC. To make best use of the site, this should be transferred to Luminus to incorporate within the car park and green space for the scheme; subject to a clawback arrangement; whereby Luminus agree that if the site is ever sold in the future, the monetary equivalent of that area of land reverts to the Council.

13. LIST OF APPENDICES INCLUDED

- Appendix 1 - Map of Langley Court green space.
- Appendix 2 - Diagram representing the various parties to the Facility/Loan Agreement re. Langley Court.
- Appendix 3 - Council policies in respect of Minimum Revenue Provision.
- Appendix 4 - Risks and Mitigations relating to the Loan Facility to Luminus.

BACKGROUND PAPERS

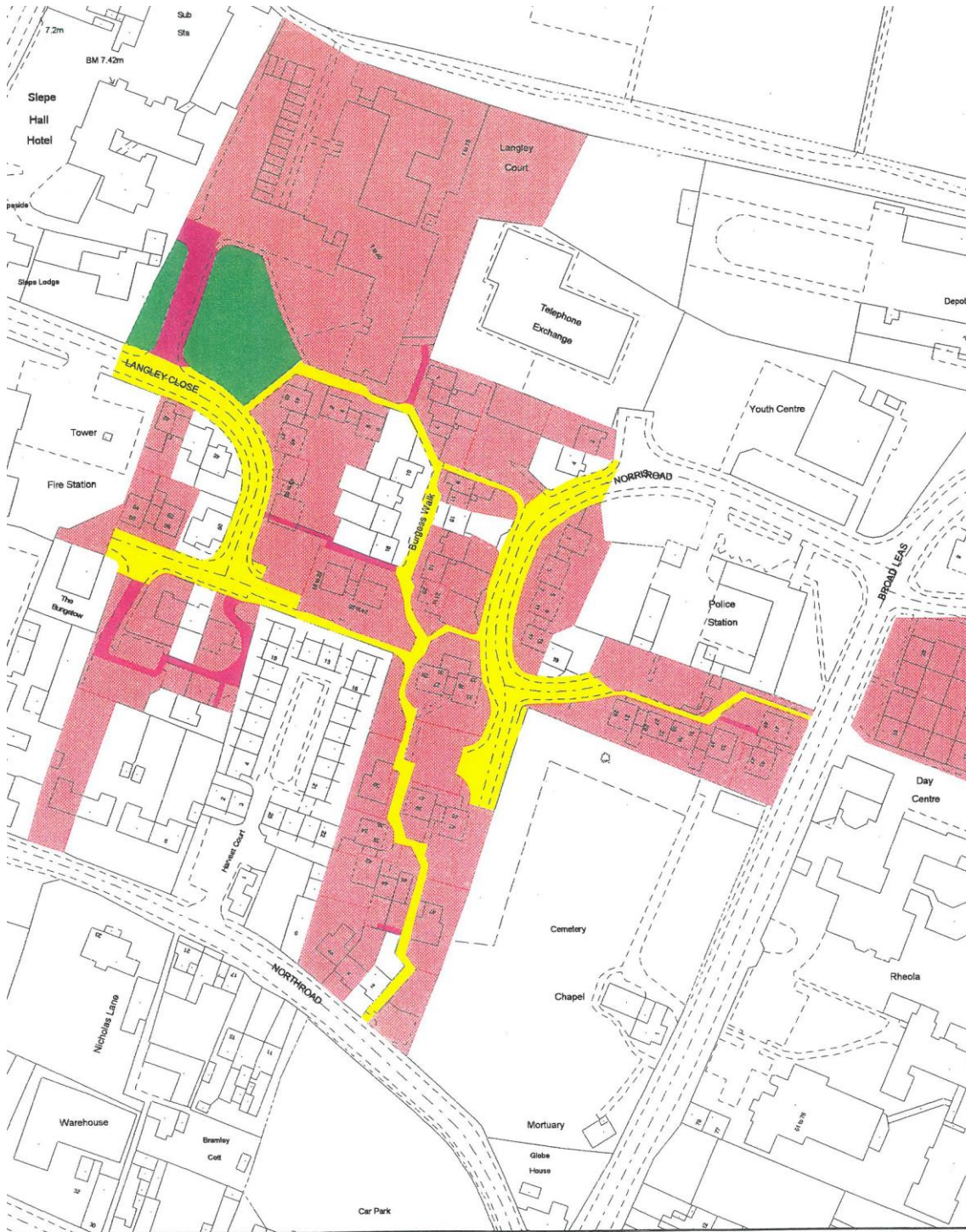
Cabinet Report 21.11.13
Langley Court Development File

CONTACT OFFICER

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Clive Mason / Head of Resources / 01480 388157

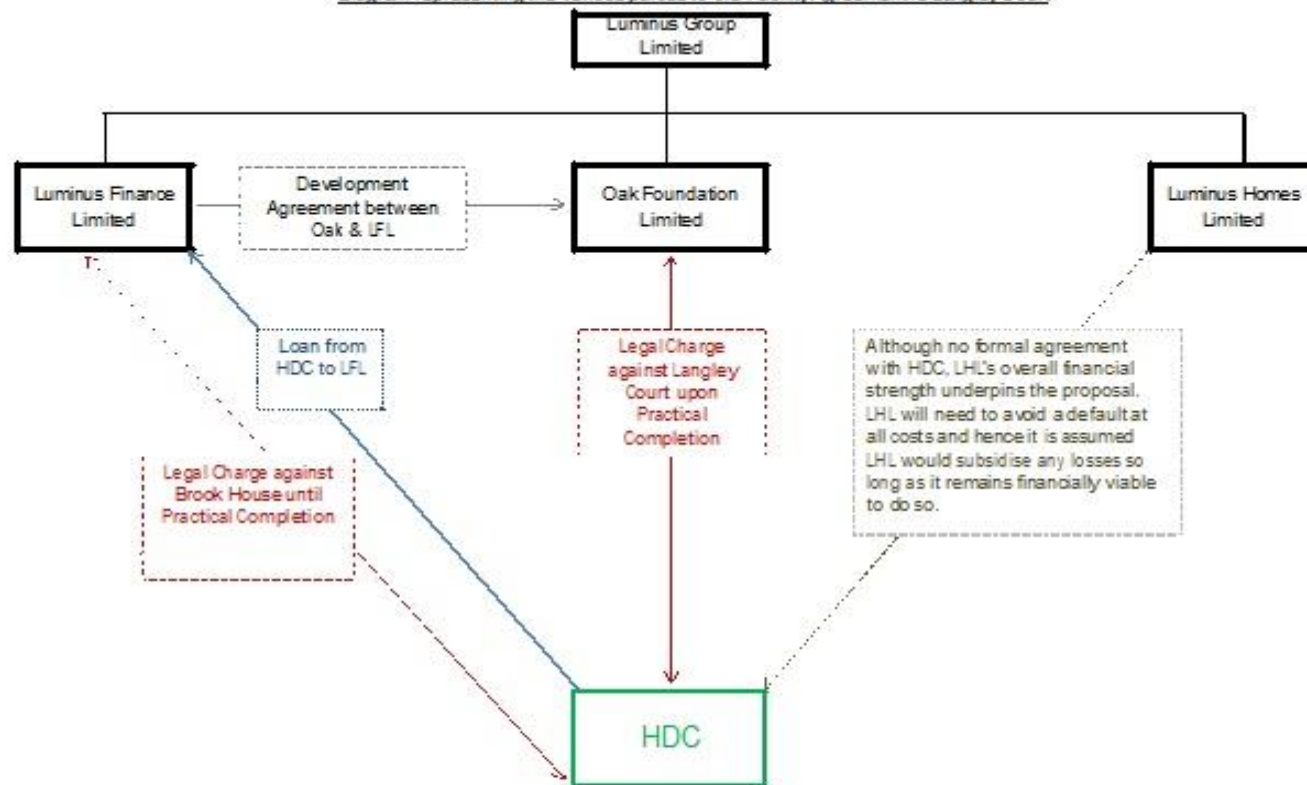
Map of Langley Close St Ives

Land owned by HDC and recommended for transfer to Luminus is shaded green.



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Diagram representing the various parties to the Facility Agreement re Langley Court



Notes
 The loan facility will be between HDC and LFL. This agreement will contain development obligations that LFL will in turn pass on to the Developer, Oak Foundation Ltd.

HDC will have the benefit of a legal charge over Brook House (owned by LFL) during the construction phase (the riskiest part of the project). Brook House was valued at £8.6m in 2014. Post completion, HDC will have the benefit of a legal charge against Langley Court valued in July 2015 at £11m (market value) and £5.53m based upon use as an affordable Extra Care home.

The Council will not have any direct control over the development within the loan agreement itself. However, the development and ongoing obligations will also be reflected within the charges on Brook House and Langley Court respectively meaning that HDC will be able to enforce these obligations if required.

1. Treasury Management Strategy:

Annual Minimum Revenue Provision Policy 2015/16

Approved by Council, February 2015

- Where loans are made to other bodies for their capital expenditure, and the principal repayments are received at least on an annual basis, no MRP will be charged. The capital receipts generated by the annual repayments will replace the need to make a provision for MRP.

2. Annual Financial Report:

Accounting Policies

➤ **Depreciation and other Charges to Revenue for Non-Current Assets**

i. Policy in respect of Loans to Organisations or Loans with Security (as defined within the Treasury Management Strategy)

Where the Council has provided:

- loans to local organisations or businesses, and/or
- loans with security

and these loans are repaid on, at least an annual basis, that the principal repayments received can replace the need to make a minimum revenue provision.

Risks and Mitigations relating to the Loan Facility to Luminus		
Category	Risk	Proposed Mitigation
Financial	1. Significant expenses incurred in setting up the loan facility	When heads of terms were agreed, it was confirmed that the Council's subsequent legal and due diligence costs would be borne by Luminus.
	2. The finance is used poorly meaning the loan is worth less than the assets created.	The Borrower's obligations will be set out in Loan Facility Agreement. Upon the occurrence of an Event of Default, the Council's rights will include: a) cancel, suspend or vary the terms of the Development Facility; b) call for immediate repayment or whole or part of the Development Facility; and/or c) Enforce the Legal Charge.
	3. The scheme is not as successful as expected causing diminution of the Value of the loan.	Satisfactory completion of due diligence in relation to the construction contract and warranties that will be assigned to the council in the event of default. The scheme is also backed by HCA funding and significant Luminus contributions.
	4. Development assets do not provide sufficient security	Independent valuations have confirmed the value of the land and the completed facility (based upon both market value and existing use) In addition, the council will have the benefit of a charge over Brook House (valued at £6.6m) during the construction period, the riskiest phase of the project.
	5. Significant costs are incurred in drafting the Agreement and monitoring the security provided.	Legal costs, and valuation fees incurred after Heads of Terms are agreed will be met by the Borrower.

Risks and Mitigations relating to the Loan Facility to Luminus		
Category	Risk	Proposed Mitigation
	6. The Developer repays the loan early resulting in significant early repayment premiums payable by HDC.	The Borrower will be liable for any early repayment premiums.
	7. 3rd party rights/ covenants affect the development, subsequent use or the value of the land.	Certificates of Title to be prepared and title due diligence will be undertaken. Luminus will be required to obtain title indemnity insurance if required (although this is considered unlikely).
	8. Interest rates change during the period of the Loan Facility	The council will be protected in that it is the margin above the prevailing PWLB rate (at the time of drawdown) that is fixed, not the interest rate itself. This way it is Luminus that bears the interest rate risk.
	9. Proposed accounting treatment is challenged and MRP needs to be applied.	The Council has an acceptable policy in respect of MRP and a new accounting policy was introduced in respect of 2013/14 with no challenge by the external auditor.
Construction Phase	10. Poor Construction means that the asset created does not achieve the required value.	The Council has the option to appoint a Technical Adviser (Funder's TA) to monitor the development. This cost would be funded by the Borrower if required. The Borrower will be required to provide access to all relevant construction information and significant changes to the development would require the Council's consent. Drawdowns will be dependent upon pre agreed milestones being achieved.

Risks and Mitigations relating to the Loan Facility to Luminus		
Category	Risk	Proposed Mitigation
	11. Increased construction costs reduce the viability of the scheme.	The Council has security over Brook House during the construction period. This means Luminus has every incentive to commit additional funds to finance any construction overspend. Luminus' ability to fund any cost overruns will be addressed as part of the due diligence exercise.
	12. Luminus cannot complete the construction.	The Council will have the following options: <ul style="list-style-type: none"> • Exercise its rights under the charge over Brook House and sell the property • Step in and complete Langley Court itself with a view to an ultimate sale. All key construction and design warranties will be assignable to the council in this event.
Operational Phase	13. Poor maintenance/ management means that the assets fall in value post construction.	Valuations will take place periodically to ensure the assets are properly maintained. If loan covenants are breached then this would give rise to an Event of Default and the Council exercising its rights under the legal charge. Typically a "cure plan" will be implemented to address any potential breach. The ultimate recourse for the Council would be to exercise its rights under the legal charge and step in and sell the development.
	14. Reduced rental income means that Luminus cannot afford to repay the loan.	Interest and income covenants will alert the Council to warnings prior to this situation arising. Again poor performance could lead to an Event of Default and the Council exercising its rights under the legal charge.
Legal	15. The Council does not have the power to make the loans	Counsel Opinion has been obtained to confirm that the Council has such powers.

Risks and Mitigations relating to the Loan Facility to Luminus		
Category	Risk	Proposed Mitigation
	16. The loan constitutes state aid	<ul style="list-style-type: none">• Market Economy Investment Principles to be adhered to. Professional Opinion (via Arlingclose) to be sought that confirms the loan terms reflect the current market and therefore do not constitute State Aid.

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CURRENT ACTIVITIES

STUDY	OBJECTIVES	PANEL	STATUS
Delivery of Advisory Services Across the District	<p>To monitor the performance of the voluntary organisations awarded grant aid by the Council in 2013 – 2015.</p> <p>To discuss funding arrangements for the final year of the Voluntary sector agreements.</p>	Social Well-Being	The Head of Community will present an update to the Panel October 2015.
Housing and Council Tax Benefit Changes and the Potential Impact Upon Huntingdonshire	To monitor the effect of Government changes to the Housing Benefit System arising from the Welfare Reform Act.	Social Well-Being	<p>The Panel received the latest six-monthly report on the effect of the Government’s Welfare Reform programme and how it impacts on households in Huntingdonshire. Further updates only to be provided when circumstances require it.</p> <p>Benefits Risk Based Verification Policy presented to the Panel on 07/07/15</p>
Flood Prevention within the District	To investigate flood prevention arrangements in the District and the impact of flooding on associated local policy developments.	Environmental Well-Being	<p>Representatives from the Environment Agency delivered a presentation on flood risk management within Huntingdonshire. A scoping report was considered by the Panel in April 2014 and a Working Group was appointed. The Chief Executive and Clerk to the Middle Level Commissioners delivered a presentation to the Panel’s June 2014 meeting to outline their role with flood alleviation in the District. A meeting of the Working Group was held on 25th March 2015 at which Members considered the draft Cambridgeshire Flooding and Water SPD.</p> <p>UPDATE: Agreed that Working Groups scrutinising the Operations policies at HDC stand down until the Operations Review has been completed and implemented.</p>
Waste Collection Policies	To assist the Head of Operations and Executive Member for Operations &	Environmental Well-Being	First meeting of Working Group held on 24th June 2014. Further meeting to be arranged to consider the outcome of the survey work being undertaken by the Operations

	Environment with reviewing waste collection policies in relation to the collection points for wheeled bins/sacks and remote properties (farms and lodges).		<p>Division on affected properties and various other matters.</p> <p>UPDATE: Agreed that Working Groups scrutinising the Operations policies at HDC stand down until the Operations Review has been completed and implemented.</p>
Litter Policies and Practices (to include graffiti removal)	To consider and make recommendations on future litter and graffiti service scope and standards and on public appetite for changes.	Environmental Well-Being	<p>Scoping report received. Working Group appointed.</p> <p>UPDATE: Agreed that Working Groups scrutinising the Operations policies at HDC stand down until the Operations Review has been completed and implemented.</p>
Affordable Housing	To make recommendations for the next Housing Strategy 2016-19 by considering and making recommendations on ways to deliver affordable housing, including through the rural and enabled exceptions policy of the Local Plan and through the Community Land Trust.	Social Well-Being	<p>A Working Group meeting was held on 16th March 2015. Government changes affecting the supply of new affordable housing and the Elphick-House Report were reviewed.</p> <p>Next meeting to be held to scrutinise:</p> <ul style="list-style-type: none"> • The housing register • Statistics on homelessness • Housing Need • Bands of people on the register <p>The Working Group is seeking a member from each of the Economic and Environmental Panels to join the Working Group.</p> <p>The next meeting of the Affordable Housing Working Group is to be held on 20th April 2015. Given the imminent submission date of the Local Plan it was agreed that a meeting would be arranged with the Affordable Housing Working Group, the Managing Director, the Executive Councillor (Strategic Planning and Housing) and the Leader in order to progress the matter including the inclusion of recommendations for the Local Plan and to inform any refresh of the housing strategy.</p> <p>Following the meeting of the Affordable Housing Working Group in April 2015, a report on the group's activities will be</p>

			completed and submitted for scrutiny in November 2015.
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Panel Date	Decision	Action	Response	Date for Future Action
	<p><u>Scrutiny of Partnerships</u></p> <p>The Panel has received two presentations on the Local Enterprise Partnership. A presentation on the Local Enterprise Zone was given to the Panel's meeting in November 2011</p>		<p>The Panel has invited the Chairman and the Chief Executive of the Local Enterprise Partnership to a future meeting to give a presentation on their business plan. The Panel will pursue this request with the new Chief Executive on their appointment after the Council's Budget setting process.</p> <p>UPDATE: Unable to attend in September – confirming October meeting date.</p>	<p>03/09/2015</p> <p>08/10/2015</p>

<p>12/06/14</p> <p>10/07/14</p>	<p><u>Project Management</u></p> <p>Reiterated a request for the post project appraisals for the development of the Huntingdon multi-storey car park and One Leisure, St. Ives.</p> <p>With a view to undertaking a review of the Project Management Arrangements within the Authority, the Panel has been updated on the progress which has been made by the Council's Project Management arrangements within the Authority.</p>		<p>A project closure report for the Huntingdon Multi-Storey Car Park and One Leisure St.Ives was presented to the Panel's November meeting (2014)</p> <p>Members considered a study</p>	
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Panel Date	Decision	Action	Response	Date for Future Action
06/11/14	The Panel received a project closure report for the Huntingdon Multi-Storey Car Park and One Leisure St Ives developments and agreed to establish a Project Management Select Committee in February 2015 to give further consideration to the issue of project management within the Authority.		template identifying terms of reference and other parameters for the Select Committees. The Panel received a demonstration of the Council's programme and project management toolkit and an update from the Corporate Office Manager. A further informal meeting was held before the Panel's January 2015 meeting.	
17/02/15	Select Committee held. 2 Members were co-opted from each of the Social and Environmental Well-being Panels.			
09/04/15	A report on the findings of the Select Committee was submitted to the Panel. The Panel endorsed the report and agreed to make several recommendations to Cabinet.		The Panel's recommendations to Cabinet were agreed in April 2015. These included arranging two further reviews: 6 month review (Panel only) 12 month review (Select Committee)	08/10/15 04/02/16

Panel Date	Decision	Action	Response	Date for Future Action
05/03/15	<u>Investment Strategy</u> Panel to hold early discussions on the terms of the strategy prior to its publication as a draft			
09/04/15	Workshop held		Report on Commercial Investment strategy is elsewhere on the agenda	03/09/15

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ACTION LOG

(Requests for information/actions other than those covered within the Progress Report)

Date of Request	Description	Response
04/09/14	Huntingdon West Masterplan to be circulated. Panel Members will also receive an invitation to attend the Overview and Scrutiny Panel (Environmental Well-Being) when this is discussed.	
04/09/14	Councillor M F Shellens requested a copy of the Huntingdonshire Infrastructure Business Plan in due course. Panel members will also receive an invitation to attend the Overview and Scrutiny Panel (Environmental Well-Being) when this is discussed	The Huntingdonshire Infrastructure Business Plan is expected to emerge in October 2015

Panel Date	Decision	Action	Response	Date for Future Action
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Decision Digest

Edition 157

Monthly summary of the decisions taken at meetings of the Council, Cabinet, Overview & Scrutiny and other Panels for the period 1st to 31st July 2015.

COMMUNITY CHEST GRANT AID AWARDS TO VOLUNTARY ORGANISATIONS 2015/2016

The following applications for Community Chest Grant Awards for 2015/2016 have been approved:

ORGANISATION	AMOUNT
7th & 8th Cambridgeshire FSE Marine Scout Group, St Ives	£1,095
Abbotsley Village Hall	£1,691
Applepips Pre-School, Offord	£4,000
Bluntisham Allotments & Leisure Gardeners Association	£600
Brampton Scout Hut	£2,330
Covington Amenities Committee	£1,250
CIFA Majorettes, St Ives	£390
Eaton Socon Cricket Club	£2,000
Ellington Gala	£575
Fusion Family & Youth Project	£4,245
Great Staughton Playing Field Committee	£175
Great Staughton Pre-School (Piglets)	£4,500
Holy Cross Yelling PCC	£750
Houghton & Wyton Scout Hut Fund	£5,000
Huntingdon Boat Club	£1,184
Huntingdon Commemoration Hall Charity	£940
Huntingdonshire Society for the Blind	£1,250
Huntingdon Swimming Club	£2,500

Hunts Community Youth Orchestra	£3,400
Needingworth Cricket Club	£1,600
Norris Museum, St Ives	£2,500
Old Weston Village Hall	£3,400
Sawtry Methodist Indoor Bowls Club	£750
Southoe Village Hall Management Committee	£2,125
St Ives Carnival & Music Festival	£1,500
St Neots Lawn Tennis Club	£5,000
The Friends of St Peters Church Offord D'Arcy	£600
Wheatfields Nursery Association, St Ives	£3,400
Yelling Parish Council	£1,250

STATUTORY DISMISSAL PROCEDURES FOR HEADS OF PAID SERVICE, MONITORING OFFICERS AND THE RESPONSIBLE FINANCIAL OFFICER

Further to the meeting of the Employment Panel, the Corporate Governance Panel has recommended to the Council that the Constitution be amended to reflect the new regulations, and to incorporate the requirements of the new Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.

The Regulations amend the statutory disciplinary and dismissal procedures of English Local Authorities' Heads of Paid Service, Monitoring Officers and Chief Financial Officers, and replace

the current statutory Designated Independent Person (DIP) process, outlined in the current Local Authorities (Standing Orders) (England) Regulations 2001.

The new Regulations require Authorities to have in place the new process '*no later than the first ordinary meeting of the Authority falling after 11th May 2015*'.

The Regulations state that before an Authority considers whether to dismiss an officer, it must convene a Panel made up of Councillors and at least two Independent Persons.

PREPARING THE 2014/2015 ANNUAL GOVERNANCE STATEMENT

The process to be followed in preparing the 2014/15 Annual Governance Statement (AGS) has been agreed.

The Corporate Management Team (CMT) wish to streamline the review stage by increasing the involvement of the Senior Management Team (SMT) in the evidence and documentation review process.

Following the SMT review and challenge, a report will be prepared for the Corporate Governance Panel that summarises the outcome of the review and details those areas of the Code that SMT consider have not been met or require improvement.

If issues are identified during the SMT review, the Panel will determine which of these are significant enough to include in the AGS. Following which the Internal Audit and Risk Manager will prepare a draft AGS, and after obtaining CMT, SMT and the External Auditors comments, invite the Panel to make comments on its contents at an informal meeting of the Panel. This will allow a final version of the AGS to be prepared prior to its submission to the Panel in September 2015.

DISPOSAL AND ACQUISITION POLICY: CHANGE TO THE CONSTITUTION

The Corporate Governance Panel has recommended to Council that the Constitution be amended to reflect the new Disposal and Acquisitions Policy as approved by the Cabinet at its June meeting.

As the former thresholds and procedures within the Constitution were considered too restrictive, and to enable a more commercial approach to the management of the Council's property portfolio, a new Disposal and Acquisitions Policy and governance arrangements has been agreed by the Cabinet through which the Council is able to manage its estate of land and buildings within a commercial environment.

As the Council is required to generate £8million of savings by 2019/2020 a way of generating additional income is via selling assets or purchasing capital assets within the commercial environment.

As the Panel has responsibility for considering changes to the Constitution, which includes the Code of Financial Management and Code of Procurement, the Panel has recommended to Council that the Constitution be amended to reflect the requirements of the Disposal and Acquisitions Policy.

In addition to amendments to the thresholds for the disposal and acquisition of land and property, the Cabinet has approved the formation of a Treasury and Capital Management Group which must be reflected in the Constitution.

As a further safeguard for good governance the Corporate Governance Panel has recommended to the Council

that the Treasury and Capital Management Group be constituted to include a third member of the Cabinet in the event of the Leader or Deputy Leader holding the Resources Portfolio, to ensure that three Cabinet Members always have a seat on the Treasury and Capital Management Group.

The Panel has enquired whether the Council has a sufficient level of expertise to realise the value of its assets and for negotiation purposes. It has been explained that a Commercial Investment Strategy is being developed that will identify such matters as well as establish proposed investment levels, risk appetite and other factors that are essential in such a strategy.

INTERNAL AUDIT SERVICE: ANNUAL AUDIT REPORT

As required by the Public Sector Internal Audit Standards (PSIAS) the Panel has been provided with an Annual report and opinion.

The report details the work undertaken by Internal Audit during the period 1st April 2014 to 31st March 2015 to support the opinion statement that the Council's internal control environment and systems of internal control as at 31st March 2015 provide adequate assurance over key business processes and financial systems.

21 audits have not been delivered due to the loss of 147 auditor days during the year. The reasons for this were listed in the Officer's report which includes an Auditor post being vacant from mid October 2014 and being unable to recruit a suitable person or source cover arrangements with another authority or the Internal Audit Contractor.

One Audit that raised particular concern relates to the E-Recruitment software system which is managed by LGSS. The Auditors have 'read only' access to the software and therefore can only

undertake a limited amount of testing and have to rely on gathering evidence from discussions with Recruiting Managers and successful Applicants. As no assurance has been received from LGSS that the system is working as intended, and without sufficient testing evidence, it is not possible to issue an opinion on the effectiveness of the E-Recruitment system.

The Panel discussed at length issues surrounding the E-Recruitment software system. The Panel has been informed that the Employment Panel are equally unhappy with the performance of the system and have been for some time. The Corporate Team Manager is currently liaising with LGSS in order to address the various issues. However, the Council is tied into a two year contract. Whilst interviewing a number of successful candidates on their experiences of using the E-Recruitment software, Internal Audit were informed by a number of individuals that they had contemplated abandoning the application due to the software. The Panel has expressed strong concerns regarding the inadequacies of the LGSS E-Recruitment system.

The Annual Report also refers to the previously advised problems encountered whilst migrating the SharePoint based systems and the loss of data stored within the Audit Actions Database. The system is not currently operational to enable Officers from all services to input data directly into the system and it is unlikely to be resolved in the near future. Therefore Internal Audit has been advised to source commercial software externally which following cursory investigations is likely cost approximately £6500.

An Auditor has been recruited to the vacant post and is already commencing three of the audits listed within the report as not having been undertaken. It is expected that the 2015/16 Audit

Plan will be delivered providing there are no further resourcing issues.

INTERNAL AUDIT SERVICE: ANNUAL EFFECTIVENESS AND CHARTER REVIEW

The Panel has considered a report detailing the outcome of the review of the effectiveness of the Internal Audit Service and the Internal Audit Charter.

The Public Sector Internal Audit Standards (PSIAS) require that the Internal Audit Service has in place a Quality Assurance and Improvement Programme (QAIP) and an Audit Charter.

The QAIP consists of two types of assessment – internal assessment and external assessment.

One of the internal assessments is the periodic assessment against the PSIAS, designed to assess conformance with the Internal Audit Charter and the efficiency and effectiveness of the service. The Panel has been presented with a report detailing the outcome of the Internal Audit and Risk Manager's assessment of this and with the results of the action plan arising from the external 'independent validation' of Internal Audit, that was reported to the Panel in May 2014.

The Internal Audit Charter is reviewed periodically by the Internal Audit and Risk Manager and there are a number of amendments required to reflect legislative changes and the introduction of operational shared services for ICT, Building Control and Legal Services. Significant amendments were proposed within the following sections of the Charter -

- relationship with Members and Senior Management;
- roles and responsibilities; and

- quality and assurance programme.

The Panel has been updated on the Improvement Plan as agreed following the 2014 external assessment of the Internal Audit Service and the Improvement Plan following the 2015 review, which incorporates a deadline date for when the actions should be complete.

There were no issues that require inclusion in the Annual Governance Statement following the 2015 review.

Regarding Shared Services the Panel has been informed that the Internal Audit Charter incorporates detail where the Council provides 'shared services' to, or receives 'shared services' from other organisations and the Internal Audit and Risk Manager shall liaise with the other organisations Internal Audit Service and agree the scope of the assurance that is to be provided or received to take account of that requirement when preparing the Annual Audit Plan.

HUNTINGDONSHIRE MARKETING STRATEGY

The Overview and Scrutiny (Economic Well-being) Panel has considered and endorsed a report on a proposed Marketing Strategy and branding for Huntingdonshire. The Panel has been informed that the Strategy is a working document for the team rather than external-facing marketing material.

Members of the Panel have queried timescales for implementation of the Marketing Strategy and have been informed that the external work will be starting immediately, subject to approval from the Cabinet.

The Cabinet has endorsed the implementation of the Marketing Strategy and Branding profile for the

promotion of Huntingdonshire subject to an amendment to the 'Weaknesses' section of the SWOT analysis regarding 'Low Aspirations' and 'Deprivation'.

The Cabinet approved the Huntingdonshire Economic Growth Plan 2013 - 2023 in July 2013 and one of the key short-term actions was the development of a Marketing Strategy for the promotion of the District as a location of choice to live, work and invest.

In considering the comments of the Overview and Scrutiny Panel (Economic Well-Being) the Cabinet accepted the additional recommendations that progress on the implementation of the Marketing Strategy be reported to the Overview and Scrutiny Panel (Economic Well-Being) at six monthly intervals; and an annual report on the impact of the Marketing Strategy work programme be presented to the Overview and Scrutiny Panel (Economic Well-Being).

Now the Strategy has been approved by the Cabinet preparation of the external facing marketing materials and branding profile will begin.

The Strategy is an internal document for use by Officers in promoting the District and is not for circulation externally.

REVIEW OF THE RISK MANAGEMENT STRATEGY

The Risk Management Strategy is reviewed annually and the Cabinet has considered and approved the Strategy following the review.

The Risk Management Strategy previously included two risk appetite statements – one that referred to the appetite surrounding health and safety risks and a second 'catch-all' statement for all other areas. However, in order to better reflect the Corporate Plan the two former risk appetite statements have been deleted and replaced with seven

individual statements, each of which reflects the different types of risk that the Council could face and which could impact on its ability to meet both its statutory requirements and strategic outcomes.

The seven risk areas relate to Transformation; People and Culture; Financial; Operational/Service; Reputation; Compliance and Regulation; and Health and Safety.

The Strategy includes the risk appetite levels for each of these areas and work will now commence on mapping the 142 risks against the seven risk areas.

SHARED SERVICES OVERVIEW

The Overview and Scrutiny (Economic Well-being) Panel and the Overview and Scrutiny (Environmental Well-Being) Panel have received a report outlining the overall approach to the development of the first phase of the Shared Services programme. Both Panels endorsed the report, with the Environmental Panel also recommending that the Cabinet consider the following recommendations;

- consider whether the full cost of an exit strategy and associated risks if any of the shared services are dissolved are known and understood;
- consider the need to ensure that the costs of introducing any new ICT systems to support the shared services are well managed; and
- consider whether the safeguards in the sovereignty guarantee are sufficient to allow the Council's Overview & Scrutiny Panels to scrutinise topics related to shared services.

The Cabinet has approved the recommendations for the first phase of the partnership arrangement between Huntingdonshire District Council (HDC), South Cambridgeshire District Council (SCDC) and Cambridge City Council (CCC) regarding shared service proposals for ICT, Legal Services and Building Control.

The Councils intend to share services as there are significant risks in doing nothing. Each Council must find significant savings as well as protecting and preserving services and retaining skilled staff in a competitive market place. Shared services offer a way of mitigating these risks.

A Lead Authority model is being used for the shared service arrangements as it best reflects the current vision for shared services and the starting position of each partner Council

The main risks associated with sharing services across the three Councils were highlighted in the Officer's report.

A Joint Committee with no delegated powers or functions is to be established to oversee the operation of shared services, supported by an Officer Board. The remit of the Joint Committee is to provide advice, oversight, challenge and endorsement of the shared services business plans and budget. The Joint Committee will receive regular updates on the operation of the shared services and will take reports and recommendations for decision to their respective Executives (and Full Council, if appropriate), at agreed points and with the engagement of each Council's Scrutiny Committees. The membership will consist of the Leaders of each Council with a nominated Deputy attending in their absence. The Cabinet has appointed Councillor Howe to deputise for the Leader on the Joint Committee.

The Cabinet has endorsed the Sovereignty Guarantee to give confidence to individual Councils' Executives that they will retain sovereignty of their organisations, as well as Executive decision-making powers.

Formal consultation commences with Staff Council and the affected staff on 24th July until 1st September 2015 regarding ICT, Legal and Building Control shared services.

There are strategic and financial benefits to all three partners in creating a range of shared services and each of the respective reports for the shared services included a detailed financial model showing how savings will be achieved against the baseline budget.

LEGAL SHARED SERVICES BUSINESS CASE

The Overview and Scrutiny Panel (Economic Well-Being) has received a report on the business case and has concluded that this clearly shows the benefits of a shared Legal service between the three Councils.

The Cabinet has approved the business case and has delegated authority to the Managing Director, in conjunction with the Executive Councillor for Strategic Economic Development and Legal, to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the Legal shared service in accordance with the detailed business case.

In discussing the financial detail it has been noted that external legal costs were not incorporated into the level of spend figures and recharges are yet to be incorporated into the financial information.

The three Councils have been awarded funding from Government via the

Transformation Challenge Award to support the work towards a range of shared service arrangements.

ICT SHARED SERVICES BUSINESS CASE

The Overview and Scrutiny Panel (Economic Well-Being) has received a report on the business case and has concluded that this clearly shows the benefits of a shared ICT service between the three Councils.

The Cabinet has approved the business case and delegated the authority to the Managing Director, in conjunction with the Executive Councillor for Customer Services, to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the shared service in accordance with the detailed business case.

Each Authority will be the Lead Authority for a shared service and HDC is acting as the Lead Authority for the ICT shared service.

BUILDING CONTROL SHARED SERVICES BUSINESS CASE

The Overview and Scrutiny Panel (Environmental Well-Being) has considered a report on the business case and has recommended that Cabinet approve the recommendation in the report.

The Cabinet has approved the business case and delegated authority to the Managing Director, in conjunction with the Executive Councillor for Strategic Planning and Housing, to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the shared service in accordance with the detailed business case.

Due to changes in EU Procurement Rules it is possible that an advert may be

required in the Official Journal of the European Union. Further legal advice is being sought and if this is the case the Cabinet will be informed.

BUDGET MONITORING 2015/2016 (REVENUE AND CAPITAL)

The Overview and Scrutiny Panel (Economic Well-Being) considered a report on revenue and capital forecast outturn for 2015/16. Feedback on the report has been positive, with discussion focusing on the progress made since the previous report.

The Cabinet has been acquainted with the revenue and capital forecast outturn for 2015/16 based on information available at the end of May 2015.

As at the end of May, the year-end forecast outturn is £0.681m less than planned and to date little has been spent from the capital programme.

REPRESENTATION ON ORGANISATIONS 2015/16

The Cabinet has made appointments/nominations in relation to representation on a variety of organisations/partnerships and has authorised the Corporate Team Manager, after consultation with the Deputy Executive Leader of the Council, to make any changes that may be required throughout the year.

REVIEW OF BENEFITS RISK BASED VERIFICATION POLICY

The Risk Based Verification Policy has been revised to be applied to changes of circumstance in addition to new claims for Housing Benefit and Council Tax Support.

Since the introduction of the Risk Based Verification Policy it has proved successful in focusing resources on

claims for benefit most likely to contain fraud and/or error.

The Overview and Scrutiny Panel (Social Well-Being) has commented positively on the report and gave its endorsement to Cabinet.

The Cabinet has been pleased to note that the fraud and error detected by the Council is exceeding the baseline established by the Department for Work and Pensions.

DEVELOPMENT MANAGEMENT APPLICATIONS

The Development Management Panel has considered eight applications. Seven of the applications have been approved and one has been refused. One of the applications was approved contrary to the Officer's recommendation.

One of the applications to have been approved is the creation of a new marina on land North East of 31, Great North Road, Stibbington, which involves the excavation of a new marina basin and the creation of 123 river berths. It will include the construction of a new amenity block, the change of use of a wet dock building, the change of use of existing agricultural buildings to provide workshop facilities and chandlery and the provision of winter storage for boats and of a new access.

CHILDREN AND ADOLESCENT MENTAL HEALTH SERVICES UPDATE

The Overview and Scrutiny (Social Well-Being) Panel has received a report from Mr L Miller, Senior Programme Manager for Cambridgeshire and Peterborough Clinical Mental Health Services (CAMHS) which outlines the challenges faced by the service, described measures already taken and longer term plans for improvement.

The key points to the report are as follows:

- ◆ Waiting times in specialist CAMHS are too long, with some cases waiting for over 52 weeks.
- ◆ Waiting lists have been temporarily closed for Autistic Spectrum Disorders (ASD) and Attention Deficit Hyperactivity Disorder (ADHD) referrals where there are no associated Mental Health needs.
- ◆ CAMHS Emergency assessments in Emergency Department settings have increased threefold in recent years.

The Panel has questioned whether the closure of waiting lists for ASD and ADHD is advisable due to the amount of staffing resources that are used for emergency care when vulnerable Children and Adolescents are unable to access the preventative services and may require hospital treatment. Mr Miller has responded by assuring the Panel that the waiting list for services will not be closed to those with other Mental Health problems such as anxiety and depression. The Panel has noted that working on decreasing the waiting lists will positively impact on the number of NHS admissions.

Additional resources equivalent to an 11% increase in funding have been invested into the service for 2015/16, aimed at clearing the waiting list backlog and sustaining this. However, urgent redesign work is required across the whole pathway for Emotional Health and Wellbeing and proposed improvement actions include redesigning the pathway as soon as possible. This will involve services currently commissioned by the CCG and Local Authority commissioned services. The CCG has agreed to employ a Project Lead (currently being

advertised) to enable this redesign work to take place quickly and effectively.

The Panel has considered and noted the report and has requested future reports from CAMHS to monitor the progress made.

LOCAL PLAN CONSULTATION REVIEW

The Overview and Scrutiny (Environmental Well-Being) Panel has received a report by the Head of Development updating them on the key issues arising from the recent targeted consultation on the Local Plan. This report brings a fuller picture on the results and details of the next steps planned, as requested by the Panel when they received a position statement on the Local Plan in April.

The report sets out a number of key issues to be addressed. Some of these issues were raised through the consultation and others have been identified from reviewing the outcomes of examinations elsewhere.

The Panel has been informed of continuing work on the preparation of the Local Plan, including resources focussing on highways and transport modelling and analysis. It is expected that the majority of the work to complete the evidence base will take 6 to 9 months. The work needs to be undertaken in order, with flooding and highways work to take place before the new Retail Study is commissioned. The Local Plan will also need to be consistent with the results from the Environment Agency's new lower Great Ouse modelling due to be published in August 2015.

The Panel has suggested that the Council needs to ensure that contributions from developers are adjusted where extra homes are added after developments and contributions are

approved. It has also been suggested that creating bus stop areas in new housing sites would encourage bus companies to route services through new developments. The Head of Development has agreed to consider these suggestions in discussion with local bus companies.

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