A meeting of the **CABINET** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 20 OCTOBER 2016** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

		Contact (01480)
	APOLOGIES	
1.	**MINUTES**	
	To approve as a correct record the Minutes of the meeting held on 22 September 2016.	**M Sage 388169**
2.	**MEMBERS' INTERESTS**	
	To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda item.	
3.	**SHARED INTERNAL AUDIT SERVICES** (Pages 5 - 28)	
	To approve the Business Case for the Shared Audit Service between Huntingdonshire District Council, Cambridge City Council and South Cambridgeshire District Council.	**C Mason 388157**
4.	**FULL BUSINESS CASE FOR THE MERGER OF THE TRUSTS RUNNING HINCHINGBROOKE, PETERBOROUGH AND STAMFORD HOSPITALS** (Pages 29 - 32)	
	To consider the comments regarding the Full Business Case for the merger of the Trusts running Hinchingbrooke, Peterborough and Stamford Hospitals from the Overview and Scrutiny Panel and confirm the response to the Trusts' proposal.	**A Green 388008**
5.	**OUSE VALLEY WAY - MANAGEMENT GROUP** (Pages 33 - 40)	
	To formally appointment the Executive Councillor with responsibility for the Countryside Service to the recently established Management Group for the Ouse Valley Way.	**M Chudley 388648**
6.	**RE:FIT PROGRAMME - ENERGY CONSERVATION MEASURES FOR ONE LEISURE SITES** (Pages 41 - 48)	
	To review the Re:Fit programme following deferment by the Cabinet.	**N Sloper 388635**
7.	**REVIEW OF FEES AND CHARGES - CAR PARKS** (Pages 49 - 62)	
	To approve formal consultation following a review of car park fees and charges.	**B Gordon 388720**

Dated this 12 day of October 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.

Please contact Mrs Melanie Sage, Democratic Services Team, Tel No. 01480 388169/e-mail Melanie.Sage@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

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

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

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

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

Emergency Procedure

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

This page is intentionally left blank

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Shared Internal Audit Services
Meeting/Date:	Cabinet – 20 October 2016
Executive Portfolio:	Deputy Executive Leader and Executive Member for Strategic Resources
Report by:	Head of Resources
Ward(s) affected:	All Wards

Executive Summary:

Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.

This report provides the business case to establish a Shared Internal Audit Service between the Councils and details the activity to create it.

The Cabinet is **RECOMMENDED to**

i. Approve the Business Case and delegate authority to the Head of Resources to make decisions and to take steps which are necessary, conducive or incidental to the establishment of a Shared Audit Service in accordance with the Business Case; and

ii. A contribution of £10,000 to the initial set-up costs, to be met from the Special Earmarked Reserve.

1. PURPOSE OF THE REPORT

1.1 To present to Members the Business Case for the Shared Audit Services (SAS) between the 3 partner Councils; Huntingdonshire District Council (HDC), Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC)

2. BACKGROUND

2.1 The Business Case for the establishment of the SAS can be found at **Appendix A** to this report. The rationale for its establishment is that it will provide the opportunity to deliver a more resilient and responsive service resulting in:

- Improved audit coverage that is of high quality;
- Increased productivity;
- Improved career opportunities for staff; and
- Increased potential for audit services to be offered commercially.

2.2 It is proposed that SCDC will act as the employing authority for the SAS; its scope is solely audit services.

2.3 Information Governance will not be within the scope of the SAS. This will create some disaggregation issues for participating Councils. These issues are in hand within the respective Councils.

2.4 A new Senior Manager post will be created to lead the implementation of the SAS. The SAS will be created by the TUPE transfer of staff from HDC (4), CCC (5) to SCDC; this is proposed to happen in 2017/18 once the Senior Audit Manager is in post. The opening staffing level of the SAS will be 10. A review will then be undertaken of the rest of the staffing structure.

2.5 The SAS would have an opening staffing budget of circa £425k combining the 16/17 staffing budgets for each of the 3 current legal service operations. The ratio of the budget contribution at start up is CCC 47%, SCDC 13%, HDC 40%. This ratio forms the basis of saving distribution and additional cost incurred, if any, such as redundancy, pay protection etc.

2.6 Savings of £51.9k have been targeted for 17/18; the equivalent of a reduction of 11% of the net revenue budget, the Council's share of the savings is £21k.

2.7 Set up costs of £25k have been identified; the Councils contribution will be £10k which will be funded from the Special Earmarked Reserve. The pay-back is within one-year.

2.8 The work to develop the attached business case has been undertaken by a project group consisting of audit staff from each of the three Councils.

2.9 The work of the SAS will be driven by its Audit Plan (AP) agreed with the three client Councils. The AP will identify what has to be delivered and establish the means for measuring and assuring its performance. HDC will act as a client of its services. The AP will be agreed on an annual basis via the usual process, that being, by approval of the Corporate Governance Committee. The AP will be a key element of the operational plan for the SAS.

3. COMMENTS OF THE CORPORATE GOVERNANCE COMMITTEE – MEETING ON 27 SEPTEMBER 2016

In relation to Appendix 2 of the Business Case, the Committee were informed of an update in the level on savings identified whereby the figures had been amended for Cambridge City to £24,546, Huntingdonshire to £21,337 and South Cambridgeshire to £6,336 to bring them in line with the protocol utilised for the identification of savings in accordance with the previous shared service models.

Having noted the high level of non-productive time recorded, it was confirmed to the Committee that the level had been high across the three authorities and Members were advised how the target to reduce levels by March 2019 would be achieved. It was further highlighted that consideration be given to prioritisation of the Council's risks, together with allowance of a 'break clause' in the contract.

In response to a question it was explained that South Cambridgeshire had been nominated as the employing authority having nominated themselves for the role. Concern was expressed that the high quality audit service that the Council currently supplied could be diluted with the requirement to support the other local authorities.

Comments were made that by HDC not being the lead authority the SAS might not have the advantage of understanding how the Council worked and its functions, comparing such a scenario to External Audit if the service was extended further to include Peterborough City Council.

Reference was made to the previous services that had been implemented as a shared service within the authority and the Committee commented that the Council currently had no evidence to support the success of these services to proceed further with another service, making particular reference to the staffing issues recently experienced in the Building Control Service. There were different performance standards across the three authorities with differing productivity levels and there was concern of the timescale of two years to achieve standard working practices when the Council currently had an Internal Audit Service that met HDC requirements.

Having referred to the reasoning behind the previous shared service agreements being on a financial basis, concerns were outlined that the SAS proposal had not concentrated on the financial justification but rather the resilience. As the Committee had not been made aware of any issues with the current Internal Audit Service it could not support the justification in the Business Case.

The Committee concurred that the savings identified did not warrant the argument for proceeding with the proposal. Concerns were expressed with particular reference to the external independent review and external assessment that the Council had achieved previously but other authorities had not been at the same standard and not been reviewed in the same way.

The Committee resolved to:

RECOMMEND THE CABINET

not proceed with the Business Case for the establishment of a Shared Audit Service.

4. KEY IMPACTS

4.1 The SAS will ensure that there is future resilience across the audit service and a good mix of skills and experience among the teams' auditors. The three Councils will not see any negative impacts on the delivery of the Audit Plan.

5. TIMETABLE FOR IMPLEMENTATION

5.1 The timetable for implementation is shown within **Appendix A**.

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

6.1 The SAS supports the Corporate Plan objective of "becoming a more efficient and effective council".

7. CONSULTATION

7.1 SCDC will become the Lead Authority for the SAS. As such, identified Audit staff in HDC and CCC will transfer under TUPE to SCDC on the go-live date. Formal consultation with staff, Unions (and in addition Staff Council at HDC) will take place during October/November in accordance with each Councils policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new Senior Audit Manager post. This will be conducted in accordance with the Councils agreed policy.

8. LEGAL IMPLICATIONS

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

9. RESOURCE IMPLICATIONS

9.1 The SAS has a minimum saving target of 11% of net revenue budget. For the first year, there will be requirement for the Council to contribute £10k to the initial set-up costs. These will be met from the Special Earmarked Reserve.

10. REASONS FOR THE RECOMMENDED DECISIONS

10.1 To ensure the successful formation of a SAS between SCDC/CCC and HDC.

11. LIST OF APPENDICES INCLUDED

11.1 Appendix A – Business Case and Proposal for a Shared Internal Audit Service

BACKGROUND PAPERS

All included in the report.

CONTACT OFFICER

Clive Mason, Head of Resources
Tel No: 01480 388157
Email: clive.mason@huntingdonshire.gov.uk

APPENDIX A

Business Case and Proposal

Formation of an Internal Audit Service for Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council

1.0 Executive Summary

1.1 Cambridge City Council ('CCC'), Huntingdonshire District Council ('HDC') and South Cambridgeshire District Council ('SCDC') – collectively known as 3Cs - have agreed the principle of working in partnership to deliver a range of shared services. This report sets out proposals for delivering a full, professional shared Internal Audit Service (IAS) across the three Councils that will meet the statutory requirements of the Public Sector Internal Audit Standards (PSIAS).

1.2 Internal audit has a vital role to play in helping Councils manage effectively through the challenges they face by ensuring that governance, risk management and control arrangements remain effective. To do this successfully, internal audit teams need to be fit for purpose and provide assurance of the necessary quality, depth and coverage.

1.3 There were two main drivers behind the decision to consider reviewing the options available for improving the delivery of the IAS. These were:

1. HDC, CCC and SCDC desire to have new joint role to lead the Share Internal Audit Service across the 3Cs.
2. Bringing together the professional discipline of internal audit into one team, provides the opportunity to deliver a more resilient and responsive service that would allow internal audit work to be carried out seamlessly and without barriers across the 3Cs.

The Aims of the new service are:-

1. Improved audit coverage that is of a high quality
2. Increased productivity
3. Career structures for staff with better long-term personal development opportunities
4. The ability to audit, without boundaries, any of the current shared services.
5. The ability to become commercial and offer services to other organisations

1.4 This proposal recommends that the 3Cs create a shared IAS. The service would operate and be governed in accordance with the principles that the 3Cs have already agreed for the Phase 1 shared services, including the appointment of a new joint lead role and the transfer of internal audit staff to one employing authority.

1.5 The shared IAS would deliver revenue financial savings of £51.9k in the first year (11% of the 2016/17 budget) through only employing one CIA. The three shared services that have already been introduced have been required to deliver 15% savings. To achieve this figure across the internal audit, budgets would require further savings of £19.3k. In the last five years internal audit budgets across all three Councils have been reduced by £121k (20%). The option for future year's savings will be explored once the audit requirements and the budgets for future years have been established.

In addition there will be capital set up costs to cover ICT and relocations costs of £25K in year one as a one off cost.

1.6 A shared IAS would have a larger pool of auditors available to work across the 3C's, providing additional resilience to cover holidays, training and any sickness.

1.7 Through working across more than one Council, the options for auditors to develop and use specialist skills will increase. Initiatives can be developed at one Council and then rolled out to all. The new combined CIA will have the ability to call upon a wider skills and knowledge base. This is particularly important at SCDC who employ only one auditor, who is required to undertake the majority of internal audit reviews.

1.8 The three current internal audit teams are experienced and have good customer satisfaction levels. They have been kept informed of the proposals for a shared internal audit service and have all had the opportunity to comment on this Business Case and have specifically contributed to the development of the Vision Statement.

2.0 Proposal

2.1 A professional, independent and objective IAS is recognised by the 3Cs as a key element of good governance. The requirement for Councils to maintain appropriate and effective internal audit arrangements is set out in the Accounts and Audit Regulations 2015[1].

2.2 The 3Cs currently employ 8.5 full time equivalent (fte) internal audit staff. (In addition to the fte numbers noted in the table below, specialist computer audit services are obtained from the private sector).

	Total	Head of Audit	Audit & Risk Manager	Auditors
CCC	4.4	0.4		4.0
HDC	2.9	0.0	1.0	1.9
SCDC	1.2	0.2		1.0
	8.5	**0.6**	**1.0**	**6.9**

2.3 Whilst HDC employ their own 1.0fte Audit and Risk Manager, a 0.6fte service lead is provided to CCC and SCDC under an agreement with Peterborough City Council. The combined cost of audit management across the three authorities for 2016/17 is £120.1k. Employing a single CIA across the three authorities would deliver a saving of £51.9k and fulfil one of the two main criteria for establishing a shared service. This saving is equivalent to 11% of the new combined service budget for 2016/17. In subsequent year's productivity gains and the removal of non-audit tasks will be looked at for additional savings. A copy of relevant organisational charts for each Council is shown in Appendix 1.

2.4 The three current internal audit teams have been managed in different ways and performance standards differ across the three teams. This has resulted in them having differing productivity levels (audit days delivered/fte). Whilst SCDC and

[1] Accounts and Audit Regulations 2015 state that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) or guidance'.

HDC exceed the Shire District average as reported in the CIPFA 2013/14 internal audit benchmarking study, CCC do not. Meeting the Shire District average (of 173 days/fte) will see an increase of some 80 days across the shared service, the equivalent of an additional 0.3fte. Allowing for the introduction of new working practices, this should be achievable within two years of the shared service operating.

2.5 To meet the aims set out above, it is proposed that a single internal audit service be formed (SIAS). This will require the recruitment of a new joint lead role to lead the SIAS. Once the new joint post has been successfully filled then a Transfer of Undertakings (Protection of Employment), (TUPE) will take place in respect of those staff who currently work in Internal Audit teams. The individuals will transfer to the employing authority (South Cambridgeshire District Council) to form a new single team

2.6 In addition, private sector specialists BDO Public Sector Internal Audit will supplement the in-house internal audit service by providing 70 computer internal audit days per year through to 2018/19.

2.7 The new CIA role would be responsible for leading a shared internal audit service that would have free access to review any services or activities undertaken by each Council whether collectively or individually. They would have no other operational responsibilities. This requirement would be reflected in the Internal Audit Charter. The key service deliverable is to provide assurance on each Council's control environment, comprising the systems of governance, risk management and internal control – this will include:

- preparation and delivery of annual audit plans to each Council that are reflective of their strategic plans and objectives and the risks to their achievement
- providing an annual opinion statement on the adequacy and effectiveness of the Council's control environment and which may be used as a key assurance source when drafting the Annual Governance Statement
- communicating with stakeholders in a timely and appropriate manner the results of work undertaken
- considering whether operational and management arrangements are delivering the most economical, effective and efficient use of resources
- providing support and advice as required to managers on new developments, policy initiatives, programmes and projects as well as emerging risks

2.8 The Audit and Risk Manager at HDC is responsible for not only the internal audit service but also overseeing risk management and insurance services. The risk and insurance service areas will be transferred to another HDC Officer prior to the commencement of the shared service.

2.9 The other main non-audit duties that are currently performed by each of the three teams accounted for 80 days in 2015/16 and are listed below. Each Council has reviewed these tasks and confirmed they will be re allocated to other teams at no additional cost. This will create some free capacity which will be reviewed following the creation of the audit plans for 17/18

	CCC	HDC	SCDC
National Fraud Initiative	40	7	23
Preparation of Annual Governance Statement	5	5	--
Total days	45	12	23

3.0 Delivery options considered

3.1 Six options have been identified and assessed at a high level. These were:

1 The three services remain independent but work together on selected audits.

2 Develop a shared service as per Phase 1 (Legal, Building Control, IT) of the 3C shared service arrangement.

3 Co-sourcing (Option 2 above but with one or more of a range of specialist services procured from the private sector).

4 Expand option 2/3 with the inclusion of Peterborough City Council.

5 Outsource the service to the private sector.

6 Join an existing partnership.

3.2 The shortlisted options were assessed and reported to the 3C Shared Services Leaders' Group meeting in both November 2015 and February 2016. Following the February meeting it was agreed that a business case detailing the benefits of Option 2/3 should be prepared.

3.3 The other four options were rejected on various grounds including cost, resilience, capacity and staff implications.

4.0 Existing internal audit provision

4.1 Each Council maintains an in-house IAS. HDC employ their own Audit and Risk Manager whilst both CCC and SCDC obtain this service (0.6FTE) from Peterborough City Council (PCC) at a cost of £51.9k for 2016/17.

4.2 Excluding the lead auditor provided by PCC to CCC and SCDC, 7.9 fte auditors are employed. In addition, HDC obtain specialist computer audit services from an external supplier under contract – this is equivalent to a further 0.3fte.

Staffing costs

4.3 The 2016/17 budget (excluding the lead auditor provided by PCC to CCC/SCDC) for the three services is £423.5k. 97% of the service budget relates to staff costs, which includes staff salaries, professional training and development and computer audit costs.

	FTE incl. computer audit	Total budget £	Staff costs £	FTE excl. computer audit	Other costs £	Computer audit £
CCC	*4.0*	187,170	180,360	*4.0*	6,810	
HDC	*3.1*	195,350	163,230	*2.9*	7,120	25,000
SCDC	*1.0*	41,040	39,990	*1.0*	1,050	
Total	***8.1***	**423,560**	**383,580**	***7.9***	**14,980**	**25,000**
% of total budget			**91%**		**3%**	**6%**

5.0 Internal Audit Resourcing

5.1 The number of staff employed by each Council varies. There is no nationally agreed minimum or benchmark figure that can be used to judge whether the current auditor fte numbers are set at an appropriate level or not.

5.2 The business case makes the assumption that the number of auditors employed is appropriate. This is because the Public Sector Internal Auditing Standards (PSIAS) requires the CIA to prepare an annual audit plan that takes into account the requirement to produce an annual internal audit opinion. In determining annual internal audit coverage, PSIAS requires that if the CIA believes that the level of agreed resources will impact adversely on the provision of their annual internal audit opinion, then the consequences must be brought to the attention of the Audit Committee. No such concerns were reported to any of the 3Cs Audit Committees in respect of the audit plans for 2014/15 or 2015/16.

5.3 The current staffing structures (excluding PCC lead auditor) provides for 1,338 days (excluding contracted IT audit) to be delivered across the 3Cs during 2016/17.

2016/17 – Time allocation

		Total
	Total days	**2,065**
Less:	Non-productive time	455
	Management & admin	272
	Audit plan days	**1,338**

There are differences in non-productive time (e.g. annual leave, sickness, training, dealing with risk and insurance matters) and management and administrative time (e.g. team and section meetings, budget management, operational planning, staffing and recruitment issues) across the three audit teams which are reflective of the differing team sizes and the differing tasks that each audit team allocate to these areas through their own time recording processes.

5.4 A target will be set to reduce by March 2019, the total amount of time spent on management and administrative duties by 80 days so as a minimum, the 2013/14 CIPFA Shire District benchmarking average of 173 productive days/fte is achieved. As overall productivity increases across the 3Cs staffing levels savings will be reviewed.

5.5 It is proposed that for 2017/18 the number of audit days to be delivered at each authority will be at least that approved in the current 2016/17 plans. The audits will be delivered by any auditor employed within the shared service.

5.6 Apart from reducing the lead auditor resource at CCC and SCDC as a consequence of Peterborough City Council not wishing to be party to the shared service, there is no expectation of any further reduction in fte's across the new service in year 1 but efficiencies will be looked for in future years initially by natural churn.

6.0 Benefits to be realised

6.1 A shared IAS should bring clear benefits to the 3Cs over and above the cost savings. The aims for the service are:

- A staff resource that can be deployed more flexibly, with better ability to cope with vacancies and / or ad hoc work;
- the opportunity to share operational knowledge to assist in the reduction of average costs per audit day;
- increasing the sharing of best practice and access to a larger pool of specialist knowledge;
- economies of scale e.g. training, resourcing specialist skills such as IT and contract audit and specialist fraud expertise;
- keeping unproductive time to a minimum;
- providing for flexible deployment if and when necessary, and allowing staff to build up specialist knowledge of the council(s) they are working within;
- providing better opportunities for staff to further careers within the internal audit function; and
- savings through efficiencies and increased utilisation.

These benefits will be measured through the business plan and performance monitoring

6.2 The PSIAS were introduced in April 2013 and require each authority to be subject to an external independent review at least once every five years. HDC had their external assessment in 2014 which concluded that it was effective in delivering credible assurance to stakeholders, improved the management of risks and corporate governance arrangements and supported the achievement of corporate objectives. Neither CCC nor SCDC have been reviewed in the same way. Consequently the shared service will require an external independent assessment by March 2018. If the IAS is found not to be in compliance with the PSIAS, it is very likely that any bids for external work would be unsuccessful as conformance with PSIAS is a pre-bid approval requirement in many cases. Once the shared service is working effectively and working in accordance with the PSIAS, then the opportunity for it to become more entrepreneurial will be reconsidered.

7.0 Vision for the future

7.1 The following Vision statement identifies the desired future outcomes for the shared service.

> Vision – to be valued as an integral part of the business by providing high quality assurance, acting as a catalyst for change and advocating improvements to risk management, control and governance processes.

Objectives	**Be a fully integrated commercial internal audit service across the 3Cs**	**Deliver robust assurance on risk managm't, control and governance processes**	**Be proactive, flexible, future-focused and innovative**	**Communicate in a clear, easy to understand and timely way**	**An attractive place to work**
Principles	One team. Alignment of audit plans & processes. Clear performance targets.	Audit plans aligned with the strategies, objectives, and risks of the authority.	Audit plans responsive to speed of developments. Increase in collaboration and systems development. Be trusted advisors.	Encourage customer input prior to, during and after work undertaken. Report in the most appropriate manner.	Develop people's contributions for the benefit of the team and the individual. Flexible, home and remote working
Activity	Review of structure. One audit plan across the 3Cs. Auditors work at any of the 3Cs. New audit manual & audit software.	Regular meetings with senior management to develop client relationships. Identify assurance gaps.	Undertake audits focused on specific & immediate risks. Promote best practice and new ideas (e.g. continuous auditing). Marketing the benefits that can be gained.	Report actions aligned to risk appetite. Redesign audit report format. Interim reporting to drive change.	Focused staff development and training. Agile working – to meet the clients' needs.
Outcome	Standard and consistent processes. PSIAS compliance. Auditors work to same goals & targets. Knowledge sharing amongst auditors and with managers.	Annual opinion report. Suggest ways to add value to service outcomes across 3Cs.	Real and immediate contribution to Council developments and initiatives. Provide timely advice when requested.	Influence and bring about meaningful change. Full and quick response to reports from managers. Educated client.	Motivated and engaged staff. Increased productivity.

7.2 The Vision Statement has been shared and discussed with all of the internal audit staff and the management teams at each Council and been subject to review and challenge. It is supported by the three Chief Executives.

8.0 Meeting customer expectations

Management

8.1 One of the most important elements of an effective IAS is the need to deliver a service that meets customer expectations. The Vision already contains a number of customer service components (e.g. engaging management throughout the audit process, regular meetings with senior management). A challenge for the CIA will be to quickly understand the expectations of each of the 3Cs Management Teams and to introduce a formal and cohesive engagement programme so that the Vision can be delivered.

8.2 The CIA will strive to obtain a consensus of approach across the 3Cs towards the delivery of key internal audit tasks, including:

- the involvement of managers (and audit committees) in developing the internal audit annual plan to ensure that it is relevant and consistent with each Council's corporate plan, objectives and risks and directs audit effort to the most appropriate areas;
- agreeing procedures for keeping internal audit informed of emerging issues, risks and priorities so that the audit plan can be amended throughout the year and audit resources refocused;
- agreeing the timetable for the delivery of individual audits so that disruption to business operations is minimised;
- introducing one reporting format (including discussing different reporting formats, such a powerpoint reports or one-page summary reports, that could significantly speed up the reporting cycle) and one set of assurance and recommendation definitions;
- reaching an understanding on the definition of 'timely' and developing processes to meet that time frame;
- consulting effectively prior to new developments and initiatives being introduced so that the IAS can contribute ideas and advice on an ongoing basis; and
- building a relationship with the intelligent client at each Council to facilitate audit planning, the conduct of audits and provide periodic updates on the status of previously agreed audit recommendations.

The benefits that regular contact with customers will bring to the IAS include:

- providing insights that will help to improve internal audit planning, prioritising of activities, and reporting;
- educating customers on the role that internal audit can and should play;
- demonstrating how internal audit adds value;
- marketing the contribution of an effective IAS and the benefits to be gained;
- building relationships that are based on cooperation, collaboration and mutual respect; and
- trusting the CIA to 'tell it as it is' by reporting without fear or favour.

Whilst the responsibility for understanding the expectations of the customer will mainly be the responsibility of the CIA, all internal auditors will be expected to contribute to the achievement of the aims listed above.

8.3 One of the most important elements of meeting customer expectations is achieved by ensuring the audit reports deliver practical, constructive and actionable recommendations that are supported by robust evidence and findings. This is achieved by ensuring internal auditors adhere to professional standards and that their work is appropriately supervised and reviewed so as to monitor progress, assess work quality and coach staff. To ensure the CIA can maintain oversight of the work that is being performed across three sites, whilst still allowing auditors to work flexibly and in an agile manner, it is proposed to hold discussions with 3C IT shared service colleagues to investigate the options for a audit working paper and reporting system.

Set up Costs

8.4 There are a number of one off capital costs which need to be included in the first year's budget to cover the set-up of the service, relevant estimates are:

	£000
Accommodation moves and changes	5
Mobile working ICT	7
Case management system	13
Total	**25**

8.5 If there was a redundancy situation, these costs would be shared in accordance with the protocol agreed between the 3Cs for non-Head of Service posts. Further, costs relating to travel between sites would be managed in line with those of the other 3Cs shared service operations.

Audit Committee

8.6 Elected Members are also a key customer for the IAS. Each Council is required to conform with the PSIAS – which requires the appointment of a CIA and a Board (Audit Committee) to which the CIA reports.

8.7 It is proposed that the Civic Affairs Committee at CCC, the Audit and Corporate Governance Committee at SCDC and the Corporate Governance Committee at HDC will fulfil the Board responsibilities as set out within PSIAS.

8.8 The work of internal audit is carried out primarily for the benefit of the Board and the Management Team at each Council. For the Board, the CIAs annual report is likely to be a significant assurance source in assisting them discharge their responsibilities. This is because the CIA, in accordance with the PSIAS, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. It should also be noted that the role of Responsible Financial Officer (Section 151) places considerable reliance on the role of internal audit, including a view in respect of the key financial controls that underpin the accounts and the administration of the Councils affairs

8.9 The CIA will report to the Board as required by the PSIAS. The issues to be reported include:

- the Internal Audit Charter;
- the risk based internal audit plan and significant changes to the plan;
- the internal audit budget and resource plan; and
- the CIA annual opinion and report and periodic reports that detail the performance of internal audit, conformance with PSIAS, key findings, significant issues of concern, audit recommendations outstanding and the results of both internal and external quality assurance assessments.

8.10 The CIA will communicate and interact directly with the Board, so as to safeguard their position in remaining free from interference in determining the scope, performance and the communication of findings from work undertaken. Furthermore, the CIA will have free and unfettered access to the Chair of each Board.

8.11 The CIA will also support each Boards development by sharing good practice or new initiatives introduced elsewhere or by organising training.

9.0 Risks

9.1 Any new service delivery model creates a specific set of risks over and above the 'business as usual' risks. The shared Internal Audit Service risks that will need to be managed in the pre and post implementation phase are set out below:

	Risk	**Mitigation**
1.	Through concentrating on setting up the new service, the audit teams do not deliver the 2016/17 audit plan or those of its first year (2017/18).	Clearly explain to PCC CIA what is required to be delivered by 31 March 2017 in respect of the CCC and SCDC audit plan. Prior to the commencement of the new service, appoint a CIA for the shared service who will prepare and agree with the RFO's a development programme covering the first year. Identify and manage 'business as usual' risks. Keep staff motivated through selling the benefits of the new service. Audit Committees amend the audit plans for 2016/17 to allow auditors time to contribute to developments and assist the CIA with setting up the new service. 2017/18 plans also include a similar time allowance.
2.	Resistance from team members to change.	*Pre new service:* Engagement/consultation with the staff concerned. Reassure them on job security.
3.	Auditors unhappy with the new service and	Ensure the process is completed quickly and

	Risk	Mitigation
	leave; qualified and experienced replacements unable to be recruited.	staff have confidence in the new arrangements. Staff take ownership of designing new processes and are engaged in the change process. *Post new service:* Continued engagement/consultation on changes being introduced.
4.	Failure to deliver increased productivity.	Performance management targets introduced for all auditors linked to annual appraisal mechanisms. Undertake comparative benchmarking in 2018/19 (based on first year of operation) and if necessary, introduce changes to working practices. Introduce audit management software that allows the auditors to work across all 3 Councils and for file reviews to be completed remotely. Introduce a management information system that enables both performance to be monitored and the early identification of issues, so allowing CIA to take remedial action.
5.	The reputation of the new service may be harmed if auditors/auditees or Managers do not see any immediate improvements or different approaches to the way in which the service is delivered.	CIA meets managers prior to the new service starting and explains the changes/savings that will be delivered and within what time period. CIA meets frequently with managers to allow them to share and resolve their concerns.
6.	Auditor rotation across the 3 Councils highlights the differing skill & competency levels and Managers complain about the standard of audits being delivered from the new service.	A skills audit is undertaken within the first three months of the new service being established and training plans developed for all auditors. The CIA introduces a quality review process to ensure that all work undertaken is to appropriate standards. CIA engagement with Managers during initially set-up and transition phase. End of audit survey forms issued and results reviewed by CIA. Discussions with Managers in all cases to understand and address reasons

	Risk	Mitigation
		response falls below 'quality' threshold.
7.	Two Council's feel that they are losing direct control of their internal audit service by delegating its functions to one Council and consequently make frequent demands for additional work to be undertaken.	CIA to meet regular with 'intelligent client' at each Council. One Internal Audit Charter to be introduced that will set out the range of work that the shared service will undertake. The CIA will introduce a method for prioritising work demands and agreeing changes to the audit plan with the 'intelligent client'.
8.	IT and other support services are not available or are inadequate to support agile working, threaten the opportunity for productivity gains and disrupt delivery of the audit plan.	Learn the lessons from the Phase 1 shared services who have already faced and resolved similar risk issues. Investment in the necessary start up IT costs Engagement with IT and support services throughout the implementation phase.

10.0 Governance and decision-making processes

10.1 The same governance principles and decision-making processes that have already been agreed by the three Councils for the Phase 1 shared services will apply to the Internal Audit shared service.

10.2 In addition, the following is proposed for the Internal Audit Shared Service:

- The CIA be line managed by the Deputy Responsible Financial Officer of the employing authority.

- The CIA shall remain independent and be solely responsible for managing the Internal Audit Service.

- One Internal Audit Charter covering internal audit responsibilities across the 3Cs will be prepared, reviewed annually and approved by the Audit Committee at each authority. The Charter will provide a framework for the conduct of Internal Audit across the 3Cs.

11.0 Key performance indicators

11.1 Setting key performance indicators for the service will assist in driving forward performance.

It is envisaged that one set of common indicators will be introduced that will meet the requirements of the 3Cs. The indicators will be agreed between the CIA, the ‘intelligent client’ at each authority and their respective Audit Committee.

In addition to reporting the indicators to Members via the Audit Committee process, they will also be reported quarterly to the Shared Services Management Board.

12.1 Managing the Shared Service

12.1 It is proposed that the shared service will be managed by a new joint lead role. They will be responsible for the delivery of the Internal Audit Service to the 3Cs in accordance with the PSIAS.

13.0 Timetable

13.1 Following consultation with managers at each Council, a Business Plan will be developed that will deliver the benefits outlined within this Business Case. It is expected that the shared audit service will operate from April 2017; this may be delayed to July 2017 if there is a need to externally recruit a CIA.

13.2 An outline implementation plan is shown at Appendix 3. The key elements of the plan include:

- It is anticipated that the Business Case will be discussed within the Member forum at each Council during October and November 2016.

- Formal consultation with staff, Unions/Staff Council will take place during November/December 2016 in accordance with each Councils consultation policy.

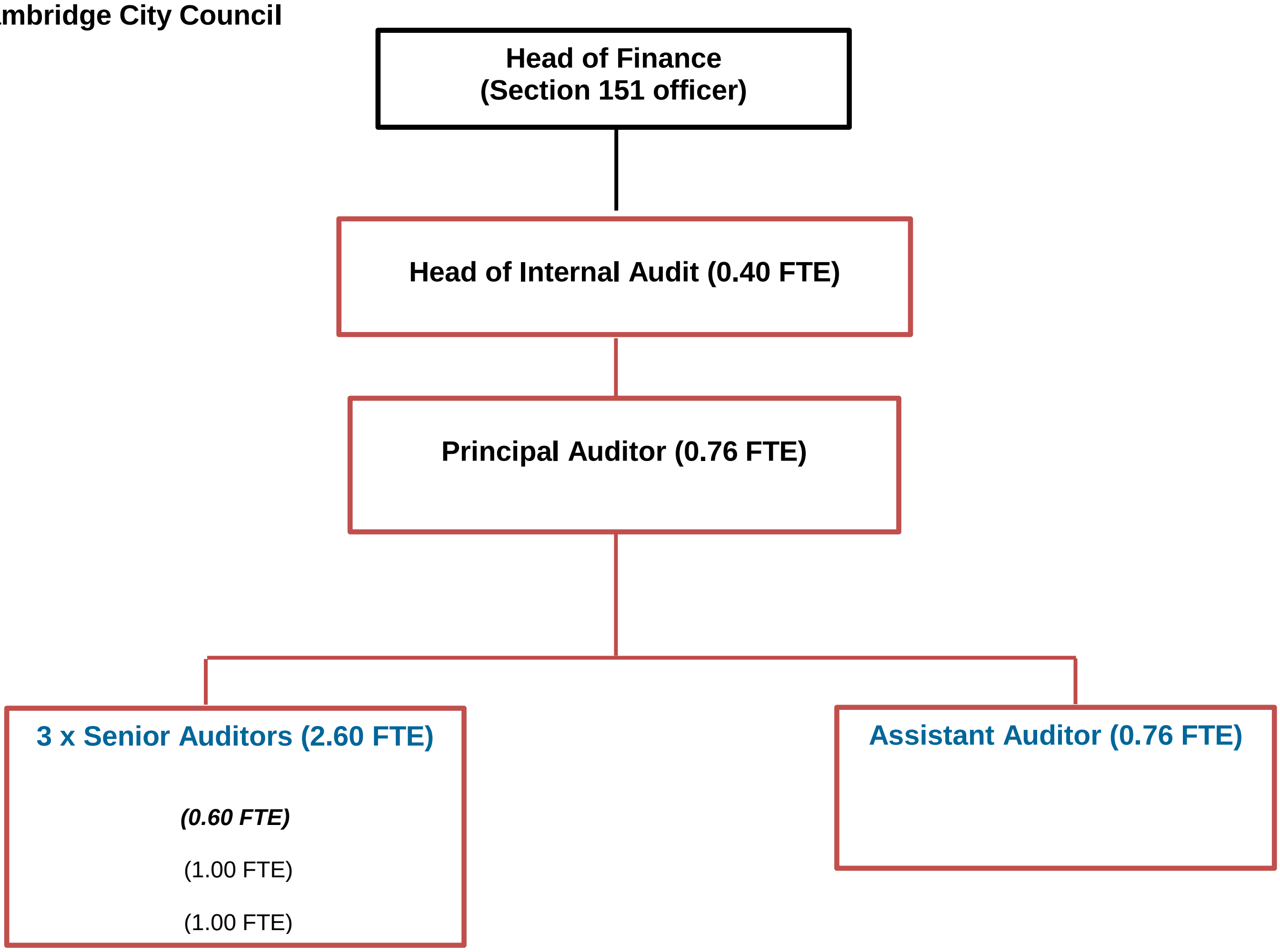
Appendix

1 Organisational Charts
2 Budget details
3 Timetable for implementation

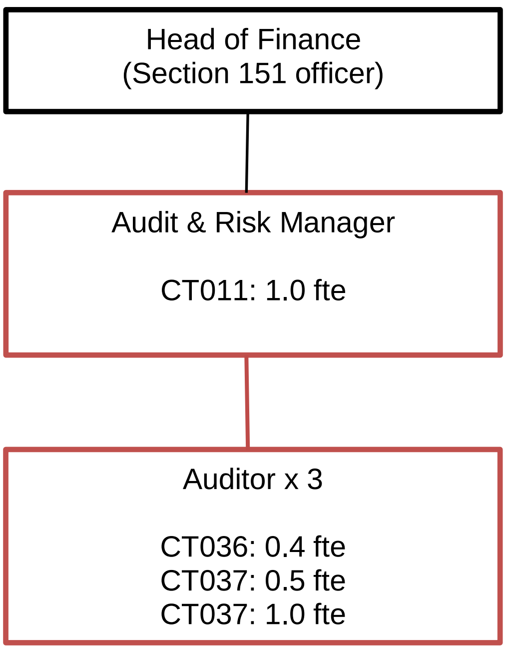
Appendix 1

Organisational Charts

Cambridge City Council



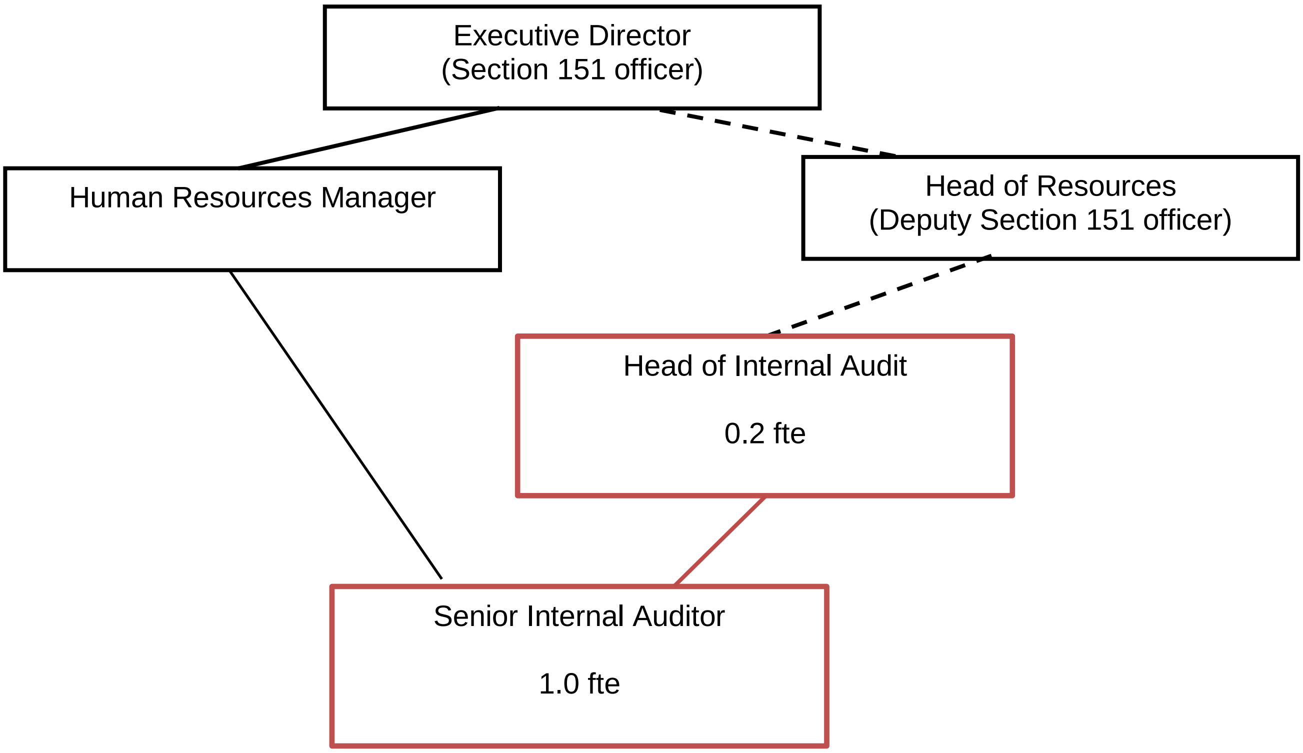
Huntingdonshire District Council



Appendix 1

Organisational Charts

South Cambridgeshire District Council



Appendix 2

Internal Audit Service Budgets

Total Internal Audit Service budgets

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
CCC	280,050	279,200	218,380	213,720	222,110	199,158
HDC	233,879	238,469	217,834	197,304	195,350	171,395
SCDC	82,750	77,950	54,500	56,510	58,040	53,007
TOTAL	596,679	595,619	490,714	467,534	475,500	423,560
				Savings achieved 12/13 – 16/17	£ 121,179 20%	
				Shared service savings 16/17 – 17/18		£ 51,940 11%

The three tables below show the budgets per Council

Table 1
Cambridge City Council

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
Employee costs						
HoIA costs	40,980	42,170	36,890	33,960	34,940	11,988
Salaries	226,390	224,180	168,380	168,920	175,340	175,340
Training	1,960	1,920	1,970	3,240	5,020	5,020
Supplies & Services	10,420	10,630	10,840	7,300	6,510	6,510
Transport	300	300	300	300	300	300
TOTAL	280,050	279,200	218,380	213,720	222,110	199,158
				Savings achieved 12/13 – 16/17	£ 57,940 21%	
				Shared service savings 16/17 – 17/18		£24,256 12%

Appendix 2

Internal Audit Service Budgets

Table 2
Huntingdonshire District Council

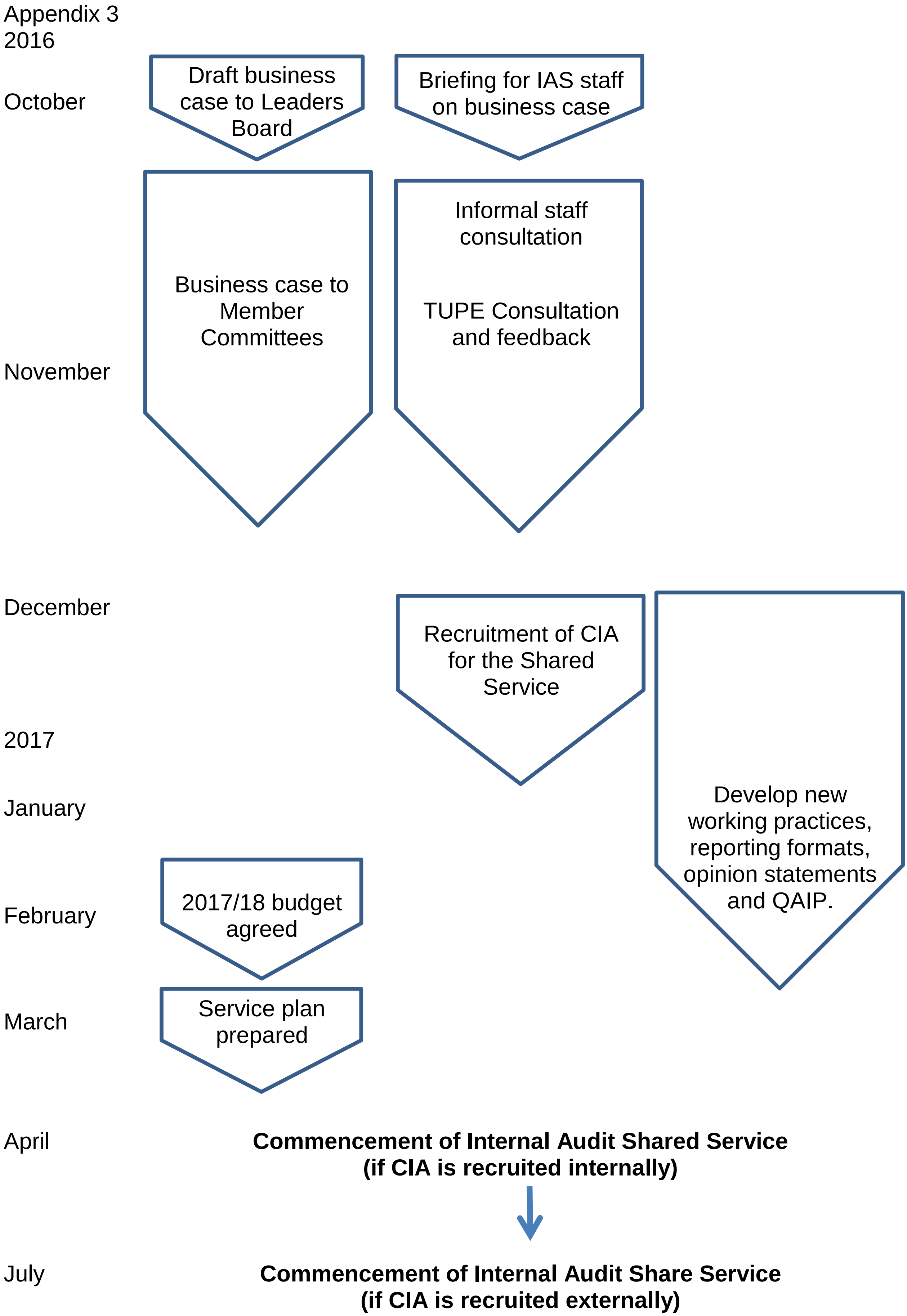
	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
Employee costs						
Salaries	130,981	132,794	142,710	142,284	161,330	137,375
Hired staff	39,558	35,114	35,992	21,000	0	0
IT audit (contractor)	47,636	56,125	25,333	25,000	25,000	25,000
Training	7,184	6,064	5,815	1,900	1,900	1,900
Supplies & Services	6,738	6,542	6,113	6,120	6,120	6,120
Transport	1,782	1,830	1,871	1,000	1,000	1,000
TOTAL	233,879	238,469	217,834	197,304	195,350	171,395
				Savings achieved 12/13 – 16/17	£ 38,529 16%	
				Shared service savings 16/17 – 17/18		£ 21,337 12%

Table 3
South Cambridgeshire District Council

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
Employee costs						
External contractor	82,750	77,950				
HoIA costs			17,000	17,000	17,000	11,967
Salaries			36,200	37,710	39,290	39,290
Training			1,000	700	700	700
Supplies & Services			200	700	850	850
Transport			100	400	200	200
TOTAL	82,750	77,950	54,500	56,510	58,040	53,007
				Savings achieved 12/13 – 16/17	£ 24,710 30%	
				Shared service savings 16/17 – 17/18		£ 6,336 12%

Appendix 3

Timetable for implementation



This page is intentionally left blank

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Full Business Case for the Merger of the Trusts Running Hinchingbrooke and Peterborough and Stamford Hospitals
Meeting/Date:	Special Meeting of the Overview and Scrutiny Panel (Communities and Environment) – 12th October 2016 Cabinet – 20th October 2016
Executive Portfolio:	Councillor J M Palmer (Executive Councillor for Leisure and Health)
Report by:	Democratic Services Officer (Scrutiny)
Wards affected:	All

Executive Summary:

This report summarises the Full Business Case for the merger of the Trusts running Hinchingbrooke, Peterborough and Stamford Hospitals. The Full Business Case for merger implementation on 1st April 2017 was approved by both Trust Boards in September 2016, subject to the output of further staff and public engagement and an independent review. This followed a series of public engagement events organised by the Trusts and hosted throughout the hospitals' catchment areas.

Recommendations:

The Cabinet is asked consider the comments on the Full Business Case from the Overview and Scrutiny Panel and confirm if a response to the Trusts' proposal is appropriate and necessary.

1. PURPOSE OF THE REPORT

1.1 The purpose of this paper is to provide Members with a summary of the Full Business Case for the merger (acquisition) of Hinchingbrooke Health Care NHS Trust with (by) Peterborough and Stamford Hospitals Foundation Trust and provide a link to the documents provided by the Trusts.

2. BACKGROUND

2.1 Mr McCarthy, Chief Executive Officer of HHCT, attended a Special Meeting of Overview and Scrutiny Panel (Communities and Environment) on 28th June 2016 to explain to Members the proposals contained within the Outline Business Case. The Outline Business Case emphasised the need for HHCT and PSHFT to develop a Full Business Case outlining the clinical and financial benefits of merging.

2.2 As a result of Mr McCarthy's presentation, the Panel submitted a response to the Chairman of the HHCT outlining the concerns of Members.

2.3 Both Trust Boards, at meetings in September 2016, approved the Full Business Case and are now committed to a series of public engagement events across the hospitals' catchment areas.

3. FULL BUSINESS CASE SUMMARY

3.1 Hinchingbrooke Health Care Trust's sustainability concerns have been considered by its Board in conjunction with representatives of Peterborough and Stamford Hospitals Foundation Trust. HHCT concluded that merger with (acquisition by) PSHFT would provide the quality and scope of services locally for the residents of Huntingdonshire on the Hinchingbrooke site.

3.2 HHCT believes that the Full Business Case determined that merger (acquisition) will not only support the ongoing provision of services locally at Hinchingbrooke but will improve the care that both organisations provide and will also enable significant financial benefits to be achieved through the integration of back office functions.

3.3 Other options considered but discounted were:

Option 1	Do Nothing
Option 2	Share back office functions only
Option 3	Two Boards but share one executive team, one operational organisation plus back office functions.

3.4 The Trusts recognised that the merger of clinical services within one organisation should help address issues of present or future sustainability. The further work undertaken by the Trusts suggests that this will materially improve issues of clinical sustainability.

3.5 Some issues raised through staff and public engagement in developing the Full Business Case are:

1. Loss of a local Board at Hinchingbrooke;
2. Concern about the potential movement of services and patients between sites;

3. The financial position of a new organisation and any impact from the PSHFT PFI on the future viability of services at any of the sites as a result;
4. Concerns from the workforce about jobs and process, and;
5. Engagement with the public.

3.6 The Trusts are committed to a series of public engagement events throughout October 2016 with issues raised, which are not already adequately answered by the Full Business Case, being included in the final version in November for ratification by both Boards.

4. COMMENTS OF OVERVIEW & SCRUTINY

4.1 The agenda for the Cabinet meeting was published prior to the Overview and Scrutiny Panel (Communities and Environment) meeting and comments from the Panel will be circulated subsequently to the Cabinet.

5. LINK TO THE CORPORATE PLAN

5.1 The Council has a Strategic Priority of "Enabling Communities" and is committed to supporting people to improve their health and well-being. The Council has a role in scrutinising proposed changes to local health care.

6. REASONS FOR THE RECOMMENDED DECISIONS

6.1 Since the emergence of the Outline Business Plan which stated the intention of the Trusts to merge into one organisation, the Overview and Scrutiny Panel (Communities and Environment) has taken an interest on behalf of the District's residents to ensure that clinical services continue to be provided on the Hinchingbrooke site.

6.2 With the approval of the Full Business Case by both Trust Boards it is important that the Council continues to consider the impact a merger would have upon the residents of Huntingdonshire.

7. HHCT-PSHFT MERGER PAPERS

Hinchingbrooke Health Care NHS Trust Chief Executive Officer's Cover Paper (http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/FBC-HHCT-CEOs-cover-paper.pdf)

Peterborough and Stamford Hospitals Foundation Trust Chief Executive Officer's Cover Paper (http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/FBC-PSHFT-CEOs-cover-paper.pdf)

Full Business Case (http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/FBC-final-for-approval_20160922.pdf)

Full Business Case Appendices (http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/Appendices-v1.4-updated.pdf)

Personal Administration Consulting Report (http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/1-PSHFT-HHCT-FBC-PA-report-1.0-FINAL-.pdf)

KPMG Baselines Report
(http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/2-KPMG-LTFM-Baselines-Report.pdf)

KPMG Long Term Financial Models Report
(http://www.hinchingbrooke.nhs.uk/wp-content/uploads/2016/09/3-KPMG-Transaction-LTFM-Report.pdf)

CONTACT OFFICER

Adam Green, Democratic Services Officer (Scrutiny)
Tel No: 01480 388008
Email: adam.green@huntingdonshire.gov.uk

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Ouse Valley Way – Management Group
Meeting/Date:	Cabinet – 20 October 2016
Executive Portfolio:	Councillor Robin Carter – Executive Councillor for the Environment, Street Scene and Operations
Report by:	Matt Chudley – Operations Manager (Environmental Services)
Ward(s) affected:	All

Executive Summary:

1. The report seeks the appointment of the Executive Councillor with responsibility for the Countryside Service to the recently established Management Group for the Ouse Valley Way.

2. The Ouse Valley Way (OVW) is a long distance footpath that was set up around 26 years ago in the Huntingdonshire by Huntingdonshire District Council (HDC) working in co-operation with Cambridgeshire County Council (CCC) and landowners. The OVW forms part of a 150-mile footpath that runs from its' source at Syresham in Northamptonshire, through Huntingdonshire and on to the sea at King's Lynn.

3. There is no formal documentation of when the first section was set up in Huntingdonshire (around 26 years ago) that confirms agreed roles and responsibilities for the CCC, HDC and the landowners. Consequently, on an informal basis HDC has managed the Huntingdonshire part of the route (26 miles) for improved access by regular mowing of the vegetation and maintaining landowners' hedges to give safe and comfortable access for the public to OVW.

4. These current informal arrangements are not sustainable for this Council and a review of future roles and responsibilities for the OVW has been carried out with the County Council and Parish Councils and it is contained in Section 2 of this report. This represents a good example of joint working between the County Council, the Parish Councils and this Council.

5. An annual management plan to structure the work of the partners against the redefined roles and responsibilities has been developed and is being implemented. The partners will update this management plan annually in December each year.

6. To oversee the delivery of this annual management plan a Management Group involving CCC, HDC and six Parish Council representatives has been established and it will be for this group to shape proposals for any realignment of future roles and responsibilities for the maintenance of the Ouse Valley Way within the existing governance arrangements of CCC and HDC.

Recommendation:

The Cabinet is recommended to appointment the Executive Councillor with responsibility for the Countryside Service to the recently established Management Group for the Ouse Valley Way.

1. PURPOSE OF REPORT

1.1 The report seeks the appointment of the Executive Councillor with responsibility for the Countryside Service to the recently established Management Group for the Ouse Valley Way, that has been set up to oversee the future development, management and maintenance of the Ouse Valley Way.

2. BACKGROUND

2.1 The Ouse Valley Way (OVW) is a long distance footpath that was set up around 26 years ago in the Huntingdonshire by Huntingdonshire District Council (HDC) working in co-operation with Cambridgeshire County Council (CCC) and landowners. The OVW forms part of a 150-mile footpath that runs from its' source at Syresham in Northamptonshire, through Huntingdonshire and on to the sea at King's Lynn.

2.2 The site is predominantly a footpath that passes along the valley of the Great Ouse, alongside the river and its backwaters. The footpath has significant amenity value because it is one of the flattest long distance walks in the UK; and many plant species are evident as well as a diversity of mammals and birds making the site important for naturalists.

2.3 The route passes through several towns including St Neots, St Ives and Godmanchester, and villages such as Buckden, Brampton, Holywell and Houghton.

2.4 There is no formal documentation of when the first section was set up in Huntingdonshire (around 26 years ago) that confirms agreed roles and responsibilities for the CCC, HDC and the landowners. Consequently, on an informal basis HDC has managed the Huntingdonshire part of the route (26 miles) for improved access by regular mowing of the vegetation and maintaining landowners' hedges to give safe and comfortable access for the public to OVW.

2.5 These current informal arrangements are not sustainable for this Council and a review of future roles and responsibilities for the OVW has been carried out with the County Council and Parish Councils with the starting point being CCC's statutory responsibility for all rights of way; and it represents a good example of joint working. This has confirmed the following roles and responsibilities going forward from April 2017:

a) **Cambridgeshire County Council (CCC)** have responsibility for strategic oversight of the Ouse Valley Way in Cambridgeshire and for liaison and joint working with the other Councils that have the strategic responsibility for the parts of the Ouse Value Way outside of Cambridgeshire.

b) The **Landowners** have the responsibility to maintain the land in a fit state (as determined by CCC) to allow public access along the Ouse Valley Way.

c) **CCC** has the responsibility to grass cut, cut back vegetation and to maintain footbridges and boardwalks. **Huntingdonshire District Council (HDC) and the Parish Councils** in Huntingdonshire have no responsibility for the maintenance of grass surfaces or other vegetation. Going forward it is for these Councils to decide if they want to take on such responsibilities including their future funding.

d) **CCC** has responsibility for taking enforcement action if landowners fail to maintain their land in a fit state to allow access along the Ouse Valley Way.

e) **HDC** has responsibility for the interpretation signs and on site way-marker signs that have been installed along the Ouse Valley Way.

2.6 An annual management plan to structure the work of the partners against the redefined roles and responsibilities has been developed and is being implemented. The partners will update this management plan annually in December each year.

2.7 To oversee the delivery of this annual management plan a Management Group involving CCC, HDC and six Parish Council representatives has been established and it will be for this group to shape proposals for any realignment of future roles and responsibilities for the maintenance of the Ouse Valley Way within the existing governance arrangements of CCC and HDC. It is also proposed that the Ramblers Association act as a critical friend to the Management Group. Appendix 1 of this report contains the Terms of Reference for the Management Group.

3. PROPOSAL TO SUPPORT THE MANAGEMENT GROUP

3.1 To ensure full support for the Management Group it is recommended that the Executive Councillor with responsibility for the HDC Countryside Service should be appointed to the Management Group.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 The Panel have received reports on the development of annual management plans for Countryside assets and the establishment of the Management Group for the OVW.

5. KEY IMPACTS/RISKS AND HOW THESE WILL BE ADDRESSED

5.1 The annual management plan and Management Group have been developed to reduce the risk of the County Council and landowners failing to properly manage and maintain the OVW going forward and it will help to ensure that the reducing resources of the Countryside Service as determined by the Medium Term Financial Strategy of this Council are better targeted to clear defined roles and responsibilities for the service.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 The Management Group in accordance with the Terms of Reference will meet every two months to oversee the delivery of the Annual Management Plan and to receive monitoring reports on the management and maintenance of the OVW.

7. LINK TO THE CORPORATE PLAN

7.1 The measures contained in this report will contribute to the Corporate Plan as follows:

a) Further enhancing the green environment of the District.

b) The Operations Service continues becoming more business-like and efficient in the way it delivers services.

8. CONSULTATION

8.1 The composition of the Management Group with representatives from the County Council, District Council and the Parish Councils will better enable consultation on future development, management and maintenance proposals for the OVW.

9. LEGAL IMPLICATIONS

9.1 The realigning of roles and responsibilities to be fully implemented from 1 April 2017 reflect the statutory responsibilities of the County Council for public rights of way and the core responsibilities of landowners for maintaining adopted rights of way.

10. RESOURCE IMPLICATIONS

10. 1 The development of the Annual Management Plan and Management Group has been within existing resources; and they will help to ensure that the reducing resources of the Countryside Service as determined by the Medium Term Financial Strategy of this Council are better targeted to clear defined roles and responsibilities for the service.

11. OTHER IMPLICATIONS

11.1 The Annual Management Plan includes actions to ensure access for all groups within the community to the OVW.

12 REASONS FOR THE RECOMMENDED DECISIONS

12.1 To provide full support to the Management Group for the OVW from this Council and in doing so underpin the joint working arrangements that have now been developed.

13. LIST OF APPENDICES INCLUDED

13.1 Appendix 1: Terms of Reference for the Ouse Valley Way Management Group

BACKGROUND PAPERS

Cabinet – 17 March 2016 – Agenda Item No. 7 – Annual Management Plan for Countryside Assets

http://applications.huntingdonshire.gov.uk/moderngov/documents/s78637/Annual%20Management%20Plans%20For%20Countryside%20Assets.pdf

CONTACT OFFICER

Matt Chudley
Operations Manager (Environmental Services)
Tel No. 01480 388648 Email: Matthew Chudley@huntingdonshire.gov.uk

Appendix 1

Ouse Valley Way Management Group – Terms of Reference

Purpose: To support Cambridgeshire County Council (CCC) and Huntingdonshire District Council (HDC) in the development and delivery of the Annual Management Plan for the Ouse Valley Way (OVW). It will be for the Management Group to shape proposals for any realignment of future roles and responsibilities for the maintenance of the Ouse Valley Way. Parish and Town Councils will also be encouraged to monitor maintenance standards along the OVW to a set format and for identifying issues that require potential enforcement action by CCC.

Scope of Roles and Responsibilities: The Management Group will operate within the following context of roles and responsibilities:

- **Cambridgeshire County Council (CCC)** have responsibility for strategic oversight of the Ouse Valley Way in Cambridgeshire and for liaison and joint working with the other Councils that have the strategic responsibility for the parts of the Ouse Valley Way outside of Cambridgeshire.
- The **Landowners** have the responsibility to maintain the land in a fit state (as determined by CCC) to allow public access along the Ouse Valley Way.
- **CCC** has the responsibility to grass cut, cut back ground vegetation and to maintain footbridges and boardwalks. **Huntingdonshire District Council (HDC) and the Parish Councils** in Huntingdonshire have no responsibility for the maintenance of grass surfaces or other vegetation. Going forward it is for these Councils to decide if they want to take on such responsibilities including their future funding.
- **CCC** has responsibility for taking enforcement action if landowners fail to maintain their land in a fit state to allow access along the Ouse Valley Way.
- **HDC** has responsibility for the interpretation signs and on site way-marker signs that have been installed along the Ouse Valley Way.

Representation: The attendees at Management Group will include the following:

- The Senior Manager at CCC responsible for public rights of way;
- The Executive Councillor with responsibility for the HDC Countryside Service;
- The Head of Service (Operations) or the Operations Manager (Environmental Services) at HDC;
- The HDC Countryside Development Officer (as the principal nature conservation adviser to the Management Group);
- Six Parish/Town Council representatives nominated on an annual basis;
- The Environment Agency and Ramblers Association will be invited by the Chairman of the Management Group to attend the meetings as required by the agenda.

Frequency of Meetings: The Management Group meetings will take place every two month and the meetings shall be scheduled to last a maximum of one and a half hours.

The Agenda for Meetings: Any member of the Management Group can submit an issue for consideration at the Management Group but notice of the issue must be given to the HDC

Countryside Development Officer five working days before the date of the meeting. There will however be the following items as standard agenda items for all meetings:

- Consideration of the monitoring report (prepared by HDC Countryside Service based on monitoring returns from Parish/Town Councils) for the last reporting period to identify emerging issues for action and to confirm that previously agreed actions have been completed.
- Reviewing progress of actions in the adopted Annual Management Plan for OVW and providing guidance on any issues preventing progress.
- Identifying development initiatives for future management plans and overseeing the development of the management plan for the next year (by 1 October each year).
- Planning and progression of projects and tasks assigned by CCC under their statutory responsibilities, subject to the Management Group formally agreeing to take on such projects and tasks.

Chairing of the Meetings: The Management Group shall annually elect a Chairman from the nominated Parish/Town Council representatives. If no consensus can be reached on the Chairman for the next year, the existing will continue in post until a consensus is reached. The agenda for meetings will be prepared by the HDC Countryside Service and will be agreed with the Chairman before circulation.

Governance Arrangements: All decision making will take place within the existing governance arrangements of CCC and HDC unless specific decision making powers are passed down to the Management Group by CCC and/or HDC in respect of the current roles and responsibilities.

Action Notes from Meetings: Short notes of meetings will be produced and circulated by HDC Countryside Service five working days after each meeting to confirm key issues agreed and actions to be progressed.

Alistair Merrick

16 May 2016

This page is intentionally left blank

Public
Key Decision – Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Re:Fit Programme – Energy Conservation Measures for One Leisure Sites
Meeting/Date:	Cabinet – 20 October 2016
Executive Portfolio:	Councillor Robin Carter – Executive Councillor for Environment, Street Scene and Operations.
Report by:	Neil Sloper – Head of Operations
Ward(s) affected:	All Wards

Executive Summary:

1. Following the Cabinet decision to defer the commencement of the Re:Fit project until lease issues at One Leisure (OL) sites have been resolved, the programme has now been reviewed to address Member concerns.

2. This report presents a proposed way forward, which will mitigate the risk associated with the unsigned leases at OL St Neots and OL Huntingdon (Dry-side) and to alleviate the uncertainty over the possible redevelopment of OL Ramsey.

3. Following discussions, Bouygues Ltd have proposed that Call-Off Contract 2 is amended to include an exclusion clause designed to protect the Council against liability in the event of a lease not being signed.

4. Work on the sites affected by the leasing issues will not commence until after the lease has been agreed. The exclusion clause will be triggered if a lease is not in place by 1st March 2017, and the site will be excluded from the programme at no cost to the Council.

5. Such an exclusion clause will allow the Council to invest in the unaffected OL facilities and to start to accrue savings without committing to sites with an uncertain future.

6. Owing to a possible redevelopment of the Ramsey Abbey School site, it is recommended that OL Ramsey is removed from the scope of the Re:Fit programme.

7. Savings arising from the energy efficiency measures installed through the Re:Fit programme of £109,000 over the next 3 years are already included in the Medium Term Financial Strategy (MTFS). With the exclusion of Ramsey from the programme these savings will need to be realigned to reflect this and will reduce to £84,000.

8. The deadline for agreeing the Call-off Contract 2 without the Investment Grade Proposal needing to be renegotiated is 31st October 2016.

9. The deadline for activation of the exclusion clause is 1 March 2017, which

allows time for the Council to implement new leases at the affected sites. This deadline has been agreed in consultation with Bouygues Ltd.

The Cabinet is

RECOMMENDED

- To approve the signing of Call-off Contract 2 with an exclusion clause for OL Huntingdon Dry-side and OL St Neots, both to realise savings at sites unaffected by lease issues and to give time to resolve outstanding lease issues.

- To remove OL Ramsey from the scope of the programme owing to a potential redevelopment of the Ramsey Abbey School site incorporating the possible creation of a new leisure facility.

1. PURPOSE OF THE REPORT

1.1 This report details the review of the Re:Fit programme following deferment by the Cabinet while the situation surrounding the leases for the One Leisure (OL) sites is resolved.

1.2 Discussions have been held with Bouygues Ltd to find a way to accommodate the issues surrounding the leases and to re-align the programme.

1.3 Bouygues Ltd have proposed that the Call-off Contract 2, the contract covering the delivery of the energy conservation measures, contains an exclusion clause which will mean that if the leases have not been agreed for St Neots or Huntingdon Dry-side, by an agreed date, then these sites will be removed from the project entirely.

1.4 The exclusion clause will protect the Council from investing in OL sites with an uncertain future.

1.5 The proposed exclusion clause will allow the Council to progress with the Re:Fit project and to realise the savings which have been built into the Medium Term Financial Strategy for the One Leisure budget.

1.6 In addition, it is recommended that OL Ramsey is removed from the programme in light of a possible redevelopment of the site to which would potentially allow for a new leisure facility.

2. BACKGROUND

2.1 Delivering revenue savings through energy efficiency is a strategic objective for the Council. The Corporate Plan has an objective of becoming a more efficient and effective council, with a target of achieving an annual 2% reduction in overall energy.

2.2 The full report on the Re:Fit programme and Investment Grade Proposal was passed by Overview and Scrutiny Panel (Performance and Customers) on 7 September 2016 and was presented to the Cabinet on 22 September 2016.

2.3 The Cabinet resolved to defer the progress of the Re:Fit Programme until the current lease situation could be resolved.

2.4 Bouygues Ltd have proposed that the Call-off Contract 2 can include an exclusion clause. This will mean that should the leases for either Huntingdon Dry-side or St Neots not be in place by 1 March 2017, then they will be excluded from the work programme at no risk to the Council.

3. OPTIONS ANALYSIS

3.1 Since the Cabinet meeting in September, Officers have investigated the expiry date for the Investment Grade Proposal (IGP) and can confirm that the tendered programme of work presented in the IGP is valid until 31 October 2016.

3.2 One Leisure have confirmed that there are no other Capital projects that will provide the same rate of return for savings as the Re:Fit programme.

3.3 Due to the potential redevelopment of the Ramsey school site, with the possibility of a more comprehensive redevelopment of the OL Ramsey facility, it is recommended that OL Ramsey is removed from the scope of the programme.

Table 1 below details the revised Capital cost, revised annual cost savings and revised return on investment for the Re:Fit Programme without OL Ramsey.

Table 1: Impact of removing Ramsey OL from the Re:Fit Programme

Original Total cost of measures	Revised capital cost of measures	Original Minimum annual cost benefit	Revised Minimum annual cost benefit	Original Payback Period	Revised Payback Period
£1,038,000	£832,000	£102,500	£84,000	9.45 years	9.41 years

The table shows that with the removal of OL Ramsey there is a £206,000 reduction in the overall Capital cost of the scheme and that the pay back period for the work at other sites remains almost unchanged.

3.4 **Contractual Arrangements**: Bouygues Ltd have proposed that an exclusion clause be included in the Contract which will alleviate the issues surrounding the unresolved leases for One Leisure St Neots and Huntingdon Dry-side. This will mean that if the new leases for these sites have not been signed by 1 March 2017 then the site/s without the lease will be excluded from the programme. If either or both of the sites are excluded from the work programme, then the overall payback for the project is extended. The payback period would vary depending on whether one or both of the sites was excluded from the contract to a maximum of 11.6 years (Ramsey, St Neots & Huntingdon Dry-side all excluded). However Bouygues Ltd would still guarentee the savings for the whole of the revised payback period, giving the same surety on the loan being paid off through savings delivered.

3.5 Bouygues Ltd submitted the Investment Grade Proposal on 2 August 2016. The Investment Grade Proposal is valid for 90 days from the date of submission. This means that the current tendered programme of work is valid until 31 October 2016.

3.6 Currently Bouygues Ltd has concerns about the delay of the project on its supply-chain partners, many of which are local SME’s. Local SME’s are programmed to deliver measures including solar panels, lighting, boilers and electrical services. There are also concerns that whilst Bouygues Ltd is large enough to absorb the delays, the consequences for the the SME’s could be significant.

3.7 Bouygues Ltd have restated that the programme is low risk and offers a good return on investment as they will be guarenteeing the savings for the duration of the payback period of the loan. Subsequently, the forecast savings would be achievable for 20 years subject to the proper maintainance of the plant and equipment installed and appropriate building maintainance.

3.8 **Medium Term Financial Strategy**. The financial savings identified from the Re:Fit programme have already been built into the Medium Term Financial Strategy (MTFS). These savings were also taken into account during the ZBB review for Operational Services. Detailed below in Table 2 are the savings that have been modelled for One Leisure based on the assumption that the Re:Fit programme would be going ahead in its entirety.

Table 2 – Finincal savings identified as part of MTFS

Savings from Utilities from energy management measures at One Leisure Sites (Savings included here as within the Operational ZZB review)	2016/17	2017/18	2018/19	2019/20
	-	£33,000	£69,000	£109,000

Delaying the project would mean that the costs savings which have already been identified would not be achieved. With the removal of Ramsey OL from the programme of work, the schedule of savings will have to be revised downwards with the total annual saving once all work is completed amounting to £84,000.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 The Overview and Scrutiny Panel (Performance and Customers) meeting of 7 September 2016 requested that the programme should review the inclusion of OL St Ives Outdoor and resolved to commit the additional funding requested in order to fully implement the programme of work identified.

4.2 There was some discussion at the Overview & Scrutiny Panel as to whether OL St Ives Outdoor should be included in the programme as it had the longest payback. However, as the inclusion of the site increases overall payback by only 0.4 years, it is recommended that this site remains in the programme.

5. KEY IMPACTS

5.1 **Key Issues:**

Issue	Priority	Impact	Proposed Mitigation	Residual Risk/issue
Leases not renewed for OL St Neots and/or Huntingdon Dryside leading to a significant risk for any investment	High	High	Insert an exclusion clause into the Call Off Contract 2 so that should either of the leases still be outstanding by 1 March 2017 the sites/s can be excluded from the programme of work.	Low – the exclusion clause protects both the Council and Bouygues Ltd. Savings still are guaranteed for the updated payback period
By 31st October 2016 a decision has been made not to proceed with the Re:Fit Programme.	High	High	Mitigation none, savings currently identified within the MTFS will not be achieved and £20,000 will need to be paid to Bouygues Ltd to cover the cost of the IGPs.	High – Significant gap in the MTFS for Leisure.
Not achieving the savings which have been built into the MFTS for One Leisure.	High	High	Utilising the proposed exclusion clause, to remove either St Neots or Huntingdon Dry-side (or both) will allow the	Low – with the target date of 1 March 2017 for the resolution of the lease

Deferment of Contract with Bouygues Ltd until the leases are in place for St Neots and Huntingdon Dry will delay the budget savings built into the MTFS.			Council to implement the programme of work and start to realise the savings which have already been planned into the MTFS.	situation or the removal of the sites from the work stream, the Council has best chance to achieving the savings identified.
Removal of Ramsey from the programme of work.	Moderate	Moderate	The programme of work can be adapted and savings are guaranteed for the remaining sites. The savings identified for OL in the MTFS will be revised downwards.	Low - the MTFS will be revised to reflect the projected savings of the new programme.
Delay to the Re:Fit programme until the leases are signed for St Neots and Huntingdon Dryside	High	High	No mitigation – if the programme of work tendered in the IGP expires before the contract is agreed, then it is expected that the cost of the measures will increase in a future programme, which will severely impact on the return on investment.	High

6. TIMETABLE FOR IMPLEMENTATION

6.1 Detailed below is the implementation timetable, being the work required to deliver the project.

- Cabinet Decision 20 October 2016.
- Deadline for signing Call off Contract 2 - 31 October 2016.
- Deadline for excluding either or both OL St Neots and Huntingdon Dry-side from the programme of work 1 March 2017.
- Start of installation of measures on site if Contract with exclusion clause is approved by Cabinet – November 2016.

7. LINK TO THE CORPORATE PLAN

7.1 As part of the Council's Corporate Plan, under the objective of becoming more business-like and efficient, an action of achieving a 2% year on year reduction in energy use has been identified. In the financial year 2015/16 the Council used 12,096,814 kWh energy (gas and electric), which cost £862,148. This was a rise of 3.45% on the energy used in the financial year 2014/15.

7.2 The revised Re:Fit programme, excluding OL Ramsey, will deliver the majority of the savings which have already been attributed to OL in the Medium Term Financial Strategy. As the overall annual benefit of the scheme has been reduced to £84,000, the MTFS will need to be revised downwards to reflect this.

8. LEGAL IMPLICATIONS

8.1 The tendered programme of work presented in the IGP is valid until 31 October 2016.

8.2 The introduction of an exclusion clause in the Call-Off Contract 2 to cover the uncertainty surrounding the leases of the St Neots and Huntingdon dryside. This will protect the Council from investing in sites which have an uncertain financial future, whilst allowing the Council to accrue savings which have been identified in the MTFS.

8.3 The removal from OL Ramsey from the scope of the Programme.

9. RESOURCE IMPLICATIONS

9. 1 Project management of the programme is drawn from the existing officer resources in the Council.

10 REASONS FOR THE RECOMMENDED DECISIONS

10.1 In summary, it is recommended that the Cabinet approve the signing of Call off Contract 2, with the addition of the exclusion clause to allow the removal of either OL St Neots or OL Huntingdon Dry-side or both sites if the leases are not in place.

10.2 The exclusion clause allows the Council to invest with confidence in the remaining One Leisure sites and to start making the savings which have been identified in the MTFS.

10.3 The deadline for activation of the exclusion clause is 1 March 2017, which allows the Council time to negotiate the leases for the affected sites.

13. LIST OF APPENDICES INCLUDED

13.1 Appendix 1 – Re:Fit Acronym List

CONTACT OFFICER

Neil Sloper, Head of Operations
Tel No. 01480 388635
Email: Neil.sloper@huntingdonshire.gov.uk

APPENDIX A

RE-FIT ACRONYM LIST

AHU	Air Handling Unit
BEC	Baseline Energy Consumption
BEMS	Building Energy Management system
BYes	Bouygues Energy and Services Ltd
CoC	Call off Contract
CHP	Combined Heat and Power
CMT	Chief officers Management Team
CWS	Cold Water System
DEC	Display Energy Certificate
DHW	Domestic Hot Water
DNO	Distribution Network Operator, UK Power network, who is responsible for the local network electrical infrastructure
DTA	Desk Top Assessment
EPC	Energy Performance Certificate
ESCo	Energy Service Company
GIFA	Gross internal floor area
HVAC	Heating, Ventilation and Air Conditioning
IGP	Investment Grade Proposal
LED	Light Emitting Diodes
LP	Local Partnerships
MLEI	Mobilising Local Energy Investment
MTFS	Medium Term Financial Strategy
M+V	Measurement and Verification
OL	One Leisure
PV	Photo Voltaic
RHI	Renewable Heat Incentive
TMV	Thermostatic Mixing Valves

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Review of Fees and Charges – Car Parks
Meeting/Date:	Overview & Scrutiny (Economy & Growth) – 6 October 2016 Cabinet – 20 October 2016
Executive Portfolio:	Councillor Darren Tysoe – Executive Councillor for Operational Resources
Report by:	Beth Gordon – Operations Manager (Commercial Services)
Ward(s) affected:	All

Executive Summary:

The Council set and maintained its existing car park charges for three years ago following a review and increase on 1st April 2013.

The Council has already agreed to achieve an additional £250,000 in income from off street car park charges by 2020 through the Council's 2015/16 Zero Based Budgeting (ZBB) process. This required a review of car park charges in advance of a strategic review of car parking in 2017. The strategic review of car park charges has delayed the implementation of new charges by one year but proposes a single increase next year to achieve the budgetary requirements of the Medium Term Financial Strategy.

The strategic review will include an assessment of current car parking provision, use and future needs with a focus on:

- customer identified priorities
- value for money
- supporting our vibrant market towns
- future business, retail and housing growth

and possible investment in technology to improve:

- how car park charges are paid
- how our car parks are managed

This year's review of car park charges included:

- Analysis of 12 alternative models of charging.
- Car park designation by primary use.
- A review of charges to enable retail designated car parks to offer a reduction in charged hours.
- A review of charges to support recreational use of the parks adjacent to Riverside car parks in Huntingdon and St Neots.
- A review of current charges against those in comparator authorities to ensure value for money.

The revised fees and charges will ensure that the Council can:

- Plan to keep pay and display parking charges fixed for the next 3 years.
- Offer value for money and consistency across St Ives, St Neots and Huntingdon when compared with similar authorities whilst meeting the Council's pressures on funding.
- Encourage leisure use of our open spaces by the introduction of a free first hour in the Riverside car parks.
- Stimulate the local economy in our towns through a free parking period on Saturday after 3:00pm in retail designated car parks.

Recommendation:

That the Cabinet approve formal consultation be undertaken on the proposed fees and charges detailed in Section 10.2, Table 5.

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

1.1 This report provides a summary of the review of car park fees and charges and the proposals necessary to achieve £250,000 of additional car park income. This is required through the Zero Based Budgeting proposals agreed by the Council in 2015/16.

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

2.1 Car park charges were last reviewed three years ago, with the last increase in implemented on 1 April 2013. Charges are out of line with comparators within the Council's family of authorities as identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) listed below:

Table 1: Summary of Comparator Fees & Charges

	1st Hour	2nd Hour	3rd Hour	4th Hour	Daily
Maidstone	£0.90		£2.00	£3.00	£6.00
Basingstoke and Deane	£1.00	£1.80	£2.20	£2.50	£5.80
Aylesbury Vale	£1.50	£2.00	£2.50	£4.00	£8.00
Colchester	£1.95	£2.70	£3.30	£3.50	£6.10
Braintree	£0.90	£1.80	£2.50	£3.00	£4.75
Chelmsford	£1.20	£2.20	£2.90	£4.50	£6.00
Test Valley	£0.90	£1.50	£2.00	£2.60	£5.15
Stafford	£0.75	£1.50	£2.40	£3.00	£8.00
Ashford	£0.90	£1.60	£2.40	£3.20	£4.50
South Kesteven	£0.80	£1.30	£1.80	£3.00	£4.00
Average	**£1.08**	**£1.82**	**£2.40**	**£3.23**	**£5.83**

HDC Range	**£0.40 - £0.80**	**£0.60 - £1.20**	**£0.90 - £2.20**	**£1.20 - £3.20**	**£3.00**

2.2 Within the ZBB process the Council agreed to achieve an additional increase of £250,000 in car parking income. This was profiled as below:

Table 2: Agreed Zero Based Budget Increases

Year	2016/17	2017/18	2018/2019	2019/2020
Agreed ZBB cash increase from car park charges	£110,000	£40,000	0	£100,000

On a cumulative basis between 2016 and 2020 this undertaking would have generated £660,000 of additional income.

2.3 As a consequence of the strategic review of parking charges the increase in income planned from 1 April 2016 has been delayed, and will not be achieved in 2016/17. The current position is a budget deficit in expected income from car parking of £110,000

2.3 Whilst the Council has had to press ahead with a review of fees and charges within its car parks to meet budgetary requirements, the Council is committed to undertaking a strategic review of car parking in 2017/18.

2.4 The strategic review will include an assessment of current car parking provision, use and future needs with a focus on:

- customer identified priorities
- value for money
- supporting our vibrant market towns
- future business, retail and housing growth

And possible investment in technology to improve:

- how car park charges are paid
- how our car parks are managed

3. OPTIONS CONSIDERED/ANALYSIS

3.1 The Leader and Executive Councillor for Operational Resources gave specific direction for the review of fees and charges:

a) The fees and charges proposals must include for a clearer definition of car parks (Retail – short stay, Commuter/Worker – long stay and Recreational) that is readily understandable to customer. These are set out in Appendix A.

b) The proposed fees and charges must be consistent with the comparator local authorities and at the lower end of the fees and charges levied.

c) Increases to fees and charges shall not be disproportionately in favour of income generation over the interests of retailers and businesses in the District.

d) Fees and charges must be supportive to people wishing to undertake recreational activities in Riverside Park in Huntingdon and Riverside Park in St Neots.

e) The proposed fees and charges must be the only increases planned for the next three years.

f) The proposed fees and charges should also help support through the additional income upgrades to car parks to improve the quality of service offered to customers.

3.2 An options appraisal report was considered by the Leader and Executive Councillor on 2 June 2016 that included:

a) The comparison of charges levied by other local authorities in HDC's CIPFA benchmark group to provide the reference point for the review of HDC fees and charges.

b) Twelve detailed options for increases to fees and charges were presented reflecting the market comparators; in order to be able to understand the possible increase achievable through a change to the current fees and charges. The twelve options modelled the impact of different price increases to different time period of parking.

c) The preferred option was Option 12 in the report that included a differential increase in fees and charges for short stay parking (£0.20) and long stay (£0.30); with a flat rate of £1.00 for long stay parking because it delivered the additional income required by the ZBB programme and evidenced to offer value for money against the comparator fees and charges.

d) The direction for the next iteration of the preferred option was for the re-designation of car parks against their predominant use; retail, commuter/worker and recreational to provide greater clarity on the pricing structure of the Council's car parks.

3.3 The revised Preferred Option (Option 12) was considered by the Leader and Executive Councillor on 26 July 2016. This included the re-designation of the car parks and the following additional proposals:

a) Reduced charged hours on all car parks across the District on Saturdays, with no charges after 15:00 hours to directly support retailers and businesses. This being a significant extension of the free parking offer after 15:00 hours available in December each year. This results in £103,400 reduction in annual income. An option to extend a free after 4:00pm offer every day was unaffordable, resulting in a reduction in income of £274,000.

b) A 'zero' charge to be introduced for the initial hour of parking at the Riverside Car Parks in Huntingdon and St Neots, specifically to promote recreational use of the adjacent parks. This results in a reduction in income of £27,600.

3.4 The annual charges for parking permits will need to be increased in line with the proposed increases in fees and charges. This is detailed below.

Table 3: Proposed Parking Permit Charges

Proposed Daily Fees & Charges	Current Season Charges *1	Current Resident Season Charges *1	Proposed Season Charges	Proposed Resident Season Charges
Average Daily Payment - £3.30	Average Daily Payment - £0.96	Average Daily Payment - £0.32	Average Daily Payment - £1.27	Average Daily Payment - £0.42
Average Weekly Payment - £19.80	Average Weekly Payment - £5.57	Average Weekly Payment - £1.92	Average Weekly Payment - £7.62	Average Weekly Payment - £2.54
Average Annual Payment – £1,030	Average Annual Payment – £300	Average Annual Payment – £100	Average Annual Payment – £400	Average Annual Payment – £130
% Saving (proposed season tick charge/average annual payment)			**61%**	**87%**
*1 = 50% discount is currently given on the annual charges for cars with a LE 50% rating.				

3.5 Season Ticket charges were last reviewed in 2012 as part of the Car Parking Review and they offer a substantial discount, providing excellent value for money for the customer. The proposed increases in the annual charges represent 39% for season ticket and 13% for resident season tickets which seem high but against daily payments they will still offer excellent value for money to the customer. However it is recommended that they should not be frozen as recommended for general fees and charges but subject to an annual incremental increase to further close the large gap that exists with daily charges while still offering substantial discounts.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 The Panel were informed that the Executive Councillor for Operational Resources had considered twelve options for fees and charges but were only presented with option 12. Members would have preferred to view all the options considered by the Executive Councillor when scrutinising the report.

4.2 Members dismissed the Executive Councillor’s explanation that even with an increase the Council’s car park fees represent good value when compared with those in Peterborough and Cambridge. This is because Members recognise that people who pay a little extra and go to Peterborough and Cambridge will still continue to do so as there is a greater range of retail and recreational outlets then there is in the District’s market towns. The Panel agreed that there is more to gain by comparing fees with similar local authorities. The Executive Councillor highlighted the comparison to the Chartered Institute of Public Finance and Accountancy near neighbours, whose profiles are closely matched to Huntingdonshire, and the value compared to their current charges.

4.3 Members also dismissed the justification that it is acceptable to increase season tickets as the season tickets for the train station car park and the car park opposite the train station are much more expensive. Members noted there is no evidence to support the assumption that all or a significant proportion of the District Council's season ticket holders are daily train users. The panel were reminded of the value of season tickets and the low cost of residential permits for car parks.

4.4 The Panel were surprised to be told that the report only considered car park fees singularly and not as part of an overall parking strategy. The report does not consider potential displacement as a result of an increase in car park fees and Members were equally surprised to be told that no modelling has taken place in respect to a decrease in car park usage and how that would affect revenue.

4.5 Surprise was expressed by Members that the Executive Councillor or Officers did not know how many spare spaces there currently are the car parks at certain times of day as the expectation is that the Council has all the relevant information before any modelling takes place and before the recommendation of free parking after 3pm on a Saturday is advanced.

4.6 A Member thought that it would be useful to include a mention to blue badge holders even if it is just to say that there are no plans to introduce charging for blue badge holders.

4.7 The Panel agreed that they were disappointed with the report and that they would prefer to scrutinise the whole process including all the options.

4.8 The Panel recommends that a task and finish group is convened to review car park fees as part of an overall parking strategy and that the consultation is postponed until the group has completed its work.

5. KEY IMPACTS/RISKS?

5.1 The proposed implementation timetable may be affected by the outcome of the formal consultation required to implement the proposed changes.

5.2 The pay and display machines within the car parks at Riverside Huntingdon and St Neots need upgrading to offer the proposed hour of free parking. The procurement process will need to be managed in-line with the implementation of new charges.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 The proposed timetable for implementation is detailed below:

Activity	Deadline
Overview & Scrutiny for review of the proposed increases to fees and charges.	6/10/16
Cabinet for in principal approval of the proposed increases to fees and charges, (Order, Notice, etc. to be drafted ready for release).	20/10/16
Publishing of Notice in the Hunts Post Notice and consultation with defined organisations.	26/10/16
Consultation period ends.	7/12/16
Subject to the outcome of the consultation Cabinet decision not to hold Inquiry, consider responses, confirm Order	15/12/16 or 19/01/17
2nd Notice published.	21/12/16 or 25/1/17
Consultation period ends and Order comes into force	1/2/17 or 8/3/17

7. LINK TO THE CORPORATE PLAN

7.2 The proposed changes to fees and charges will support sustainable growth by reducing charged hours on Saturdays to support retailers and businesses and promote recreational use of some parks as part of enabling communities.

8. CONSULTATION

8.1 Given the proposed change in car park charges, Legal advice has confirmed that a full public consultation, with re-advertisement of the Parking Orders which set out the charges must be undertaken.

8.2 The full consultation process will take 4 to 5 months and an implementation in February/March 2017.

9. LEGAL IMPLICATIONS

9.1 Please see section on consultation.

10. RESOURCE IMPLICATIONS

10. 1 Included in the MTFS was a phased increase in income to 2019/20 of £250k; however the parking charges review has resulted in a one-year delay during 2016/17. The proposal suggests a full implementation of the new charges from 2017/18 onwards. Table 4 below shows that the new charges, applied one-year later results in a marginal £3,000 increase which meets the MTFS requirement.

Table 4: Financial Implications

On an annual budget basis	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**	**Total £**
Current MTFS	110	40	0	100	**250**
New Parking Review Profile	0	253	0	0	**253**
Net Parking Review .v. MTFS	**(110)**	**213**	**0**	**(100)**	**3**

By not phasing in the car parking charges as per the MTFS but bringing them in at one time and then holding them for subsequent years, this means that there is a net cash gain to the Council of £99k, as shown in Table 5.

Cumulative (cash) basis	**2016/17 £**	**2017/18 £**	**2018/19 £**	**2019/20 £**	**Total £**
Current MTFS	110	150	150	250	**660**
New Parking Review Profile	0	253	253	253	**759**
Net Parking Review .v.	**(110)**	**103**	**103**	**3**	**99**

The cost of replacement pay and display machines, signage and re-programming is estimated to be £61k (see 10.3 below); this means that this additional cost can be met from the net cash surplus noted in Table 5.

10.2 Table 5 on the next page contains a comparator of the proposed increases to fees and charges against the charges levied by other local authorities in HDC's CIPFA benchmark group and neighbouring local authorities:

Table 5: Comparator of Proposed Increases to Fees & Charges and to CIPFA Benchmark Group and Neighbouring Local Authorities

Comparators	0.5 Hr	1 Hr	2 Hrs	3 Hrs	4 Hrs	6 Hrs	10 Hrs	23 Hrs
Average Fees & Charges for CIPFA Benchmarking Group.	N/A	£1.08	£1.82	£2.40	£3.23	N/A	£6.00	N/A
Average Fees & Charges for Neighbouring Authorities.	£0.84	£1.48	£2.67	£3.19	£4.17	N/A	N/A	N/A
Current HDC range of charges		£0.40 to £0.80	£0.60 to £1.20	£0.90 to £2.20	£1.20 to £3.20		£3.00 (All Day)	
Proposed Fees & Charges								
• Short Stay Parking	£0.50	£1.00	£1.40	£2.00 to £2.40 *2	£2.60 to £3.40 *2	N/A	N/A	N/A
• Long Stay Parking	N/A	N/A	N/A	£1.00	£1.50	N/A	£2.30	£3.30
• Recreational Parking	N/A	N/A	£1.00	£1.00	£1.50	N/A	£2.30	£3.30
• Hinchingbrooke Country Park	N/A	N/A	£1.00	N/A	£1.50	£2.00	N/A	N/A
*2 = Determined by location (proximity to retail outlets) and market demand.								

10.3 There will be the following one off costs associated with the implementation of the revised fees and charges:

a) **Signage:** The current signage in the car parks will require to be updated in relation to fees and charges that are being introduced at a cost of circa **£5,000**.

b) **Cost of New Ticket Machines:** To facilitate the proposed fees and charges, upgrades will be required to certain machines to allow users to input vehicle registration number to claim the free 1st hour's parking in Riverside St Neots and Riverside Huntingdon. An average cost of £4,700 including civils works has been used based on machines that would fulfil the requirements through the ESPO framework. A total of 11 machines will be required initially for an estimated cost of **£51,700**.

c) **Cost of Reprogramming Existing Ticket Machines:** Any change to fees and charges will require the current pay and display machines to be reprogrammed. The full costs cannot be confirmed until the full range of changes is confirmed but indicatively it will be a cost of £110 per machine with 51 machines needing to be reprogrammed at a cost of **£5,400**.

10.4 **Total implementation Costs:** Therefore the total cost of implementing the proposed fees and charges increases will be circa **£61,000**.

10.5 A discounted cash flow has not been provided for this project as the increase in charges will fully recover the implementation costs within the first full year of operation.

11. OTHER IMPLICATIONS

11.1 There are no other implications arising from this report.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 A revision of fees and charges is essential in order to meet the budgetary requirements identified within the ZBB process, providing a net increase in the car parking income of £250,000.

13. LIST OF APPENDICES INCLUDED

13.1 Appendix A – Car Park Designations

BACKGROUND PAPERS

None

CONTACT OFFICER

Beth Gordon – Operations Manager (Commercial Services)
Tel No. 01480 388720
Email: Beth.gordon@huntingdonshire.gov.uk

APPENDIX A

CAR PARK DESIGNATIONS

Explanation:

Retail

Within close proximity to retail premises and usable by shoppers

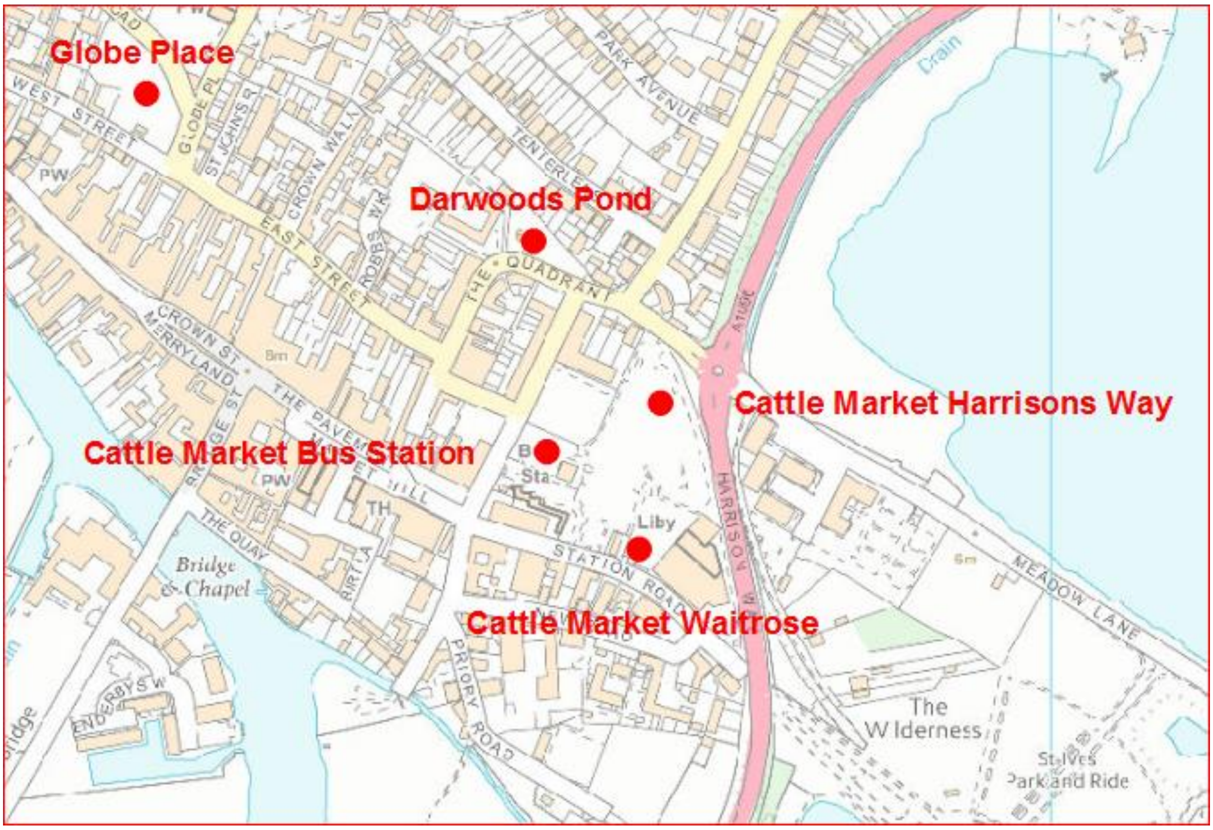
Commuter / Worker

Within close proximity for workers within business', Not necessarily short stay

Recreational

Within close proximity to an "attraction"

Map: St Ives



Cattle Market (Bus Station) - Retail

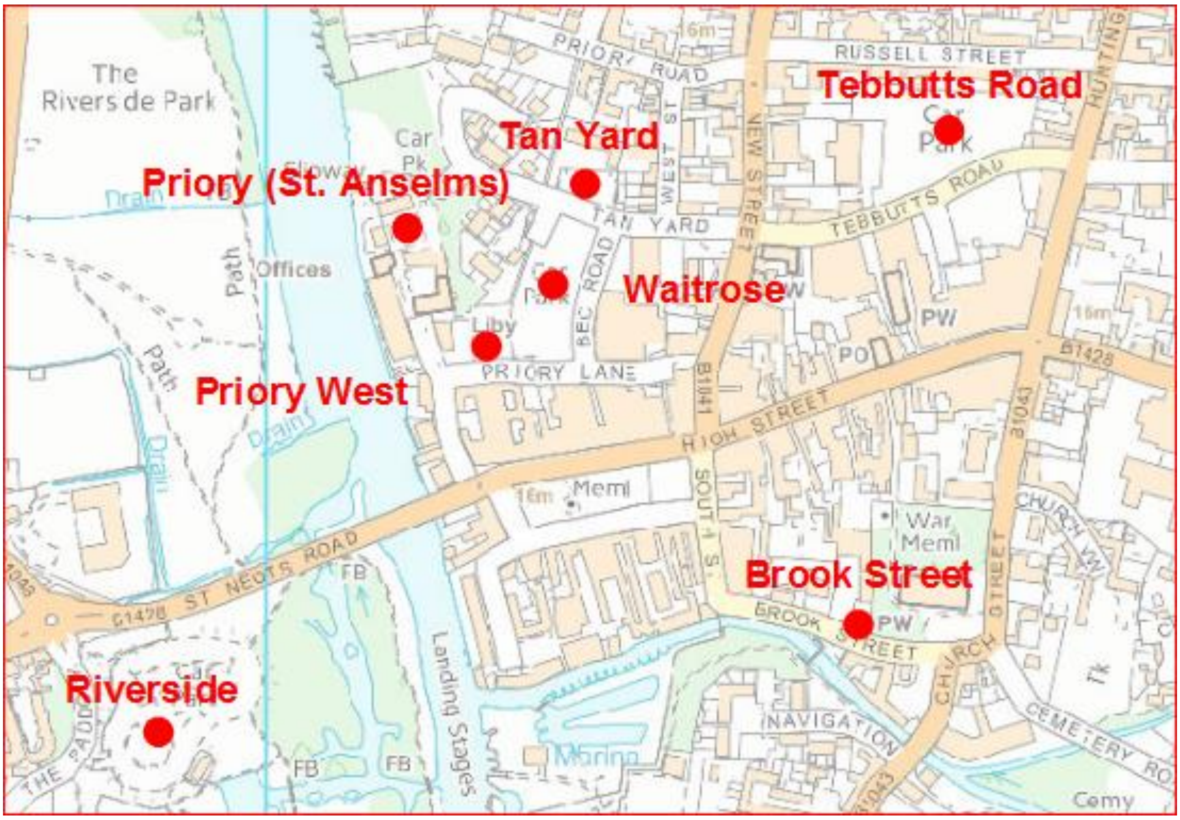
Cattle Market (Waitrose) - Retail

Cattle Market (Harrisons Way) - Retail + Commuter/Worker

Darwoods Pond - Retail + Commuter/Worker

Globe Place - Retail + Commuter/Worker

Map: St. Neots



Tebbutts Road - Retail + Commuter/Worker

Priory (St. Anselms) -Retail + Commuter/Worker + Recreational

Waitrose - Retail

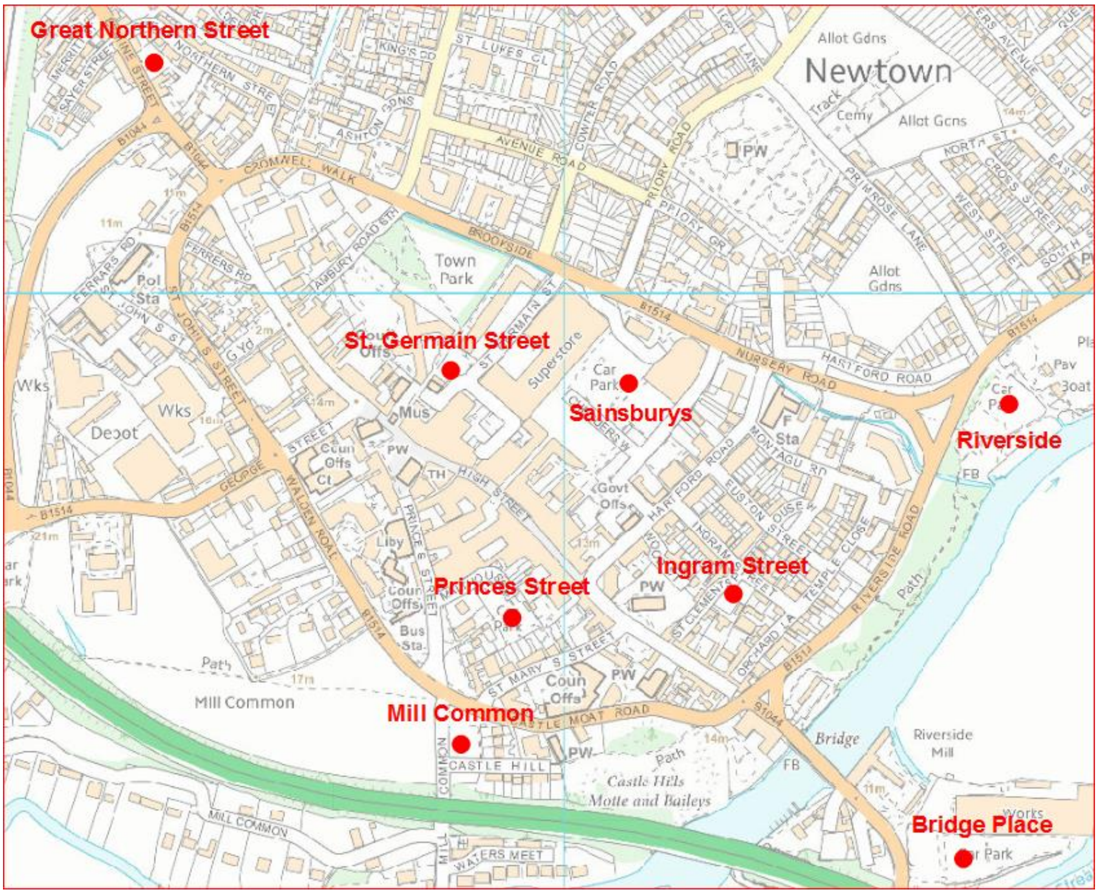
Brook Street - Retail

Priory Lane (West) - Retail

Tan Yard - Retail

Riverside - Retail + Commuter/Worker + Recreational

Map: Huntingdon



Great Northern Street - Commuter/Worker

Princes Street - Retail

Ingram Street - Retail + Commuter/Worker

Sainsburys - Retail

Sainsburys Multi-Storey - Retail

Mill Common - Retail + Commuter/Worker

St. Germain Street (Minor) - Retail

Riverside - Retail + Commuter/Worker + Recreational

Bridge Place - Commuter / Worker

Hinchingbrooke Park - Recreational

This page is intentionally left blank