

A meeting of **HUNTINGDONSHIRE DISTRICT COUNCIL** will be held in the **CIVIC SUITE, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **WEDNESDAY, 21 DECEMBER 2016** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

A G E N D A

	Time Allocation
APOLOGIES	2 Minutes.
CHAIRMAN'S ANNOUNCEMENTS	10 Minutes.
1. MINUTES (Pages 5 - 20)	2 Minutes.
To approve as a correct record the Minutes of the meetings of the Council held on 19th October and 16th November 2016.	
2. MEMBERS' INTERESTS	
To receive from Members declarations as to disclosable pecuniary, non-disclosable pecuniary or non-pecuniary interests in relation to any Agenda item. See Notes below.	
3. CAMBRIDGESHIRE AND PETERBOROUGH EAST ANGLIA DEVOLUTION	30 Minutes.
To receive a presentation by County Councillor Steve Count on the work that has been undertaken to-date and progress towards the establishment of the full Combined Authority.	
4. EXECUTIVE COUNCILLOR PRESENTATIONS	60 Minutes.
(a) Councillor J A Gray, Executive Councillor for Strategic Resources to present on the Budget Principles and Framework.	
(b) Councillor S Cawley, Executive Councillor for Organisation and Customer Services to present an update on the Transformation Programme.	
(c) Questions to other Members of the Cabinet.	
(Notes –	
Executive Councillor presentations	15 Minutes each
Questions to each presenting Councillor	10 Minutes each).
Period for questions to other Members of the Cabinet 10 Minutes).	

5. OUTCOMES FROM COMMITTEES AND PANELS (Pages 21 - 24) 10 Minutes.

An opportunity for Members to raise any issues or ask questions arising from recent meetings of the Council's Committees and Panels.

A list of meetings held since the last Council meeting is attached for information and Members are requested to address their questions to Committee and Panel Chairmen.

MATTERS FOR DECISION

6. EXTERNAL AUDIT - PUBLIC SECTOR AUDIT APPOINTMENTS (PSAA) LTD (Pages 25 - 30) 10 Minutes.

The Chairman of the Corporate Governance Committee to present a report recommending the preferred option for appointing an External Auditor from 2018/19.

(The recommendations were endorsed by the Corporate Governance Committee at their meeting on 7th December 2016).

7. TREASURY MANAGEMENT 6-MONTH PERFORMANCE REVIEW (Pages 31 - 50) 10 Minutes.

The Executive Councillor for Strategic Resources to present the six-monthly update in respect of treasury management activity, including investment and borrowing activity and treasury performance.

(The report was noted by the Cabinet at their meeting on 17th November 2016 and recommended for consideration by the Council).

8. MEMBERS' ALLOWANCES SCHEME - CORPORATE GOVERNANCE COMMITTEE (Pages 51 - 52) 5 Minutes.

To consider a report by the Elections and Democratic Services Manager proposing an adjustment to the Council's Members Allowance Scheme to reflect the increase in responsibilities of the Corporate Governance Committee.

(The recommendations were endorsed by the Corporate Governance Committee at their meeting on 7th December 2016).

9. SECTION 85 LOCAL GOVERNMENT ACT 1972 - RESOLUTION TO EXTEND 6 MONTH RULE (Pages 53 - 56) 5 Minutes.

To consider a report by the Elections and Democratic Services Manager on an extension of the 6 month rule for Councillor D Harty.

10. MEMBERSHIP OF THE CABINET 5 Minutes.

The Executive Leader to report on variations to the Membership of the Cabinet and Cabinet Portfolios.

11. VARIATIONS TO THE MEMBERSHIP OF COMMITTEES AND PANELS 5 Minutes.

- (a) Arising from Agenda item 10, the Deputy Executive Leader to report on consequent changes to the membership of Committees and Panels.
- (b) Group Leaders to report on variations to the Membership of Committees and Panels if necessary.

Dated this 13th day of December 2016



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.

Agenda and enclosures can be viewed on the District Council's website – 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.

Si vous voulez une traduction de ce document, veuillez nous contacter au 01480 388388 et nous ferons de notre mieux pour satisfaire à vos besoins.

Jeigu norite gauti šio dokumento išverstą kopiją arba atspausdintą stambiu šriftu, prašau kreiptis į mus telefonu 01480 388388 ir mes pasistengsime jums padėti.

Jeśli chcieliby Państwo otrzymać tłumaczenie tego dokumentu, wersję dużym drukiem lub wersję audio, prosimy skontaktować się z nami pod numerem 01480 388388, a my postaramy się uwzględnić Państwa potrzeby.

Se quiser uma tradução desse documento, por favor, contate o número 01480 388388 e tentaremos acomodar as suas necessidades.

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the COUNCIL held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 19 October 2016.

PRESENT: Councillor P L E Bucknell – Chairman.

Councillors J D Ablewhite, T D Alban, K M Baker, Mrs B E Boddington, D Brown, G J Bull, E R Butler, R C Carter, S Cawley, Mrs S Conboy, J E Corley, S J Criswell, J W Davies, D B Dew, Mrs A Dickinson, Mrs A Donaldson, Mrs L A Duffy, M Francis, R Fuller, I D Gardener, L George, D A Giles, Mrs S A Giles, J A Gray, R Harrison, T Hayward, R B Howe, B Hyland, P Kadewere, Mrs R E Mathews, D J Mead, J P Morris, J M Palmer, M F Shellens, L R Swain, Mrs J Tavener, Mrs S L Taylor, R G Tuplin, D M Tysoe, D R Underwood, D Watt, R J West and J E White.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors B S Chapman, S Greenall, D Harty, Mrs P A Jordan, P D Reeve, Mrs D C Reynolds and K D Wainwright.

32. PRAYER

The Reverend A Milton, Vicar of All Saints and St. Mary's, Huntingdon, opened the meeting with prayer in the absence of the Right Reverend Dr David Thompson, Bishop of Huntingdon, who had not been well enough to attend.

33. CHAIRMAN'S ANNOUNCEMENTS

The Chairman presented to the Council an account of the activities both he and the Vice-Chairman Councillor R J West had attended since the last meeting. In so doing, he referred to the attendance by some Members at the recent funeral of former Leader and Councillor R H Turpin OBE and the funeral of former Councillor J Williams.

Attendance at events had included the St Neots dragon boat race, the centenary celebrations at RAF Wyton, US Air Force 69th Birthday Reception at RAF Alconbury with the issuing of medals and a further event to celebrate the Queen's 90th birthday with the Lord Lieutenant at Great Staughton.

Members were advised of forthcoming events in the Chairman's diary, including the Battle of Britain on the 31st October 2016, Remembrance Service with the Royal British Legion on the 7th November 2016 and the Chairman reminded Members of the Carol Service scheduled for the 12th December 2016 that would include a school choir this year.

The Vice-Chairman presented details of his attendance on behalf of the Council at an evening with Luminus, flag raising at Merchant Navy Day, St Neots Annual Civic Service at the Parish Church and an evening with the Mayor of Peterborough at a sausage supper.

34. MINUTES

The Minutes of the meeting of the Council held on 27th July 2016 were approved as a correct record and signed by the Chairman.

35. MEMBERS' INTERESTS

No declarations were received.

36. MOTION ON NOTICE

Councillor T Hayward moved and it was duly seconded by Councillor Mrs B E Boddington that

- (a) Network Rail (NR) has previously examined proposals for the closure of all level crossings on the East Coast Main Line (ECML) from Kings Cross to Doncaster, including all those within Huntingdonshire. Following a feasibility study and formal consultations, these were considered by Cabinet in March 2015 when it was resolved that the District Council would support the project. The proposal was greeted with relief by many, particularly by the residents of the villages of Buckden and The Offords which are separated by this busy level crossing.

Following a strategic review of NR's Investment Programme, it was confirmed that project would not proceed in totality. NR indicated that it would consider all crossings separately, trying to integrate any closures with other schemes in the area.

Following this decision, a Regional Working Group was created by NR to develop an East Coast Route Study between London and Edinburgh. This will set the strategic direction for this route and future investment priorities. It would include the new InterCity Express programme and, possibly, new long distance services to other regions passing through our District. Stuart Bell, our Transportation Officer, attends these meetings on the Council's behalf.

This Council believes that the cancellation of the plans to close this level crossing between Buckden and The Offords (with a bridge replacement) will result in the continuance of existing delays to traffic flow on this busy route, especially when the A14 or A1 are closed.

During an average week, the crossing is used by over 20,000 vehicles, 560 cyclists and 100 pedestrians and this number is often exceeded if other roads are closed due to accidents. The approach to the level crossing is difficult from both directions. On the Offords side, there are frequent occasions when the traffic tailback reaches a considerable distance in both

directions. On the Buckden side the approach to the level crossing is more hazardous. The road is narrow and one way traffic in places due to the three River Ouse crossings, dangerous corners and negligible sight lines. There is also a road safety problem for cyclists and pedestrians brave enough to use the road. This current situation is bad but could be compounded when the new A14 is completed as current proposals indicate that there will be a marginal increase in traffic movements on this crossing.

- (b) Therefore, this Council calls on the Executive Leader and Executive Councillor for Planning Policy, Housing and Infrastructure to work with their fellow Members and Officers to:
- Press the National Rail Regional WG and Government to accelerate the removal of this crossing by whatever means and at the earliest opportunity, possibly in conjunction with the now approved A14 scheme, and emphasise that this would be in line with the NR suggestion that closures could be integrated with other schemes in the local area; and
 - Press our local MP to contact the relevant Minister of State to lobby for the closure of this crossing at the earliest opportunity, possibly in conjunction with the A14 scheme.

Councillors M F Shellens, D B Dew, T D Alban and Mrs S J Conboy declared their support for the motion and Councillor Mrs Boddington referred to the plans as displayed obtained from NR and the growth in the surrounding villages that had exacerbated the problems in the volume of traffic using the crossing. In so doing she explained that following some lobbying of NR they had agreed to relocate the road and junction to the north.

Councillor G J Bull, Executive Councillor for Planning Policy, Housing and Infrastructure endorsed the views of the Members and outlined his support for the issue. He undertook to write to the MP for Huntingdon and MP for North West Cambridgeshire both representing villages with level crossings in the affected areas of Buckden and Holme.

Whereupon, on being put to the vote, the motion was declared to be CARRIED.

37. CORPORATE PEER CHALLENGE

In conjunction with a report by the Managing Director (a copy of which is appended in the Minute Book) to which was attached the full feedback report from the Local Government Association (LGA) following a Peer Challenge that they had conducted at the Council in June 2016, Councillor D Brown, Executive Councillor for Strategic Partnerships and Shared Services acquainted the Council with a summary of the Corporate Peer Challenge. A copy of Councillor Brown's PowerPoint presentation is also appended in the Minute Book.

Members were advised of the main purpose of the Peer Challenge

designed to be improvement-focused and provide feedback as critical friends. The Team involved representatives from a cross-section of similar other authorities and LGA representatives and considered five core components addressed by all corporate Peer Challenges, as well as the capacity and capability for transformation and maximising engagement at all levels.

Having been acquainted with the process of the challenge, Councillor Brown drew Members' attention to the observations that emerged from the Peer Challenge, including modernisation, vision and partnership working, together with the 12 recommendations made by the LGA that would form the basis of an Action Plan to be considered by the Overview and Scrutiny Panel (Performance and Customers) and the Cabinet in order to agree the future direction of the Council. Members noted that an update on progress would be provided to a future meeting of the Council.

In response to a question from Councillor J White on benchmarking the Council against other authorities, Councillor Brown explained that the Peer Challenge had not scored the Council but suggested that it compared favourably to the other authorities in Cambridgeshire.

The Executive Councillor, R B Howe, referred to the Agenda that he had set out as the new Leader in comparison to the recommendations identified in the Peer Review and explained that there were very few gaps that symbolised that the policy programme and strategic direction was more aligned to deliver services in line with customer requirements.

Arising from a question by Councillor J P Morris on the Local Enterprise Partnership (LEP), Councillor R Harrison explained that the Agenda had been re-designed with the LEP and partners had been working closer together to achieve the same goals, which had become even more critical with the forthcoming decision on the Devolution deal.

In response to a question from Councillor Mrs A Dickinson on the recommendations identified as part of the Peer Review, Councillor Brown explained that a number of policies had overlapped with the recommendations including the transformation agenda and partnership working with Town and Parish Councils.

Councillor D A Giles queried recommendation 4 of the Peer Review report of 'using all Members' democratic position, as ambassadors of the Council, to engage and influence partners and forms of partnership working' as to how this would evolve, whereby Councillor S J Criswell, Executive Councillor for Community Resilience explained that under the new Executive Leader, Councillor Howe had recognised the importance of the relationship with Town and Parish Councils. Members' attention was also drawn to a Town and Parish Council conference scheduled to be held on 18th November 2016 to identify how such relationships can improve.

Councillor D B Dew requested that Overview and Scrutiny be fully engaged with the Action Plan by way of task and finish groups, whereby Councillor Brown explained that this had formed part of the Action Plan going forward. Whereupon, it was

RESOLVED

- (a) that the contents of the LGA Peer Review Challenge Feedback be noted; and
- (b) that the Managing Director be authorised to devise an Action Plan, in consultation with the Executive Leader and Executive Councillor for Strategic Partnerships and Shared Services.

38. EXECUTIVE COUNCILLOR PRESENTATIONS

(a) **Councillor J A Gray, Executive Councillor for Strategic Resources**

Councillor J A Gray, Executive Councillor for Strategic Resources, addressed the Council on an update of the capital programme and investment. In so doing, Members were advised of the potential to achieve greater certainty and confidence by way of a four year budget settlement. It was reported that the Council had submitted a four year strategic efficiency plan to the Secretary of State which was designed to allow for further savings and benefits for the local community.

Members' attention was drawn to the updated 'Plan on a Page' and the principle of reducing the previously forecast budget gap of £3.6m in 2020/21 to £700k through income generation and efficiency savings.

It was noted that although Council Tax had been frozen for the fourth consecutive year, it was suggested that an increase in Council Tax would enable the Council to meet its corporate priorities but would be reflective of local affordability.

Councillor Gray updated Members on commercial investments since approval of the Commercial Investment Strategy Business Plan in December 2015 and acquisition of assets totalling £12.5m with a net yield of 7%. Reference was also made to proposals for introducing a Differential Charging Policy to enable further income generation.

In respect of efficiency savings, Members were advised that following completion of the Zero Based Budget exercise that had identified savings in excess of £5m, it was expected that further operational budget changes could be made to reduce the Council's net budget by £700k.

The continued sharing of services with the Council's strategic partners Cambridge City Council and South

Cambridgeshire District Council was expected to achieve a further £74k of savings and it was anticipated that a further £50k of savings could be achieved through commercialisation of some external facing services, such as the Document Centre and CCTV.

Reference was made to the transformation project that was being taken forward by Councillor S Cawley which was designed to look at a different way of delivering business to ensure that customers get what they want.

In concluding, Councillor Gray referred to the forthcoming decision to be taken on the Devolution deal and the plan to continue to provide improved services to the Council's customers through the most effective and efficient means.

In response to a question from Councillor M F Shellens on car parking charges, business rates and inclusion of inflation on the four year plan, Councillor Gray explained that the increase in car parking charges had been placed in the approved budget but reliance on business rates had been removed with greater emphasis being placed upon becoming more independent from government grants and clarity needed to be sought on whether the four year plan would be updated to reflect inflation.

Councillor J D Ablewhite referred to the sustainability of the plan and commended the Council with the work undertaken on income generation and commercial investments to date.

(b) Councillor G J Bull, Executive Councillor for Planning, Housing and Infrastructure

Councillor G J Bull, Executive Councillor for Planning, Housing and Infrastructure addressed the Council on a planning update. A copy of Councillor Bull's PowerPoint presentation is appended in the Minute Book.

Councillor Bull welcomed Ms C Kerr, Development Management Team Leader, to the meeting to support him in his presentation. Members received an update on the Local Plan timeline with expected public consultation commencing in May/June 2017 and submission to the Planning Inspectorate in November 2017 and final adoption estimated mid-2019. The Council were appraised with further detail of the key challenges identified prior to submission, including demonstrating deliverability, identification of sites sufficient to provide five years' worth of housing against need and the provision of infrastructure with the accompanying funding to support the growth package.

Members noted that key supporting evidence was still required prior to its submission, importantly the Strategic Transport Study being jointly commissioned with Cambridgeshire County Council and the Strategic Flood Risk Assessment, both reports not expected until early 2017.

Councillor Bull paid tribute to Ms Kerr and her Team of Officers working on the Local Plan.

The Council received an update on the Neighbourhood Plans in the District and attention was drawn to the Houghton and Wyton Neighbourhood Plan where discussions were still being undertaken following receipt of the Examiners Report.

In concluding, Councillor Bull provided a summary of the average officer caseload in dealing with planning applications which represented an increase of 254 total applications compared with last year and statistics in relation to Development Management.

In response to a question from Councillor M F Shellens on any such contingency plans for the five year supply of housing and the timescale for the Strategic Transport Study (STS), Councillor Bull explained that alternative sites were currently being investigated and a full time person had been appointed to ensure the timescale for the STS would be achieved.

Councillor J P Morris raised a question in relation to the provision of investment in cycling infrastructure in future years and the ability to improve the provision across the District to increase the number of young people cycling to school. In response, Councillor Bull explained that the Council had previously financially partnered Cambridgeshire County Council with the delivery of a number of walking and cycling schemes across the District until the capital budget was removed in 2012. Work was still being undertaken with the County Council in the development of the Strategic Transport Study to support the Local Plan and it was understood that the County Council would be developing a Transport Strategy for the District in 2017 to replace the existing Market Town Transport Strategy, both covering cycling and walking needs across the District.

Councillor Bull referred to Councillor J M Palmer, Executive Councillor for Leisure and Health to provide a further response, whereby he explained that from a healthy lifestyle perspective the One Leisure Active Lifestyle Team was committed to increasing physical activity across the District and referred to the Pedals Project delivered at Hinchingsbrooke County Park using adaptive cycles for individuals with physical difficulties, as well as a significant investment on the Cyclone indoor cycles at One Leisure to encourage people to start cycling.

In response to a question from Councillor D A Giles on the number of planning applications not determined within the prescribed timeframe, Ms Kerr reported that the figure was likely to be very low and undertook to provide an answer following the meeting.

(c) Questions to other Members of the Cabinet

In response to a question from Councillor P Kadewere on parking of non-residential vehicles on land located near to the OakTree Centre, Huntingdon, the Executive Leader, Councillor R B Howe reported that he had met with the resident on site the previous day and had asked Democratic Services to assist with the identification of the ownership of land to establish whether 'residents only parking' signs could be erected in this area.

Arising from a question from Councillor Mrs S A Giles on the removal of the bollards at the Riverside Car Park, St Neots that had caused problems with the use of the car park as a race track, Councillor D M Tysoe, Executive Councillor for Operational Resources explained that discussions were currently being undertaken with the Police and the new Head of Operations had been tasked to address problems in this car park when it is not in use.

In response to a question from Councillor J White on the integration of the Economic Development Strategy with planning, Councillor R Harrison, Executive Councillor for Business, Enterprise and Skills explained that the Economic Development Team had been re-located from the Corporate Office to the Development Team to work more closely together and referred to a recent example of a commercial application on the Enterprise Zone that did not fulfil the strategic aims of the Enterprise Zone for a highly skilled workforce, whereby the Team worked with the Planning Team to develop a strategy for the inclusion of an apprenticeship scheme prior to the company taking ownership of the building.

Arising from a question from Councillor Mrs S J Conboy on concern with a number of car parking sites being identified for housing development, whereby Councillor D M Tysoe, Executive Councillor for Operational Resources, explained that the Council would be undertaking a strategic review of all car parking provision in the District and such issues as this would be addressed.

A question was raised by Councillor Mrs B E Boddington on the Council's approach to the testing undertaken of drivers of Heavy Goods Vehicles within the Operations Division when employing all drivers, including foreign nationals, whereby Councillor R C Carter, Executive Councillor for Environment, Street Scene and Operations, explained the process undertaken by the Operations Division from interview, driver assessment and medical through to driving licence checks undertaken every six months.

39. ANNUAL REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

In conjunction with a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) Councillor M Francis,

Chairman of the Corporate Governance Committee, presented the Sixth Annual Report for work of the Corporate Governance Committee for the year ending 30th September 2016 that outlined the work that had been undertaken by the Committee over the previous year. Members' attention was drawn to their recent meeting with the Council's new external auditors Ernst and Young who had issued an unqualified value for money statement that the Council had proper arrangements in place to achieve value for money.

In thanking the Chairman and Members of the Corporate Governance Committee for their work Councillor J A Gray, Executive Councillor for Strategic Resources, reiterated the sentiments of Councillor Francis and stressed the importance of their role in ensuring that the Council was acting both fairly and appropriately in the way that it conducted its business. Whereupon, it was

RESOLVED

that the Annual Report 2015/16 of the Corporate Governance Committee be received and noted.

40. OUTCOMES FROM COMMITTEES AND PANELS

A copy of the list of meetings held since the last meeting of the Council held on 27th July 2016 is appended in the Minute Book and Members were advised that any issues or questions could be raised in relation to these meetings.

41. VARIATIONS TO THE MEMBERSHIP OF COMMITTEES AND PANELS

On the recommendation of Councillor G J Bull, it was

RESOLVED

(a) that Councillor Mrs B E Boddington be appointed to the membership of the Overview and Scrutiny Panel (Performance and Customers) in place of Councillor D Harty; and

(b) that Councillor R Fuller be appointed to the Electoral Boundary Review Working Group in place of Councillor T D Sanderson.

The meeting ended at 9.00pm.

Chairman

This page is intentionally left blank

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the COUNCIL held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 16 November 2016.

PRESENT: Councillor P L E Bucknell – Chairman.

Councillors J D Ablewhite, K M Baker, Mrs B E Boddington, D Brown, G J Bull, E R Butler, R C Carter, S Cawley, Mrs S Conboy, J E Corley, S J Criswell, J W Davies, D B Dew, Mrs A Dickinson, Mrs A Donaldson, M Francis, R Fuller, I D Gardener, L George, J A Gray, S Greenall, T Hayward, R B Howe, B Hyland, P Kadewere, Mrs R E Mathews, D J Mead, J M Palmer, P D Reeve, T D Sanderson, M F Shellens, L R Swain, Mrs J Tavener, R G Tuplin, D M Tysoe, D R Underwood, D Watt, R J West and J E White.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors T D Alban, B S Chapman, Mrs L A Duffy, D A Giles, Mrs S A Giles, R Harrison, D Harty, Mrs P A Jordan, J P Morris, Mrs D C Reynolds and Mrs S L Taylor.

42. PRAYER

The Reverend A Milton, Vicar of All Saints and St. Mary's, Huntingdon, opened the meeting with prayer.

43. MEMBERS INTERESTS

No declarations were received.

44. CAMBRIDGESHIRE AND PETERBOROUGH DEVOLUTION

Further to Minute No. 17 of the meeting of the Council on 29th June 2016, the Council considered a report by the Managing Director (a copy of which is appended in the Minute Book) on proposals to establish a Combined Authority across Cambridgeshire and Peterborough to which was attached Appendices relating to the draft Orders, outcome of the formal consultation exercise and outline costs and funding.

In commencing the debate, Councillor P D Reeve questioned the legality of holding the meeting as the draft Cambridgeshire and Peterborough Combined Authority Order 2016 had been supplied to Members less than 24 hours prior to the meeting and asked that the meeting be postponed. In response, the Managing Director explained that, after seeking legal advice, it was determined that as the substance of the Agenda papers had been published within the legal

timeframe and therefore the meeting could proceed.

Members were acquainted with a presentation by the Executive Leader, Councillor R B Howe on the Devolution programme. A copy of the PowerPoint presentation is appended in the Minute Book.

Councillor Howe reminded Members of the background to the Devolution deal that included an annual £20m fund over 30 years totalling £600m to support infrastructure, housing, skills and transport in the Combined Authority area. Attention was drawn to the priority infrastructure projects identified for the District, including the St Neots Masterplan to develop housing, jobs, infrastructure and education to support St Neots in developing a self-sustaining economy. Other infrastructure developments included upgrading Harrison Way, St Ives, A141 upgrade Spittals Interchange to Hartford and new river crossing to alleviate pressure on the local roads.

In highlighting the ambitions for Devolution, Councillor Howe explained that it had the capacity to grow and double the size of the economy in the area, accelerate house building, deliver improvements to connectivity both in terms of transport and digitally, provide a technically skilled workforce whilst improving the quality of life to alleviate areas of deprivation.

Attention was drawn to the consultation results and the specific results for Huntingdonshire, whereby Councillor Howe reported that the IPSOS MORI telephone survey reflected more reliable results than the online poll.

Members were appraised with the financial details that there was £1.2bn of new money to invest in the area and the potential to levy further funding to supplement the initial deal. The Shadow Combined Authority had agreed that the costs of running the office and Mayoral election costs would be funded through the deal and not levied onto each local authority.

Councillor Howe drew Members' attention to the governance arrangements, whereby the Combined Authority would have representatives from the seven local authorities and Local Enterprise Partnership (LEP) plus the Mayor as the Chair. A Cabinet would be created with defined responsibilities allocated to the members and an Overview and Scrutiny Committee appointed consisting of non-executive councillors nominated from the respective Councils.

In referring to the draft Cambridgeshire and Peterborough Combined Authority Order 2016, Councillor Howe highlighted the recent changes that had included transport powers to be funded entirely by the Combined Authority, funding of the Combined Authority office as referred to previously and equal status of all members on the Combined Authority.

In closing the presentation, Members noted the timetable for implementation with proposed establishment of the Shadow Combined Authority in November 2016, passing of the Parliamentary Bill in December 2016/January 2017, establishment of the Combined Authority in February 2016, concluding with the election of the Mayor in May 2017.

Councillor Howe concluded by reminding Members of the benefits of the Devolution deal, whereby decisions would be made by local representatives on behalf of local people and deliver thousands of jobs, housing, infrastructure and digital improvements. In so doing he moved the recommendations and it was duly seconded by Councillor J A Gray.

Councillor Mrs S J Conboy opened the debate by confirming her acceptance of the need to maintain the timetable for taking this decision, although the draft Cambridgeshire and Peterborough Combined Authority Order 2016 had been supplied to all Members later than expected. Furthermore, she advised Members of her inability to support proposals for a Mayor but had been advised that it was not possible to make any amendments to recommendations (i) to (iv) as they were intrinsically linked in the establishment of a Cambridgeshire and Peterborough Combined Authority and had commended the work that has been undertaken to date.

Councillor D B Dew thanked the Executive Leader for the presentation and had referred to Councillor Howe's honest presentation at the Overview and Scrutiny Panel (Economy and Growth) meeting on 3rd November 2016. In using an analogy, Councillor Dew outlined his similar concerns with an elected Mayor but had applauded all authorities in supporting the Devolution deal thus far to enable access to funding to bring forward to support growth in the area and development of a technically skilled workforce. In addressing the question of an elected Mayor and the image associated with the title, Councillor Howe explained that the role would be developed as an economic advocate for the area to build the credibility and image for the region, rather than a ceremonial post.

In supporting the sentiments of the Liberal Democrat Party and Councillor Dew, Councillor Reeve outlined his opposition to the Devolution deal. In particular, attention was drawn to concerns surrounding the devolving of power to a few individuals across Cambridgeshire and Peterborough and the Chairman of the LEP that he deemed not as representative of businesses across the area. Further concerns surrounded the priorities made by each authority and associated budgets to be allocated as well as the commitment from Central Government of the 30 year funding stream and questioned the powers that the Combined Authority would have to levy taxes although the Executive Leader had suggested that these powers would not be needed.

In response, Councillor Howe explained that Devolution would allow for policies to be developed locally rather than through Central Government and refuted the concerns expressed regarding the Chairman of the LEP. He further explained that as a non-political individual, the Chairman of the LEP had succeeded in raising £10m of funding for the area and had added tremendous value.

In continuing the debate, Councillor T Hayward referred to his concerns at the start of the process but explained that these issues had been addressed, particularly in relation to Overview and Scrutiny and the potential for improvements to the infrastructure through the development of the Devolution deal further. He further drew Members' attention to his concerns for finding the most appropriate person to

act as Mayor for such a disparate area. In response, Councillor Howe outlined the credentials of a Mayor that he felt was sufficiently challenging enough to attract the right candidate.

Councillor J D Ablewhite referred to his support for the deal and drew Members' attention to the benefits that would evolve through the creation of a Combined Authority, in particular the revenue funding that would be utilised in this area rather than allocated elsewhere in the country.

In concurring with Councillor Ablewhite, Councillor D M Tysoe discussed the lack of affordable housing and the opportunities that would develop through the Devolution deal to develop the housing stock and attract residents to move to the District to enable the economy to continue to grow. Councillor Howe presented an optimistic view that this would also contribute to help mitigate the homeless problems in the area.

Whilst supporting the principle of Devolution, Councillor M F Shellens reported upon his objections to an elected Mayor and drew Members' attention his concerns. Firstly, he suggested that an elected Mayor would lead to the erosion of democracy with local issues being funnelled through a single person. Secondly, he reported upon concern with the value of the Devolution deal after taking into account the split across the seven local authorities, discount and interest rates, together with the cost of the Mayor's office. Finally, his concern surrounding housing, with major building firms already with land banked space for properties not being built and emerging skills shortages in the construction industry.

In supporting comments made by Councillor Mrs Conboy in respect of the principle of an elected Mayor, Councillor R Fuller reported that it was ultimately part of the deal and welcomed the priority infrastructure projects that would make a fundamental difference to the area.

In response to a question from Councillor P Kadewere on the power that this authority would have in relation to decision making on the Combined Authority, Councillor Howe explained that Huntingdonshire would have a representative on the Cabinet and have direct input into the decision making process, whilst being independent it would be regulated by laws of transparency and benefit the area through a high degree of autonomy.

Councillor S Greenall referred to the analysis and discrepancy of statistics in the telephone survey as opposed to the online survey for an elected Mayor, whereby Councillor Howe explained that those questioned in the telephone survey were a statistically representative balance of the local community, whereas the online poll was entirely random and not as statistically accurate.

Attention was drawn to the benefits that would evolve as part of the Devolution deal by Councillor G J Bull and although there had been mixed support for an elected Mayor, the area would reap the benefits from the opportunities and paid tribute to the Executive Leader and Managing Director for the work that had already been undertaken in support of achieving the deal.

Councillor J A Gray welcomed the comments made by Councillor Bull supporting the concept of an elected Mayor and suggested that it was essential to have a figurehead of the Combined Authority who could attract inward investment into the area through third party capital investments and would be a disappointment if the deal could not proceed.

Councillor Reeve moved and it was duly seconded by Councillor Shellens that Councillor Mrs S J Conboy be inserted in recommendation (vi) in place of the Executive Leader. Whereupon and being put to the vote the amendment was declared to be LOST.

It having been previously moved and seconded, upon being put to the vote it was further

RESOLVED

that the Council endorsed the recommendations to the Cabinet as follows –

- (i) consent to the Secretary of State making an Order to establish the Cambridgeshire and Peterborough Combined Authority (Appendix A);
- (ii) consent to the Council being a constituent member of the Cambridgeshire and Peterborough Combined Authority with effect from the commencement date determined by the final Order;
- (iii) authorise the Managing Director, in consultation with the Executive Leader of Council, to consent to the final draft Order and associated documents, specifically:
 - to agree minor drafting amendments to the Combined Authority Order to be laid before Parliament;
 - to consent to the Council being included within the draft Parliamentary Order thereby reflecting this Council's decision;
- (iv) authorise the Combined Authority to have a power to issue a levy to the constituent Councils in respect of any financial year. (This will be subject to the inclusion of a unanimity clause in the Combined Authority constitution on this specific matter);
- (v) recommend to the Combined Authority that the costs of establishing the Combined Authority, holding the elections in May 2017 and running the Combined Authority (including Mayoral Office) for 2016/17 and 2017/18 are funded from the gain share grant provided by Government (as outlined in para 10.11);
- (vi) appoint the Executive Leader of Council to act as the Council's appointee to the Shadow Combined Authority and once established, to the Combined Authority,

thereafter;

- (vii) appoint Councillor D Brown to act as the substitute to the above (ref (vi));
- (viii) note the outcome of the public consultation on the establishment of the Cambridgeshire and Peterborough Combined Authority as outlined in paragraph 5.1 and 5.2 and Appendices 2A - 2D;
- (ix) note the timetable for the implementation of the Cambridgeshire and Peterborough devolution agreement as summarised in paragraph 7.1; and
- (x) note the Government's response to the outline business case for Housing capital investment funds secured as part of the devolution deal as set out in Appendix 3;
- (xi) agree in principle, for a protocol requiring the Council Executive Leader and the representative on the Overview and Scrutiny Committee to report to each meeting of Council setting out the activities and decisions related to their respective roles within the Combined Authority;
- (xii) request that the Chairman and Vice Chairman of the Corporate Governance Committee engage their fellow committee members with a view to devising and agreeing the wording of a protocol for inclusion in the Council's constitution.

The meeting ended at 8.30pm.

Chairman

MEETINGS OF THE COUNCIL'S COMMITTEES AND PANELS HELD SINCE THE LAST ORDINARY MEETING OCTOBER 2016

DATE: MEETING AND BUSINESS CONSIDERED

20 CABINET

- ❖ Shared Internal Audit Services
- ❖ Full Business Case for the Merger of the Trusts Running Hinchingsbrooke, Peterborough and Stamford Hospitals
- ❖ Ouse Valley Way – Management Group
- ❖ Re-Fit Programme – Energy Conservation Measures for One Leisure Sites
- ❖ Review of Fees and Charges – Car Parks

NOVEMBER 2016

DATE: MEETING AND BUSINESS CONSIDERED

1 OVERVIEW AND SCRUTINY PANEL (COMMUNITIES AND ENVIRONMENT)

- ❖ Street Cleansing Service Specification and Implementation Update
- ❖ Contractual Arrangements and Potential Improvement of Hinchingsbrooke County Park
- ❖ Representation on External Organisations

2 OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS)

- ❖ HDC Peer Review
- ❖ Integrated Performance Report 2016/17 – Quarter 2
- ❖ Treasury Management Six Month Performance Review
- ❖ Report on External Organisations

3 OVERVIEW AND SCRUTINY PANEL (ECONOMY AND GROWTH)

- ❖ Presentation on iMET Centre
- ❖ Presentation on EDGE – Sharper Skills for Enterprise
- ❖ Devolution – Update from Executive Leader

16 COUNCIL – EXTRAORDINARY MEETING

- ❖ Cambridgeshire and Peterborough Devolution

17 LICENSING AND PROTECTION COMMITTEE

- ❖ Report on the Delivery of the Health and Safety Service Plan
- ❖ Monitoring Report on the delivery of the Food Law Enforcement Service Plan
- ❖ The Food Hygiene Rating Scheme – Introduction of Cost Recovery Arrangements for Re-scoring Visits.
- ❖ Driver Testing for Private Hire and Hackney Carriage Drivers
- ❖

DATE: MEETING AND BUSINESS CONSIDERED

17 CABINET

- ❖ Integrated Performance Report 2016/17 – Quarter 2
- ❖ Cambridgeshire and Peterborough Devolution
- ❖ Street Cleansing Update Report
- ❖ Treasury Management – 6 Month Performance Review
- ❖ Commercialisation
- ❖ Asset Exchange Between Huntingdonshire District Council and Huntingdon Town Council
- ❖ Corporate Peer Challenge
- ❖ Contractual Arrangements and Potential Improvement Programme, Hinchingsbrooke County Park

21 DEVELOPMENT MANAGEMENT COMMITTEE

- ❖ New Design Guide Supplementary Planning Document
- ❖ Section 106 Agreement
- ❖ 8 Development Applications

30 EMPLOYMENT COMMITTEE

Employment Matters within Sections – Resources and ICT Shared Service
Improving Performance Policy
Workforce Information Report (Quarter 2)
LGSS Quarterly Performance and Monitoring Report (Quarter 2)
Human Resources and Payroll Update

DECEMBER 2016

DATE: MEETING AND BUSINESS CONSIDERED

5 OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS)

- ❖ Budget Discussions
- ❖ Financial Monitoring Report

6 OVERVIEW AND SCRUTINY PANEL (COMMUNITIES AND ENVIRONMENT)

- ❖ Cambridgeshire Home Improvement Agency Performance Review 2015/16 and Review of Demand for Disabled Facilities Grants
- ❖ Cambridge Gliding Club Consultative Committee
- ❖ Houses of Multiple Occupation
- ❖ CCTV Task and Finish Group – Terms of Reference

7 CORPORATE GOVERNANCE COMMITTEE

- ❖ Members Allowances Scheme – Corporate Governance Committee
- ❖ Progress Report on Business Continuity Planning
- ❖ External Auditor – Public Sector Audit Appointments Ltd
- ❖ Internal Audit Service – Interim Progress Report
- ❖ Implementation of Internal Audit Actions
- ❖ Skills, Knowledge and Effectiveness Review

DATE: MEETING AND BUSINESS CONSIDERED

8 OVERVIEW AND SCRUTINY PANEL (ECONOMY AND GROWTH)

- ❖ Review of Street Markets (Huntingdon and St Ives)
- ❖ Commercial Investment Strategy – Update from Executive Councillor
- ❖ Huntingdonshire Local Plan to 2036 and Infrastructure Planning Updates

19 DEVELOPMENT MANAGEMENT COMMITTEE

- ❖ Policy Matter – Consultation on Wind Turbines
- ❖ 11 Development Applications
- ❖ Appeal Decisions

This page is intentionally left blank

Public

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	External Audit – Public Sector Audit Appointments Ltd (PSAA)
Meeting/Date:	Council – 21st December 2016
Executive Portfolio:	Councillor J A Gray – Executive Councillor for Strategic Resources
Report by:	Head of Resources
Ward(s) affected:	All Wards

Executive Summary:

Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an Auditor Panel and conduct their own procurement exercise.

Recommendation:

that the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

1. PURPOSE OF THE REPORT

- 1.1 To consider the options of appointing an external Auditor from 2018/19.

2. BACKGROUND

- 2.1 As part of closing the Audit Commission the Government novated external audit contracts to PSAA on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government (DCLG).
- 2.2 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.

3. OPTIONS FOR APPOINTING EXTERNAL AUDIT CONTRACT POST 2017/18

- 3.1 There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA).
- 3.2 Under the legislation each Local Authority has 3 options:
- i) Opt in to an approved sector led body (SLB) to be specific by DCLG to act as the Appointing Person on behalf of opted in Local Authorities.
 - ii) To establish an independent Audit Panel. The Panel must be made up of a majority of wholly independent members and must be chaired by an independent member.
 - iii) Establish a joint Auditor Panel to carry out the function on behalf of two or more bodies.
- 3.3 The main advantages of using PSAA are set out in its prospectus and are copied below; these can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement.
- Assure timely auditor appointments
 - Manage independence of auditors
 - Secure highly competitive prices
 - Save on procurement costs
 - Focus on audit quality
 - Operate on a not for profit basis and distribute any surplus funds to scheme members.
- 3.4 It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement undertaken by this

Council or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an Auditor Panel and conducting our own procurement.

3.5 The other Options have been considered and these are shown below:

- Option ii) To establish an Auditor Panel and conduct own procurement – this is not recommended as it will be a far more resource intensive process and without the economies of scale of the sector led procurement and would likely to result in a more costly service.
- Option iii) To establish a joint Auditor Panel to carry out the function on behalf of 2 or more bodies – this is not recommended because following consultations with Cambridge City Council and South Cambridgeshire District Council there is little appetite for a joint procurement.

3.6 The date by which authorities will need to opt in to the appointing person arrangements is 9 March 2017. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation this Committee is asked to make the recommendation to Council.

4. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

4.1 The appointment of an external Auditor is a statutory and legal requirement and links into the Corporate Plan by “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”.

5. LEGAL IMPLICATIONS

5.1 The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

6. RESOURCE IMPLICATIONS

6.1 If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state what additional resource may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.

7. REASONS FOR THE RECOMMENDED DECISIONS

7.1 It is likely that a sector wide procurement conducted by the PSAA will produce better outcomes for the Council than any procurement undertaken by the Council or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an Auditor Panel and conducting the procurement.

8. LIST OF APPENDICES INCLUDED

8.1 Appendix 1 – Invitation to opt in to the national scheme for Auditor appointments

CONTACT OFFICER

Clive Mason, Head of Resources

Tel No: 01480 388157

Clive.mason@huntingdonshire.gov.uk

Adrian Forth, Finance Manager

Tel No: 01480 388605

Adrian.forth@huntingdonshire.gov.uk

Text of email sending invitation to opt in to all principal LG bodies

To: [email address for Chief Executive and Director of Finance for each audited body]

cc: [monitoring officer]

Date: 27 October 2016

Subject: [Name of audited body]

Invitation to become an opted-in authority

The Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 (the Regulations)

Public Sector Audit Appointments Limited (PSAA), being an appointing person for the purposes of the Regulations, invites [name of audited body] (the authority) to become an-opted in authority in accordance with the Regulations.

Further information is contained in the opt-in letter and additional information attached to this email. The length of the compulsory appointing period is the 5 consecutive financial years commencing 1 April 2018.

A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, except where the authority is a corporation sole, such as a police and crime commissioner, in which case this decision can be taken by the holder of that office.

The closing date to give notice to PSAA of the authority's acceptance of our invitation is: **9 March 2017**.

A form of notice of acceptance is enclosed with this invitation to opt in. The notice of acceptance must be sent by email to: appointingperson@psaa.co.uk and must be received before **5pm on Thursday 9 March 2017**.

PSAA confirms it is willing to receive notices of acceptance by email to this address and will confirm receipt of all notices of acceptance by email.



Jon Hayes
Chief Officer

This page is intentionally left blank

**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Treasury Management 6-month Performance Review

Meeting/Date: Council – 21st December 2016

Executive Portfolio: Strategic Resources: Councillor J A Gray (Deputy Executive Leader)

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

Best practice and prescribed treasury management guidance requires Members to be kept up to date in respect of treasury management activity for the first half of the year, including investment and borrowing activity and treasury performance.

The main purpose of the Treasury Management is to;

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

The key market Treasury Management issues through the first half of 2016/17 influencing the Council's decision-making were;

- Economic growth forecasts are moving towards a more pessimistic position.
- The Bank of England has reduced the Bank Rate to 0.25% from 0.5%, as a response to the increasingly pessimistic growth forecasts and a lack of market confidence.
- Market rates as a whole are very low in response to the fall in the Bank Rate, reducing the Council's ability to earn a return on investments without increasing the riskiness of the investments. The Council's average investing rate was 0.21%
- Whilst no banks were reported to have failed the European Banking Authority stress tests, the forecast deterioration in economic growth, could over time

degrade the banks profitability and asset holdings.

The Council's response to the key issues was;

- When the Council has surplus funds these will primarily be invested on a short term basis, (the majority on call on a daily basis) in liquidity accounts and money market funds.
- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing, based on gilt yields over a long period. The average interest rate paid was 3.57%.
- Where economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating in order to avoid loss of funds.

The Council's Commercial Investment Strategy (CIS)

The Commercial Investment Strategy commenced in 2015/16. Indicators relating to the investments that have occurred in the first half of 2016/17 and those investments made in 2015/16 are shown in **Appendix E**.

Major purchases during the first half of 2016/17, include Wilbury Way Hitchin, and Shawlands Retail Park Sudbury. Both of these asset purchases have met the criteria to achieve a return between 6% and 9%. The return for Wilbury Way is **7.6%** and Shawlands Retail Park is **6.9%**.

The returns from the CIS portfolio represent a higher return than those from financial institutions and in addition offer a less risky investment as they are backed by a physical asset.

So far the CIS purchases have been financed from the earmarked CIS Reserve. At the start of 2016/17 the balance on this reserve was £12.4m, it now stands at £3.2m, with decisions to be made about how future purchases should be financed, from the remainder of the reserve or from borrowing.

Recommendation:

The Council is recommended to consider and note the treasury management performance over the period April to September 2016.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update Members on the Council's treasury management activity for the first 6 months of the year, including investment and borrowing activity and treasury performance.

2. BACKGROUND

- 2.1 It is regarded as best practice and prescribed treasury management practice, that Members are kept up to date in treasury management activity.
- 2.2 The Council approved the 2016/17 Treasury Management Strategy at its meeting on 24 February 2016.
- 2.3 All treasury management activity undertaken during the first half of 2016/17 complied with the CIPFA Code of Practice and relevant legislative provisions.
- 2.4 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

3. ANALYSIS

Economic Review

- 3.1 An economic review of the year has been provided by our Treasury Management advisors, Arlingclose and is attached with an analysis of the local context implications in **Appendix A**. The main relevance to the Council is
- That since the vote to leave the EU, there have been indications that economic growth is likely to slow. With the result that the Council's trading operations may be adversely effected, and in addition as tax receipts fall, the government may be looking to raise taxes or reduce public funding.
 - That lower economic growth rates will continue for longer, which is likely to entrench and increase any government action in relation to fiscal policy change.
 - Low inflationary increases are likely in the short-term, reducing pressure on Council budgets as a result of price increases.
 - The bank rate was cut to 0.25% in August 2016 by the Bank of England as a result plunging market confidence. As a consequence the Council's borrowing costs will remain low but the opportunities to make significant returns on financial investments remain limited.
 - There have been strong market reactions to the EU exit vote, with bond yields declining to record lows. The consequence being that PWLB lending rates will also remain low.

Performance of Council Funds

- 3.2 The following table summarises the treasury management transactions undertaken during the first 6 months of 2016/17 financial year and the details of the investments and loans held as at 30 September 2016 are shown in detail in **Appendix B**.

	Principal Amount £m	Interest Rate %
Investments		
at 31 st March 2016	5.3	0.78
less matured in year	-104.7	
plus arranged in year	+109.4	
at 30 th September 2016	10.00	0.74
Average Investments to 30 Sept	12.4	0.47
Borrowing		
at 31 st March 2016	13.4	3.63
less repaid in year	-6.1	
plus arranged in year	+7.9	
at 30 th September 2016	15.2	2
Average Borrowing to 30 Sept	14.6	3.57
Note; Interest rates above are as at dated apart from averages, where these are the average for the half year.		

Investments

- 3.3 The Council's strategy for 2016/17 was based on all investments being managed in-house. The investments were of three types:
- Time deposits, these are deposits with financial institutions that are of a fixed term and mature on an agreed date. In the Council's case usually in 1 to 2 weeks.
 - Liquidity (call) accounts, these are accounts held with banks where there is no fixed term and the money can be deposited or withdrawn on the day.
 - Money Market Funds, these are funds where investor's deposits are aggregated together and invested across a large range of financial products, giving a high degree of diversification.
- 3.4 The average rate of interest on all investments was 0.47%, 0.32% above the 7 day LIBID (London Interbank Bid Rate) benchmark rate of 0.15%, this represents a return of over three times the bench-mark rate. This good performance was due to £1.154m of the investments being locked into higher rates before the year started together with the use of liquidity accounts with major banks and Money Market Funds.
- 3.5 When only short-term cash flow investment activity is considered, the rate of interest on investments was 0.20%, which is around 33% higher than the 7-day benchmark rate of 0.15%.
- 3.6 In September 2015 the Cabinet approved a loan facility of up to £5.5m to Luminus to finance the construction of an extra care facility at Langley Court St Ives. During 2015-16 the Council advanced to Luminus £2.250m. As construction work has proceeded the Council has advanced a further £1.875m

in the first half of 2016-17. It is expected that the loan advances will be completed in November 2016, and that the Council will earn a marginal rate on this investment of 1.5%.

Borrowing

- 3.7 The Council's exposure to interest rate risk at the end of September was:
- £15.2m long term borrowing from the PWLB, at a weighted average rate of 3.57%.
 - Short term borrowing at 30th September 2016 was nil.
- 3.8 The actual net investment interest (after deduction of interest receivable on loans) was £231,300 to 30 September 2016 against a forecast figure of £274,000 and the budget figure of £384,000.
- 3.9 During the first half of the year the Council has borrowed from the PWLB to finance the loans to Luminus, this is over a period of 31 years.
- 3.10 There was short-term borrowing of £6m during 2016-17, in order to meet the Council's cash flow requirements.

The Risk Environment

- 3.11 The changes to the environment in which investing takes place are detailed in **Appendix C** the main points to note are;
- Bail in legislation requiring investors to contribute to bank losses has replaced government bail outs. If a bank were to become insolvent then investors funds (including Councils), will be used to refinance the bank, in this circumstance the Council would lose a proportion of its investment. To mitigate this risk the Council's funds are invested for short periods, which means that funds can be withdrawn from that institution before it fails.
 - The results and implications of the European Banking Authority stress tests. No bank has failed but Natwest, the Council's banker ratios had fallen (from a high base), for this reason only on-call investments are lodged with Natwest.
 - Counter-party and credit rating updates, taking into account the implications of the UK's vote to leave the EU. The credit ratings of banks though now largely moved to a negative outlook have not changed post the EU exit vote.

Risk Management

- 3.12 The Council's primary objectives for the management of its investments are to give priority to the **security** and **liquidity** (how quickly cash can be accessed) of its funds before seeking the best rate of **return**.
- 3.13 The Council manages security by investing short-term with highly-rated banks and building societies, as well as investing with local authorities in the UK which are deemed to be intrinsically safe.
- 3.14 In addition to this the Council makes significant use of a number of Money Market Funds, where a large numbers of investors' funds, including the

Council's, are aggregated and spread across a wide range of investments. The Council is therefore able to access a spread of investments across a number of funds not available if it were to invest on its own.

- 3.15 In order to manage liquidity the Council invests funds in call accounts or Money Market Funds, which provide instant access to funds.
- 3.16 The Council's priority has been security and liquidity, over the return on investments, which resulted in investments during 2016/17 generally being of short duration (the majority on call). The result of low interest rates across the market is that the margin gained from the benefit of investing for longer period does not out-weigh the potential costs of failure of the investment.

Compliance with Regulations and Codes

- 3.17 All the treasury management activity undertaken during the financial year complied with the approved strategy, the CIPFA Code of Practice, and relevant legislation.
- 3.18 The Code requires the Council to approve both Treasury Management and Prudential Indicators. Those for 2016/17 were approved at the Council meeting on 24 February 2016. **Appendix D** shows the relevant prudential indicators and the actual or forecast for 30 September 2016, the table below is a summary of key indicators.

Prudential Management Indicators			
	2016/17 Estimate	2016/17 Forecast	Impact on the Council
Net capital expenditure	£9.5m	£9.5m	Expenditure less than estimated as a result of 2015/16 rephasings (£1.529m), potential rephasings to 2016/17 (£1.346m), underspends (£0.324m), and other variations (+0.152m).
Expenditure on interest and MRP (Minimum Revenue Provision)	10.2%	9.2%	As a result of underspends in 2015/16 the MRP is lower for 2016/17.
Capital Financing Requirement (CFR)	£46.4m	£44.9m	The CFR is lower due to reduced expenditure detailed above, in addition to a lower CFR in 2015-16.
	31/03/16	30/09/16	
Long-term borrowing total	£13.4m	£15.2m	Borrowing has increased to fund the series of loans to Luminus for the Langley Court development.
Treasury Management Indicators			
	2016/17 Limit	2016/17 Actual	
Authorised Limit for debt	£89.0m	£21.7m	The Council's debt has increased as a result of loans to finance the
Operational boundary for debt	£84.0m	£21.7m	

			Luminus loan, but is still within the approved limits
Borrowing fixed and variable interest	75%-100%	100%	All borrowing has been undertaken at a fixed rate to avoid the risk of interest rate increases in the future.
Borrowing repayment profile (10 years)	8%-100%	87%	The loan repayment profile is shortening compared to previous years as Luminus loans are repaid on an annual basis.
Investments longer than 364 days	£34.5m	£0m	Only short-term or instant access investments.

Commercial Investment Strategy (CIS)

- 3.19 The CIS business plan was approved in December 2015. The implementation of the CIS is a key part of the Council's strategy to generate additional income to assist in closing the Council's forecast gap in the revenue budget.
- 3.20 The initial CIS investments in 2015-16 were the purchase of a unit at Stonehill Huntingdon and an investment of £2.5m in the CCLA Property Fund.
- 3.21 Opportunities for investments are being sought and evaluated on an on-going basis. During the first half of 2016-17, 34 potential CIS purchases have been evaluated. The results of this analysis are shown in table 7 in Appendix E giving if rejected, the reason for rejection.
- 3.22 The two investments of those evaluated that were proceeded with were;
- 80 Wilbury Way, Hitchin – Office Block £2.31m
 - Shawlands Retail Park, Sudbury - Retail Park, £6.89m

These two assets were purchased on the 8 August 2016 and the 13 September 2016 respectively. The two investments totalled £9.20m, the funding for which was taken from the CIS earmarked reserve. The balance remaining in this reserve is now £3.19m. The Council will need to now consider how to finance further CIS expenditure.

- 3.23 The yields from the CIS assets are shown in Appendix E, as well as the yield from the existing commercial estate. The CIS Business Plan targeted returns as a minimum for land and building investment of between 6% and 9%. This has been achieved and exceeded in the case of Stonehill, Huntingdon. The returns from these investments are key to closing the Council's revenue funding gap, and represent a significantly higher return than can be achieved on investments with financial institutions.
- 3.24 A number of the indicators shown in **Appendix E** will not be relevant until the CIS Reserve is fully applied and borrowing is required to continue to purchase assets. When borrowing commences, these indicators will be calculated.

4. COMMENTS OF OVERVIEW & SCRUTINY

- 4.1 The Overview and Scrutiny Panel (Performance and Customers) received the Treasury Management Six Month Performance Review at their meeting on 2 November 2016. Members had no comments to make on this report.

5. RISKS

- 5.1 The risks arising from treasury management activities are highlighted in the report and are measured by reference to the prudential indicators in **Appendix D**.

6. WHAT ACTIONS WILL BE TAKEN

- 6.1 Treasury management activities will continue to be monitored, in order to mitigate security and liquidity risks.

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 7.1 Treasury management activity is a corporate function of the Council and supports the achievement of the Councils three corporate priorities; consequently it is a key element in the budget setting and management process.
- 7.2 In addition, over the last year the Councils Treasury function directly contributed to the "Working with our communities" strategic theme (Corporate Plan 2014-2016) in that it provided loan finance to support an external partner (Luminus) to fund the construction of the Langley Court Extra Care Facility in St. Ives.

8. LEGAL IMPLICATIONS

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

9. RESOURCE IMPLICATIONS

- 9.1 The resource implications relating to the net interested due to the council is explained in paragraph 3.7.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 The treasury management activity continues to be monitored, to ensure that risk arising are mitigated.

11. LIST OF APPENDICES INCLUDED

Appendix A – Economic review (Source: Arlingclose)
Appendix B – Borrowing and Investments as at 30th September 2016
Appendix C – Risk Environment 2016-17
Appendix D – CIPFA Prudential Indicators
Appendix E – Commercial Investment Strategy Indicators
Appendix F – Glossary

BACKGROUND PAPERS

Working papers in Resources
CIPFA Treasury Management Code of Practice

CONTACT OFFICERS

Clive Mason, Head of Resources
☎ 01480 388157
Oliver Colbert, Principal Accountant
☎ 01480 388067

APPENDIX A

Economic Review of 2016/17	
Economic Growth The preliminary estimate of quarter 2 2016 growth, showed reasonably strong growth as the economy grew by 0.7% quarter on quarter compared to 0.4% in quarter 1. Year on year growth was a healthy 2.2%. However the economic outlook has changed significantly since the result of the EU Referendum was announced. Forecasts have been revised downwards as 2016 has progressed. Business investment has decreased and as the risks of exit have become apparent there has been a sharp decline in household, business and investor confidence.	Local Context The slowdown in economic growth has already had an impact on interest rates with the BoE reducing the bank rate to 0.25% from 0.5%. The consequence of this is a lowering of rates across the market. The result of this is a reduction in the amount of interest earned on the Council's cash balances. A reduction in economic activity is likely to have an adverse effect on the Council's trading operations (e.g. Markets, Car Parks, Building Control, Development Control), resulting in reduced income. In addition there is likely to be fiscal tightening by Government due to reduced tax receipts, potentially resulting in a lowering in public sector funding.
Economic Growth – Longer Term Whilst uncertainty remains in relation to the trading relationship with the EU, there is likely to be a dampening effect on economic activity, and a reduction in business investment and a tightening of credit availability. This will lead to lower activity levels and potentially a rise in unemployment. The expectation is that this will reduce economic growth through the second half of 2016 and 2017.	Local Context The negotiations with the EU will continue for some time, as these proceed, there is likely to be good and bad news. The variability in the results of the negotiations will feed into volatility of the market, causing uncertainty, and thereby increasing the length of time that economic growth is subdued.
Inflation Inflation is expected to increase due to a rise in import prices (due to weakening sterling), with a consequent dampening on real wage growth. The BoE forecast a rise in CPI to 0.9% by the end of 2016, and thereafter a rise to 2% over the coming year.	Local Context The low rate of inflation in the short-term and moderately low in the longer term will reduce the need for inflationary increases to budgets, and in particular the need for pay increases.
UK Monetary Policy The plunge in confidence in economic growth were judged by the Bank of England (BoE) to be severe, prompting the Monetary Policy Committee (MPC) to initiate substantial monetary policy easing in an effort to mitigate the worst of the	Local Context Cuts to the bank rate will lead to a general reduction in market interest rates, lowering the rate at which the Council can invest. In addition further cheap funding for banks will reduce the need for funds from investors which will also have an

<p>downside risks. This included a cut in the bank rate to 0.25%, further quantitative easing and cheap funding for banks to attempt to maintain supply of credit. The minutes of the MPC indicate that there was support for a larger cut to nearer zero. At this stage the BoE appears reluctant to do this.</p>	<p>adverse effect on interest rates. It is possible that further adverse economic news could push interest rates down further.</p>
<p>Market Reaction Bond markets reacted strongly to the BoE's action. Money market rates and bond yields declined to record new lows, as investors seek less risky investments. This action was re-enforced by the BoE view that the Bank Rate would remain extremely low for the foreseeable future. Government bond yields fell from 1.37% in June to 0.52% in August.</p> <p>Whereas there was a strong reaction in bond markets, share markets appear to have shrugged off the effects of the referendum vote, with shares values bouncing back despite warnings about the impact of "Brexit" on growth rates.</p>	<p>Local Context Whilst the Council has no direct investments in shares, movements on the stock exchange tend to have an effect on the economy as a whole. With share price increases tending to make investors more confident and consequently aiding economic growth and potentially mitigating some of the growth issues mentioned above.</p> <p>The reduction in gilts yields will have a direct effect on the Council if it wishes to borrow from the PWLB, as the rate of interest is set in relation to gilt yields. Lower yields mean lower borrowing rates.</p>
<p>Interest Rates Forecast The central forecast (most likely) for the period up to December 2019 is for the Bank Rate to remain at 0.25%. There is a possibility of a fall to zero measured at 40%. Government bond yield are expected to be broadly flat with short-term volatility.</p>	<p>Local Context Borrowing costs are likely to remain low for some time, but so are investing rates. Having a direct effect on the amount of interest the Council can earn from its investments. The longer the rates remain lower the rates become on investments as financial institutions strip out any margins.</p>
<p><i>Source of Data: Arlingclose Ltd</i></p>	

APPENDIX B

BORROWING AND INVESTMENTS AT 30 SEPTEMBER 2016

	Short-term Rating		Date Invested/ Borrowed	Amount		Interest Rate	Year of Maturity
	Fitch	Moody's		£m	£m		
Borrowing							
Short-term							
NIL							
Long-term							
PWLB			19/12/08	5.000		3.91%	2057/58
PWLB			19/12/08	5.000		3.90%	2058/59
PWLB			07/08/13	1.085		2.24%	2023/24
PWLB			25/11/15	0.743		3.28%	2046/47
PWLB			19/01/16	0.990		3.10%	2046/47
PWLB			21/03/16	0.495		2.91%	2046/47
PWLB			29/04/16	0.400		3.10%	2047/48
PWLB			02/06/16	0.325		2.92%	2047/48
PWLB			29/07/16	0.650		2.31%	2047/48
PWLB			23/09/16	0.500		2.18%	2047/48
Total Borrowing					15.188		
Investments In-House Investments							
NatWest Current	F2	P2	30/09/16	0.021m		0.00%	On-call
NatWest Liquidity	F2	P2	30/09/16	0.007m		0.25%	On-call
Cambridge Building Society	Not rated		30/09/16	0.100m		0.50%	On-call
Coventry Building Society	F1	P1	30/09/16	1.000m		0.21%	Fixed
Bank of Scotland	F1	P1	28/09/16	1.000m		0.20%	Fixed
Thurrock Borough Council			07/09/16	1.500m		0.18%	Fixed
Santander	F1	P1	30/09/16	0.500m		0.25%	On-call
Barclays	F1	P1	30/09/16	0.900m		0.45%	On-call
Blackrock		AAAmmf	30/09/16	0.800m		0.31%	On-call
CCLA	AAAmf		30/09/16	0.500m		0.30%	On-call
Federated	AAAmf		30/09/16	0.500m		0.32%	On-call
Insight	AAAmf		30/09/16	0.700m		0.35%	On-call
Legal and General	AAAmf		30/09/16	0.700m		0.36%	On-call
Standard Life	AAAmf		30/09/16	0.600m		0.32%	On-call
Total Short Term Investments					8.828		
Loans to Other Organisations							
Huntingdon Regional College	Not rated			1.101m		3.34%	2023/24
Huntingdon Gym	Not rated			0.053m		5.13%	2023/24
					1.154		
Total Investments					9.982		
CCLA Property Fund			28/01/16		2.500		
Loans to Luminus							
Luminus	Not rated			0.750m		4.78%	2047/48
Luminus	Not rated			1.000m		4.60%	2047/48

Luminus	Not rated		0.500m		4.41%	2047/48
Luminus	Not rated		0.400m		4.41%	2047/48
Luminus	Not rated		0.325m		4.42%	2047/48
Luminus	Not rated		0.650m		4.42%	2047/48
Luminus	Not rated		0.500m		4.42%	2047/48
Total Loans					4.125	
Total Investments					16.607	
Net Investments					1.419	

Definition of Credit Ratings

Fitch	Rating	Definition
Short term	F1	Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.
	F2	Good rated intrinsic capacity for timely payment of financial commitments.
	F3	Fair rated intrinsic capacity for timely payment of financial commitments.
Long-term	AAA	Highest credit quality organisations, reliable and stable. 'AAA' ratings denote the lowest expectation of default risk . They are assigned only in cases of exceptionally strong capacity for payment of financial commitments.
	AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk . They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
	AA-	
	A	High credit quality. 'A' ratings denote expectations of low default risk . The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
	A-	
	BBB	Good credit quality. BBB ratings indicate expectations of low default risk . The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
Notes The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.		

APPENDIX C

Risk Environment 2016/17	
<p>Bail In The risk arises from banks failing, regulation places the burden of losses on the banks investors. This is as opposed to a government a bail-out which is what happened at the last financials crisis in 2008.</p>	<p>Local Context Some public bodies will carry higher levels of long-term cash, and as a result need to invest long-term, the Council generally has cash that will be needed in the short-term and as a result places funds where they are accessible in the short-term.</p>
<p>Bank Stress Tests The European Banking Authority released the results of its 2016 round of stress tests on the EU's largest banks on the 29th July. No bank was said to have failed the tests although the economic scenarios may now be more optimistic than previously thought. RBS made headlines as its ratios had fallen but from a relatively high base. Barclays Common Equity Tier 1 ratios were below 8%, as a result in a stressed scenario they would be required to raise more capital (equity).</p>	<p>Local Context The RBS includes NatWest which is the Council's transactional banker. In order to mitigate the risk of losing investments, the Council maintains a balance of less than £1m with NatWest and on the basis of it being instantly accessible.</p>
<p>Counterparty Update Some indicators of credit risk have reacted negatively to the vote to leave the EU. UK bank credit default swaps prices rose but only modestly. However bank share prices fell sharply on average by 20%. UK banks experienced the largest falls, non-UK banks also experienced falls in share price but not as severe as UK banks.</p>	<p>Local Context The Council does not invest in shares, in the main because of the volatility experienced in this market. Credit default swap rates are an indicator along with credit ratings that are used to monitor the financial health of an organisation. So whilst the markets have been fairly volatile it is good news that credit default swaps have only risen slightly in relation to those institutions that the Council is investing with.</p>
<p>Credit Ratings Both Fitch and Standard and Poor's downgraded the UK sovereign rating following the Brexit vote. In addition Standard and Poor's downgraded the rating of the EU, and the ratings of those Local Authorities with a rating. Moody's affirmed the rating of the nine UK banks, although changing the outlook to negative to those institutions more exposed to the leave vote.</p>	<p>Local Context The Council monitors credit ratings, these are used to make decision about which institutions to invest with, based on the parameters set within the Treasury Management strategy. The Council's investments are in the majority of short duration as a consequence, any adverse movements in credit ratings would be a signal to remove investments from those institutions.</p>

APPENDIX D

CIPFA Prudential Indicators for Capital Finance in Local Authorities Prudential Indications and Treasury Management Indications for 2016/17 Comparison of forecast results with limits.

PRUDENTIAL MANAGEMENT INDICATORS

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

	2016/17 Estimate £m	2016/17 Forecast £m
Gross	10.5	10.8
Net	9.5	9.5

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

2016/17 Estimate %	2016/17 Actual %
10.2	9.2

3. **The capital financing requirement.**

This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP).

2016/17 Estimate £m	2016/17 Forecast £m
46.4	44.9

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

Net external borrowing as at the 30th September 2016, was £15.2m, this is £29.6m less than the forecast capital financing requirement. Thereby confirming that the council has not borrowed for revenue purposes other than in the short-term for cash flow purposes.

5. **The actual external long-term borrowing at 30th September 2016**

£15.2m

6. **Adoption of the CIPFA Code**

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

TREASURY MANAGEMENT INDICATORS

7. The authorised limit for external debt.

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

	2016/17 Limit £m	2016/17 Actual £m
Short-Term	22.0	6.0
Long Term	47.0	10.0
Other long-term liabilities (leases)	5.0	0.5
Total	74.0	16.5
Long-term for loans to organisations	15.0	5.2
Total	89.0	21.7

8. The operational boundary for external debt.

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

	2016/17 Limit £m	2016/17 Actual £m
Short-Term	17.0	6.0
Long Term	47.0	10.0
Other long-term liabilities (leases)	5.0	0.5
Total	69.0	16.5
Long-term for loans to organisations	15.0	5.2
Total	84.0	21.7

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

9. Exposure to investments with fixed interest and variable interest.

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

		Limits		Actual
		Max.	Min.	As at 30.9.16
Borrowing:				
longer than 1 year	Fixed	100%	75%	100%
	Variable	25%	0%	0%
Investments:				
longer than 1 year	Fixed	100%	100%	0%
	Variable	0%	0%	0%

10. Borrowing Repayment Profile

The proportion of 2015/16 borrowing that matured in successive periods.

Borrowing	Upper limit	Lower limit	Actual As at 30.9.16
Under 12 months	91%	0%	1%
12 months and within 24 months	91%	0%	2%
24 months and within 5 years	91%	0%	5%
5 years and within 10 years	92%	1%	5%
10 years and above	100%	8%	87%

11. Investment Repayment Profile

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

	Limit £m	Actual £m
Limit on principal invested beyond year end (31 March 2016)	34.5	0

APPENDIX E

Commercial Investment Strategy Indicators

PRUDENTIAL MANAGEMENT INDICATORS

1. Actual and Estimated Capital Expenditure.

	2016/17 Estimate £m	2016/17 Forecast £m
Gross	20.0	9.2
Net	20.0	9.2

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

2016/17 Estimate %	2016/17 Forecast %
4.7	0.0

3. The capital financing requirement.

This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP).

2016/17 Estimate £m	2016/17 Forecast £m
20.0	0.0

4. Asset Investment and Yields

	Investment £m	Yield %
Existing Commercial Estate	20.80	8.8
Stonehill, Huntingdon	1.36	9.2
Wilbury Way, Hitchin	2.31	7.6
Shawlands Retail Park, Sudbury	6.89	6.9
CCLA Property Fund	2.50	4.0

5. CIS Reserve Balance

	£m
Reserve Balance as at 31st March 2016	12.39
Investments	(9.20)
Balance at 30th September 2016	3.19

6. Loan to Value and Debt to Income Indicators

These indicators will be calculated when the CIS reserve has been exhausted and the CIS investment programme is financed by borrowing.

7. Analysis of Investment Propositions

Potential CIS investments are being continually investigated. The table below lists the 34 opportunities that were examined, and if they were not proceeded with, why.

Action	No. of Cases
Purchased	2
Rejected because;	
Already under offer	5
Yield too low	6
Leasehold and not freehold	2
Distance too great	3
Risk too high	4
Lack of diversity against current portfolio	1
Too management intensive	1
Concerns about condition	2
Concerns about flats above	1
Concerns about the tenant's business model	1
Too geographically diverse	4
Other	2
Total	34

APPENDIX F

GLOSSARY

Bail in Risk

Bail in risk arises from the failure of a bank. Bond-holders or investors in the bank would be expected to suffer losses on their investments, as opposed to the bank being bailed out by government.

Bank Equity Buffer

The mandatory capital that financial institutions are required to hold, in order to provide a cushion against financial downturns, to ensure the institution can continue to meet its liquidity requirements.

Bank Stress Tests

Tests carried out by the European Central Bank on 51 banks across the EU. The tests put banks under a number of scenarios and analyse how the bank's capital holds up under each of the scenarios. The scenarios include, a sharp rise in bond yields, a low growth environment, rising debt, and adverse action in the unregulated financial sector.

Bonds

A bond is a form of loan, the holder of the bond is entitled to a fixed rate of interest (coupon) at fixed intervals. The bond has a fixed life and can be traded.

Call Account

A bank account that offers a rate of return and the funds are available to withdraw on a daily basis.

Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure incurred historically, but has yet to be financed, by for example capital receipts or grant funding.

Counterparty

Another organisation with which the Council has entered into a financial transaction with, for example, invested with or borrowed from.

Credit Default Swaps (CDS)

A financial agreement that the seller of the CDS will compensate the buyer in the event of a loan default. The seller insures the buyer against a loan defaulting.

Credit Ratings

A credit rating is the evaluation of a credit risk of a debtor, and predicting their ability to pay back the debt. The rating represents an evaluation of a credit rating agency of the qualitative and quantitative information, this results in a score, denoted usually by the letters A to D and including +/-.

Gilts

Bonds issued by the Government.

LIBOR

London Interbank Offered Rate, is the rate at which banks are willing to lend to each other.

LIBID

London Interbank Bid Rate, is the rate at which a bank is willing to borrow from other banks.

Liquidity

The degree to which an asset can be bought or sold quickly.

Minimum Revenue Provision (MRP)

An amount set aside to repay debt.

Money Market Funds

An open ended mutual fund that invests in short-term debt securities. A deposit will earn a rate of interest, whilst maintaining the net asset value of the investment. Deposits are generally available for withdrawal on the day.

Public Works Loans Board (PWLB)

The PWLB is an agency of the Treasury, it lends to public bodies at fixed rates for periods up to 50 years. Interest rates are determined by gilt yields.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Members' Allowances Scheme – Corporate Governance Committee

Council – 21st December 2016

Executive Portfolio: Councillor J A Gray – Executive Councillor for Strategic Resources

Report by: Elections and Democratic Services Manager (LJ)

Ward(s) affected: None

Executive Summary:

The Members' Allowances Scheme is enclosed in Part 6 of the Council's Constitution. It is reviewed every four years by an Independent Remuneration Panel. The Scheme was last reviewed in May 2015 after consideration of the outcome of the Review of Members' Allowances by the Independent Remuneration Panel. The Council at their meeting held on 20th May 2016 agreed that no changes be made to the existing Members' Allowances Scheme.

As a result of a review to the Council's Constitution that was approved at the meeting of the Council held on 23rd March 2016, it was agreed that the former Standards Committee be incorporated into the Terms of Reference of the new Corporate Governance Committee and membership increased. In the light of the additional responsibilities of this Committee, it has been suggested that the Members' Allowances Scheme be updated to make changes to the Special Responsibility Allowances for the Chairman and Vice-Chairman of the Committee.

Recommendation:

That Part 6 of the Council's Constitution be updated to increase the Special Responsibility Allowances for the Chairman and Vice-Chairman of the Corporate Governance Committee to reflect the same level as the Chairman and Vice-Chairman of the Employment Committee and that the appropriate adjustments to be backdated to 18th May 2016.

1. PURPOSE OF THE REPORT

- 1.1 Following the review of the Council's Constitution to consider a minor adjustment to Part 6 – the Members' Allowances Scheme.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Council undertook a review of the Council's Constitution and approved changes at their meeting on 23rd March 2016. The former Standards Committee was deleted and the Terms of Reference of the Corporate Governance Committee were amended to include responsibility for their functions. This includes functions relating to the conduct of Members to be considered by a sub-committee of Corporate Governance.
- 2.2 A Review of Members' Allowances was undertaken by the Independent Remuneration Panel in May 2015 and since the last review the Corporate Governance Committee has also acquired the Audit function, as well as the changes outlined in paragraph 2.1 above. Although the Council agreed to make no changes to the existing Members' Allowances Scheme in May 2015, the Independent Remuneration Panel recommended that the Chairmen and Vice-Chairmen of the Employment Committee and Corporate Governance Committee are paid the same Special Responsibility Allowance. Currently there is a differential of £811 and £278 between the Chairmen and Vice-Chairmen of both Committees respectively.

3. RESOURCE IMPLICATIONS

- 3.1 In accordance with the current Members' Allowances Scheme approved in May 2011 and reconfirmed at Council in May 2015, the Chairman's Allowance would result in an increase of £811 per annum and £278 per annum for the Vice-Chairman's allowance.

4. REASONS FOR THE RECOMMENDED DECISIONS

- 4.1 As a result of changes to the Terms of Reference of the Corporate Governance Committee following a review of the Council's Constitution, it is recommended that the Members' Scheme of Allowances be amended to increase the Special Responsibility Allowances of the Chairman and Vice-Chairman to bring them in line with the Chairman and Vice-Chairman of the Employment Committee to reflect the additional responsibilities that the Committee has assumed.

BACKGROUND PAPERS

Constitution – the Council's current Constitution is available for review and comparison on the Council's website.

<http://www.huntingdonshire.gov.uk/media/1367/constitution.pdf>

The Seventh Report of the Independent Remuneration Panel – May 2015

CONTACT OFFICER

Lisa Jablonska, Elections and Democratic Services Manager
Tel No: (01480) 388004
Email: lisa.jablonska@huntingdonshire.gov.uk

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Section 85 Local Government Act 1972 – Resolution to Extend Six Month Rule

Meeting/Date: Council – 21st December 2016

Report by: Managing Director

Ward(s) affected: St Neots Eaton Ford

Executive Summary:

The purpose of this report is to enable the Council to consider an extension of the 6 month rule for Councillor David Harty on the grounds of his ill-health.

Recommendation:

that, in accordance with Section 85 of the Local Government Act 1972, Council approves Councillor David Harty's non-attendance at meetings until the end of the Municipal Year on the grounds of continued ill-health and the Council's best wishes be conveyed to him.

This page is intentionally left blank

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 Section 85 of the Local Government Act 1972 states that if a member of a local authority fails throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the authority, they shall, cease to a member of the authority. The only exception is if their non-attendance has been approved by the authority before the expiry of that period. Attendance can be at any committee or sub-committee or at any joint committee, joint board or other body where the functions of the authority are discharged or who were appointed to advise the authority on any matter relating to the discharge of their functions. Section 85 of the Act allows an authority to grant dispensation for such absence providing the dispensation is granted before the 6 month period of absence has expired.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Councillor David Harty has been unable to attend meetings recently on ill-health grounds. The last meeting he attended was Council on 27th July 2016. Under the circumstances, it is requested that Council approve an extension of the 6 month rule for Councillor Harty until the end of the Municipal Year and the Council's best wishes be conveyed to him. This would not prevent Councillor Harty from returning to meetings at any time, if his health allowed, but would give flexibility and prevent further recourse to the Council before the scheduled District Council elections.

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

- 3.1 Councillor David Harty's District Ward duties will continue to be undertaken by his Eaton Ford Ward colleague.

4. LEGAL IMPLICATIONS

- 4.1 None

5. RESOURCE IMPLICATIONS

- 5.1 None

6 REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 Owing to the continued ill-health of Councillor Harty, it is requested that his non-attendance at meetings be approved until the end of the Municipal Year.

BACKGROUND PAPERS

Local Government Act 1972
Attendance Records – Huntingdonshire District Council

CONTACT OFFICER

Lisa Jablonska, Elections and Democratic Services Manager
Tel No. (01480) 388004

This page is intentionally left blank