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 JULY 2017** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

		Contact (01480)
	APOLOGIES	
1.	**MINUTES** (Pages 5 - 12)	
	To approve as a correct record the Minutes of the meeting held on 22nd June 2017.	**B Buddle 388169**
2.	**MEMBERS' INTERESTS**	
	To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda item.	
3.	**PROCUREMENT OF A JOINT VENTURE PARTNERSHIP FOR THE COMMERCIAL DEVELOPMENT OF HDC'S CCTV SERVICE** (Pages 13 - 30)	
	To consider a report by the Head of Community presenting a commercialisation update to support the viability of procuring a joint venture to develop HDC's CCTV service. ***(Executive Councillor: Cllr D Brown)***	**C Stopford 388280**
4.	**PROCUREMENT OF A JOINT VENTURE PARTNERSHIP FOR THE COMMERCIAL DEVELOPMENT OF HDC'S DOCUMENT CENTRE** (Pages 31 - 54)	
	To consider a report by the Head of Customer Service presenting an outline business case to support the viability of procuring a joint venture to operate and develop the print services elements of HDC's Document Centre service. ***(Executive Councillor: Cllr D Brown)***	**J Taylor 388119**
5.	**REVIEW OF THE RISK MANAGEMENT STRATEGY** (Pages 55 - 72)	
	To consider a report by the Internal Audit and Risk Manager presenting the outcome of the annual review of the Risk Management Strategy. ***(Executive Councillor: Cllr J A Gray)***	**D Harwood 3888115**
6.	**WASTE AND RECYCLING ROUND RECONFIGURATION** (Pages 73 - 86)	
	To consider a report by the Head of Operations summarising the	**N Sloper**

recent round reconfiguration. 388635
(Executive Councillor: Cllr J White)

7. PEER REVIEW ACTION PLAN (Pages 87 - 92)

To consider a report by the Corporate Team Manager presenting an update of the Peer Review Action Plan. **A Dobbyne 388100**
(Portfolio Holder: Cllr D Brown)

Dated this 12 day of July 2017

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 Beccy Buddle, Democratic Services Team, Tel No. 01480 388169/e-mail Beccy.Buddle@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.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CABINET held in the Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 22 June 2017.

PRESENT: Councillor R B Howe – Chairman.

Councillors D Brown, G J Bull, S Cawley, Mrs A Dickinson, R Harrison, J E White and R Fuller.

APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor J A Gray.

9. MINUTES

The Minutes of the meeting held on 17th May 2017 were approved as a correct record and signed by the Chairman.

10. MEMBERS' INTERESTS

Prior to the consideration of the item of business regarding Proposal for Use of External Grant Underspend, Minute No. 17 refers, Councillor R Fuller declared a pecuniary interest by virtue of being Chairman of an organisation to whom Urban Civic had made a donation. Similarly in respect of Minute No. 17 ante Councillor Mrs A Dickinson declared a pecuniary interest by virtue of being a member of an organisation to whom Urban Civic had made a donation and Councillor D Brown declared a pecuniary interest by virtue of being in contract negotiations with Urban Civic.

11. HUNTINGDONSHIRE HOUSING STRATEGY 2017 - 2020

Consideration was given to a report by the Housing Strategy Manager to which was appended The Huntingdonshire Housing Strategy and the Housing Strategy Action Plan April 2017 to March 2018, (Copies of the report, Strategy and Action Plan are appended in the Minute Book). Executive Councillors were informed that the Huntingdonshire Housing Strategy addressed housing issues in the District, the legislative changes relevant to the housing sector and potential impact upon the provision of housing in Huntingdonshire. The Strategy detailed how the District Council aimed to improve housing issues for residents and deliver economic growth through its Corporate Plan. The Action Plan sets out key actions to be undertaken in the first year of the Housing Strategy. Whereupon, it was

RESOLVED

that the Huntingdonshire Housing Strategy 2017-20 and

Housing Strategy Action Plan 2017-2018 be adopted.

12. HUNTINGDONSHIRE LOCAL PLAN TO 2036 QUARTERLY UPDATE / APPROVAL FOR CONSULTATION AND INFRASTRUCTURE PLANNING UPDATE

By means of a report and PowerPoint presentation by the Planning Services Manager appended to which was a copy of the Draft Local Plan (copies of which are appended in the Minute Book), the Cabinet was updated on the progress of Local Plan preparation and provided with a further update in relation to the necessary highways and transport infrastructure projects. It was confirmed that the Government deadline to have submitted a new Local Plan by the end of March 2018 was on course. It was also noted that an additional round of consultation was scheduled to allow supporting evidence and comments from interested parties to be up-to-date upon submission. It was therefore

RESOLVED

that the proposed approach for submission be endorsed and to approve for consultation the Huntingdonshire Local Plan to 2036: Consultation Draft 2017 and accompanying Sustainability Appraisal, Housing and Economic Land Availability Assessment (HELAA) June 2017, and to issue a call for sites.

13. COUNCIL TRADING COMPANY - SHAREHOLDER AGREEMENT, ARTICLES OF ASSOCIATION AND COMMERCIALISATION UPDATE

A report by the Managing Director to which was appended the Shareholder Agreement and Articles of Association relating to HDC Ventures Ltd, (copies of which are appended in the Minute Book), was considered for approval. The Cabinet was reassured that these documents had been verified by the 3C Shared Services Legal team and deemed to be in order. The documents provided for a Corporate framework for a commercial strategy to sit alongside Local Government procedures, as the Trading Company allowed the freedom to trade and provided a variety of opportunities without being constrained by bureaucracy. The Managing Director confirmed that the Trading Company was not covered by the Constitution but that it was a Cabinet function and monitoring arrangements would be in place to protect the District Council from trading partners. Thereby, it would be

RESOLVED

a) that the Shareholder Agreement for HDC Ventures Limited be approved as set out in Appendix 1 to the report now submitted,

b) that the Articles of Association for HDC Ventures Limited be approved as set out in Appendix 2 to the report now submitted,

c) that the Managing Director of the District Council be appointed as the first Company Director, and

d) that authority be delegated to the Board to appoint additional Directors.

14. DEBT MANAGEMENT POLICY (Pages 9 - 10)

Consideration was given to a report by the Finance Manager and associated Debt Management Policy, (copies of which are appended in the Minute Book), seeking approval of a new Debt Management Policy for the Council. Executive Councillors were advised that the policy provided a controlled, concise and more consistent Policy to ensure the minimisation of debts and collection of rates are maximised by way of a consistent approach. Whereupon, it was

RESOLVED

that the Debt Management Policy be approved and adopted.

15. ADOPTION OF THE PUBLIC HEALTH FUNERALS POLICY

Executive Councillors were invited to consider a report by the Head of Community and a copy of the proposed Public Health Funerals Policy (copies of which are appended in the Minute Book) seeking approval for the adoption of the Policy by the Council. It was noted that the District Council had provided three funerals, under such provisions in its statutory duty to arrange such funerals, over the last 18 months. Executive Councillors were advised that the Policy would formalise and collate the various pieces of legislation which the Council currently adhered to on this matter and ensured provision for those in need. Whereby it was

RESOLVED

a) that the Public Health Funeral Policy be approved;

b) that the Head of Community be authorised to make minor editorial changes which by definition make no change to the Policy;

c) that the Head of Community, in consultation with the Executive Councillor for Housing and Regulatory Services, be authorised to make changes to the Policy as a result of revocations, amendments or enactment of relevant statutory provisions.

16. TREASURY MANAGEMENT ANNUAL REPORT 2016/17

Further to Minute No. 58 of their meeting held on 17th November 2016, the Cabinet considered a report by the Head of Resources (a copy of which is appended in the Minute Book) which reviewed the treasury management performance for the 2016/2017 financial year.

The Council's Treasury Management processes were underpinned by the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management. The Code required the Council to produce an Annual Treasury Management Strategy and recommended that Members were informed of treasury management activity at least twice a year, a mid year review and annual report after the financial year end.

The Cabinet were referred to paragraph 3.2 of the Officer's report that summarised the treasury management transactions undertaken during the 2016/2017 financial year and detailed the investments and loans held as at 31st March 2017 in Appendix B of the Officer's report. Whereupon the Cabinet,

RESOLVED

that the 2016/17 Treasury Management performance, be noted.

17. PROPOSAL FOR USE OF EXTERNAL GRANT UNDERSPEND

See note on Members interests, Minute No.10 ante refers, Councillors R Fuller, D Brown and Mrs A Dickinson left the room.

Consideration was given to a report by the Economic Development Manager, appended to which was the Urban & Civic Draft loan terms sheet (copies of which are appended in the Minute Book). The report detailed options for the use of the retained element of a Building Foundation for Growth (BFG) capital grant received from the Department for Communities and Local Government (DCLG) in 2014 as a loan facility and consider the proposed use of the income stream thus generated. It was agreed that the proposal provided an excellent use of the money given the restrictions imposed under the terms of the grant and that the capital investment into the Economic Zone was significant. Thereby it was

RESOLVED

a) that the use of the £1,984,868 BFG underspend as a loan facility which complied with State Aid regulations be approved; and

b) that Option 2 in Paragraph 4.2 of the report now submitted for the use of the revenue generated be approved as a budget proposal in the next budget round

Councillors R Fuller, D Brown and Mrs A Dickinson returned to the meeting.

18. TRANSFORMATION PROGRAMME

A report by the Managing Director was considered (a copy of which is appended in the Minute Book) which updated the Cabinet on the progress of the Council's Transformation Programme. It was noted that the Programme has been renamed as 'Mosaic' as part of the Project's progression and the Cabinet were advised of the roadshow events planned for week commencing 26th June 2017. Members noted key messages from the scheme were to work with greater efficiency by making use of better processes but with the same resources and to improve customer service. Whereupon, it was

RESOLVED

> that the progress of the Council's Transformation Programme be noted.

19. INTEGRATED PERFORMANCE REPORT 2016/17 QUARTER 4

The Cabinet considered a report by the Corporate Team Manager and Head of Resources (a copy of which is appended in the Minute Book along with the associated Appendices) and commented on progress against the Key Activities and Corporate Indicators listed in the Council's Corporate Plan for 2016/17 for the period 1st January to 31st March 2017. The report also incorporated progress on the current projects being undertaken at the Council; details of the 2016/17 provisional outturn for revenue and capital spend; and an update on the Commercial Investment Strategy including details of the investments to date and the level of returns these were expected to generate. A progress report on the Peer Challenge Action Plan is also included following approval at their meeting in November 2016. Thereby it was;

RESOLVED

that the Cabinet:

a) considered and commented on progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C of the Officer's report now submitted;

b) considered and commented on the Council's financial performance at the end of December, as detailed in Appendices D and E, and achievement of the Peer Challenge Action Plan, appended as Appendix G of the Officer's report now submitted; and

c) considered and commented on the Capital Programme rephasing of some schemes into 2017/18 as detailed in Appendix D of the Officer's report now submitted.

20. REPRESENTATION ON ORGANISATIONS

Consideration was given to a report by the Democratic Services Officer and related appendices (copies of which are appended in the Minute Book) regarding the Council's representation on a variety of organisations and partnerships. A review of the organisations and partnerships had been undertaken and the consultation responses were attached as Appendix 1 of the report. Although representatives had previously reported quarterly, this was now being reviewed annually. Having considered the schedule of organisations and partnerships, the Cabinet

RESOLVED

a) to nominate to the organisations and partnerships referred to in Appendix 1, as amended and circulated prior to the meeting;
b) that appointed Members be required to report on an annual basis, in writing, to the relevant Overview and Scrutiny Panel; and
c) in the event that changes or new appointments are required to the District Council's representation during the course of the year, the Corporate Team Manager be delegated, after consultation with the Deputy Executive Leader, to nominate and authorise alternative representatives as necessary.

21. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

that the press and public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

22. AGREEMENT FOR TRANSFER OF LOAN

Further to Minute No. 90 of their meeting held on 16th March 2017, the Cabinet considered a report by the Head of Resources, an addendum and relating Appendices (copies of which are appended in the Annex to the Minute Book) to transfer the responsibility of an existing loan granted to Huntingdonshire Regional College to Cambridge Regional College following the merger of the two colleges. Whereupon, it was;

RESOLVED

a) that the loan advanced to Huntingdonshire Regional College be transferred to Cambridge Regional College following merger of the two colleges; and
b) that authority be delegated to the Head of Resources to instruct 3C Shared Services Legal Practice to take all necessary action in respect of the merger of the colleges, the Loan Agreement and the legal charge.

23. ASSET DISPOSALS

(Councillor M F Shellens was in attendance for consideration of this item).

The Cabinet considered a report by the Head of Resources, an addendum and associated Appendices for each proposed site (copies of which are appended in the Annex to the Minute Book) in respect of asset disposals surplus to operational requirements. Consideration was given to the proposals by Executive Councillors, however concern was expressed by the Cabinet and shared by the Overview and Scrutiny Panel (Performance and Customers) that Ward members and parishes had not been fully consulted whereupon it was

RESOLVED

> that the item be deferred to a future meeting to allow for further consultation with Ward members and Parish Councils.

24. COMMERCIAL INVESTMENT STRATEGY - APPROVAL TO PURCHASE CIS INVESTMENT

The Chairman announced that he proposed to admit the following urgent item in accordance with Section 100B (3) (b) of the Local Government Act 1972 given there was a need an urgent decision being required. Consideration was given to an exempt report by the Head of Resources, an addendum and appendices (copies of which are appended in the Annex to the Minute Book) concerning a proposed investment in line with the Council's Commercial Investment Strategy. Permission for this urgent item had been granted by the Chairman of the Overview and Scrutiny Panel (Performance and Customers). Having considered the proposal and terms of investment and fully debated the matter, the Cabinet;

RESOLVED

> that the Council's investments as detailed in the report now submitted be approved in line with the Commercial Investment Strategy.

Chairman

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Public - Yes
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Procurement of a Joint Venture partnership for the commercial development of HDC's CCTV service
Meeting/Date:	Overview & Scrutiny (Performance and Customers) Panel – 5 July 2017 Cabinet – 20 July 2017
Executive Portfolio:	Executive Councillor for Commercialisation and Shared Services - Councillor D Brown
Report by:	Head of Community - Chris Stopford
Ward(s) affected:	All

Executive Summary:

Cabinet approved the creation of a Local Authority Trading Company (LATC) at its meeting on 17th November 2016. This was determined as an essential stage in enabling the Council to develop a range of commercial, income generating, activities in line with its strategic objectives. It will also make an essential contribution to the Council achieving its aim of achieving financial self-sufficiency by 2020.

In June 2017, Cabinet approved the creation of HDC Ventures Ltd, as the LATC Holding Company, and set in place the management arrangements for the company. This was a significant step in the commercialisation agenda, and enables the commercialisation of the CCTV Service.

This report presents an commercialisation update to support the viability of procuring a joint venture to develop HDC's CCTV service. The update is presented as Appendix 1.

Recommendation(s):

The Overview and Scrutiny Panel are invited to comment on:

- The suitability of the proposed business model which is based on the formation of a joint venture company which will encompass:
    - The supply and maintenance of CCTV cameras and associated hardware
    - Wireless/fibre connectivity to a technologically robust 24/7/365 control room.
    - Monitoring of alarm activated cameras, with 24/7 recording and alarm response, and evidence retrieval on demand by SIA accredited staff.
    - Development of added value services for the control room, including lone worker monitoring, security monitoring and related activities.
    - Integration with wider CCTV coverage and/or Police services

- The strategic objectives of seeking to establish a joint venture company, including:
    - Enabling HDC to achieve cost-neutrality for this service by 2021.
    - To enhance the resilience of the Council's, and its Shared Service partners, public space CCTV monitoring services
    - Providing HDC with a more robust and cost-effective supply chain for CCTV equipment and resources.
    - Introducing the experience, skills and capacity necessary to drive commercial development.

- Any omissions, amendments or additions that it is felt would improve this document.

- The proposed timetable for the procurement of a suitable joint venture partner for HDC's CCTV service (Appendix 1)

Cabinet are recommended to approve:

1. That the CCTV Development Overview presents a fair reflection of the broad potential benefits of establishing a partnership with an external joint venture partner.

2. The model described in the CCTV Development Overview is used, as part of an EU compliant procurement process (Restricted Procedure with Competitive Dialogue), as the framework for negotiations with potential joint venture partners.

3. That the Head of Community be authorised to undertake the procurement process, and to present information to the Executive Councillor for Commercialisation and Shared Services, and the HDC Ventures Ltd Board on the preferred partner.

4. That the Head of Community, in consultation with the Executive Councillor for Shared Services and Commercialisation, and the HDC Ventures Ltd Board be empowered to determine the preferred partner, and award the Contract.

1. PURPOSE OF THE REPORT

1.1 This report is provided to enable Members to approve the proposed basis for the procurement of a suitably qualified and experienced commercial partner to form a joint venture company to facilitate the commercial development of HDC's CCTV Service.

The attached Development Overview describes an operating model that will allow HDC's CCTV Service to contribute its existing skills, experience and resources to a joint venture that will be capable of achieving significant commercial growth.

2. WHY IS THIS REPORT NECESSARY

2.1 This report will ensure that Members have a clear understanding of the relative levels of risk and reward roles that this proposed strategy presents to HDC. In addition, it provides an overview of the resource commitments that HDC will be required to ensure that the projected outcomes are achieved.

3. COMMENTS OF OVERVIEW & SCRUTINY

3.1 The Overview and Scrutiny Panel (Performance and Customers) was presented the report on the CCTV/Security Services – Business Case for Commercialisation at the Panel meeting on 5th June 2017.

3.2 The Panel raised a concern that, as the shared service, staff and existing CCTV facility would not be part of commercialisation, the Council would find it difficult to attract a business partner, however the Head of Community assured Members that soft market testing had revealed four interested companies. Despite reassurance the Panel remained concerned and a Member explained they could not see why a business would want to get involved.

3.3 The Panel expressed concern over the level of risk the Council would be undertaking but were content that the Executive Councillor for Commercialisation and Shared Services and the Head of Community believe that the rewards are worth the risk. In addition, Members were informed that the Council would mitigate the risk as much as possible during the procurement process.

3.4 Concerns were expressed that the business case does not contain cash flow projections and state who is guaranteeing the money for the loans the company may borrow. However it was noted that there is currently no plan to borrow money and that more detail would be covered by the Full Business Plan.

3.5 The Panel also discussed the capital investment in the service. The Head of Community advised that the current capital programme identified investment in the region of £400k, the Head of Resources confirmed that this capital was financed within the approved capital programme. Further discussion around value for money, recognised that the joint venture would be able to take advance of the economics of scale in procurement. As a result HDC would be able to acquire cameras at a potentially lower rate than if it sought to procure alone

3.6 The Panel retained a level of concern regarding the proposals to commercialise the CCTV Service. The Executive Councillor for Commercialisation and Shared Services, offered that the Full Business Case could be brought back to the Panel before any final decision on award of contract. At which point, the Panel resolved that the Full Business Case, together with the terms and conditions of any award of contract must be brought back to the Panel before the award of contract.

4. KEY IMPACTS

4.1 The cost to HDC of providing a CCTV service will be neutralised by 2021.

4.2 The potential to generate income from 'external' customers, including those in the commercial sector and outside of HDC's District borders will be increased.

4.3 The range of operational expertise, alongside commercial capability and capacity, will be extended.

5. WHAT ACTIONS WILL BE TAKEN

5.1 An OJEU compliant procurement process– Restricted Procedure with Competitive Dialogue - will be initiated with the intention of awarding a contract during the latter part of 2017.

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

- Implementing our Transformation Programme.
  Establishing this joint venture will contribute to the way HDC functions in the future. The creation of a de facto trading entity forms one of the key elements of the transformation plan.
- Ensuring our Medium Term Financial Strategy is focused on strategic priorities.
  The anticipated revenue income from the extended commercial activity of this joint venture, as well as the anticipated cost savings, will play an important role in ensuring the Council's future financial stability.
- Maximising income opportunities, where appropriate.
  This commercial activity will require the Council to take a measured approach to market opportunities. Robust business planning will ensure that the joint venture generates revenue within an acceptable a sustainable cost base.
- Identifying new opportunities for income generation, where appropriate.
  This will be achieved via the introduction of key commercial capabilities such as marketing, business development and account management.
- Having a more engaged and motivated workforce.
  Combining the existing CCTV team with expertise from a commercial partner will introduce new ways of thinking and working into the Council, which will provide opportunities for professional and personal development across the organisation.

7. LEGAL IMPLICATIONS

7.1 Trowers & Hamlin have assessed HDC's planned actions in regards to incorporating trading companies and have confirmed that this is within the Council's legal powers as defined in:

- Local Authorities such as Huntingdonshire District Council are able to create Local Authority Trading Companies (LATC) under:
- Local Government Act 2003 allows local authorities to trade in any of their ordinary functions.

- The Localism Act 2011 enables local authorities to undertake activities for a “commercial purpose” in order to make a profit but only if delivered within a company
- Local Government Best Value Authorities Power to Trade England Order 2009.

7.2 Further legal advice will be commissioned, as necessary, to validate the specific form and governance structure of the proposed joint venture company.

8. RESOURCE IMPLICATIONS

8.1 The joint venture company will also require a range of support services in areas such as HR, Finance and IT. It is anticipated that these services will be competitively sourced and that HDC will be provided with an opportunity to submit a bid for each contract.

9. OTHER IMPLICATIONS

9.1 Key risks

Acting outside law: external legal advice has been taken to establish legal basis for local authority trading.
Business return may not be there: the attached CCTV Development Overview has been developed with external support to validate the anticipated commercial proposition.
Higher risk profile: procurement of a joint venture will help to spread risk.
Loss of control over services: HDC shareholding in the company will ensure that influence is maintained, but the Council will not retain sole control of services.

9.2 As noted above, input from the Monitoring Officer will be required to support any required changes to the Council’s constitution.

Should operational support for the joint venture be provided by HDC, this will be a market rates and under the terms of a Resourcing Agreement which will be negotiated between the company and the Council.

Any rental agreement for office accommodation in Pathfinder House will be at market rate and configured as a contractual arrangement between the two parties.

10. REASONS FOR THE RECOMMENDED DECISIONS

10.1 In order that HDC can proactively pursue its intention to be financially self-sufficient by 2020, it is essential that the Council establishes the commercial vehicles necessary to provide opportunities to increase income and, where possible, reduce costs.

The establishment of this joint venture company will enable to Council to protect its existing investment in CCTV services (people and equipment) whilst also creating opportunities to enhance the commercial potential of a business that is equipped to service a wider range of customers across the public, private and third sectors.

11. LIST OF APPENDICES INCLUDED

Appendix 1 – CCTV Development Overview
Appendix 2 – Draft procurement timeline

CONTACT OFFICER

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Email: chris.stopford@huntingdonshire.gov.uk

CGT Consulting Ltd

Commercial Development: Business Improvement

CCTV Development Overview

May 2017

Version Control	V3.0	18/07/17
Originated	Colin Taylor	18/07/17
Reviewed	Chris Stopford	
Approved	Nigel McCurdy	
Informed	Joanne Lancaster	

Prepared by
Colin Taylor
CGT Consulting Ltd

May 2017

Advisory Note

As external consultants we have prepared this document to in response to a request from Huntingdonshire District Council. It is designed to assist the Council in analysing and evaluating the potential to develop a specific service area. We have not prepared and do not present this document as a recommendation to follow a particular course of action, nor is it intended to constitute any form of advice.

HDC wishes to develop a joint venture company that can offer the following services to a range of public, private and third sector organisations:

- The supply and maintenance of CCTV cameras and associated hardware
- Wireless/fibre connectivity to a technologically robust 24/7/365 control room.
- Monitoring of alarm activated cameras, with 24/7 recording and alarm response, and evidence retrieval on demand by SIA accredited staff.
- Development of added value services for the control room, including lone worker monitoring, security monitoring and related activities.
- Integration with wider CCTV coverage and/or Police services.

Huntingdonshire District Council and Cambridge City Council have confirmed that continuation of the current Shared Service contract (valid until 2024) is a key strategic objective for both parties. In addition, HDC is committed to ensure that 'public space' CCTV coverage is protected and, wherever possible, improved and made more resilient. These objectives were confirmed between the two lead Members for the Shared Service on 11th May 2017.

The development of this joint venture proposal is based around HDC's confirmed position (Cabinet, 17th November 2016), to identify a suitable partner to assist in the development of a commercial CCTV offer. In addition to potentially generating commercial income, HDC aspires to make its CCTV operation cost neutral by 2021. Cost neutrality will be measured against HDC's cost commitment to the Shared Service arrangement – c £256,000 in 17/18 (see table on page 5). Appendix A explains how this can be managed within an operational finance context.

Options Appraisal

The review of options below clearly indicates that HDC does not believe that it has the resources, expertise or market engagement required to generate commercial income and/or achieve significant cost savings.

1. **Do nothing, continue with the existing service delivery model.**

   By maintaining the existing Shared Service in its current form, HDC and CCC would continue to invest in this delivery model at least at current levels. This would enable them to maintain the integrity and continued provision of public space surveillance and community safety.

   This approach will not allow for any appreciable income generation, nor is it likely to create opportunities for any significant reduction in HDC's revenue costs for CCTV provision.

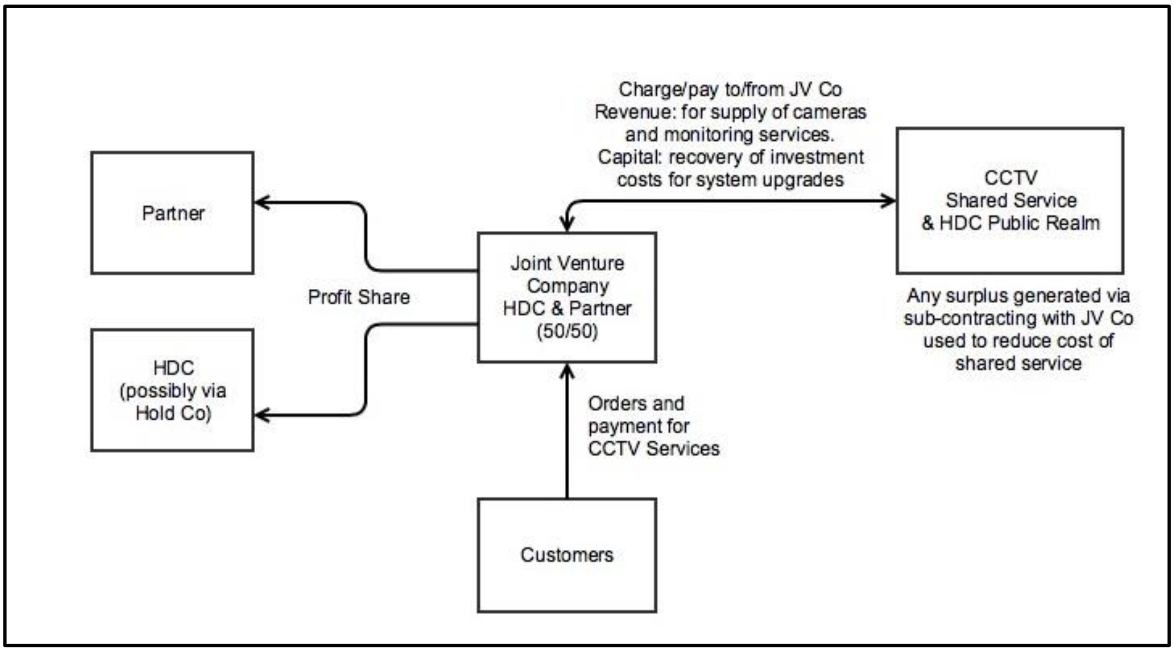
2. **HDC to commercialise the CCTV service without a partner.**

   Commercialisation of the service will require significant investment in resources that are not currently available, including securing the skills needed to effectively engage with a small competitive market and secure contractual opportunities. Any reduction in the cost of the procurement of equipment will be based on small ad-hoc purchases that are unlikely to offer the economies of scale in procurement that could be delivered by a through a joint venture.

3. **Outsource/Privatise the service**
   The transfer of all the service's assets (including a TUPE transfer of staff) into the JV company, would require a complete re-configuration of the Shared Service. Such a fundamental change in the relationship between HDC and CCC could disrupt the consensus around its founding principles. If this caused CCC to question their own or HDC's commitment to the partnership it could precipitate the dissolution of the Shared Service arrangement. In such a case, it is likely that HDC would be liable for any costs incurred by CCC in reinstating their own CCTV monitoring service.

   HDC Members have indicated that any proposal to transfer the infrastructure and operational assets into a joint venture company could prove be unsupportable, as HDC would retain less control of service provision than under an in-house operating model.

4. **Commercialise the CCTV service with a joint venture partner**
   In this model, the two key entities - the existing Shared Service and the JV Company - are kept separate in governance, operational and commercial terms. In essence the JV Company would buy-in capacity from the Shared Service. In this context, CCC would see no material change in the way the Shared Service operates (or the principles that underpin it) and HDC would be able to continue to demonstrably provide a socially driven CCTV service.



The confirmation of the preferred approach ***will determine the nature of the procurement specification*** and will impact on the delivery of a 'cost neutral' service by 2021. In addition, with the Shared Service agreement with CCC due to expire in 2024, consideration must be given as to how the established cost infrastructure could (if necessary) be supported if the shared service was to terminate at that point.

Viability of procurement

To date, HDC has used its contacts within the supply side of the market to gain an insight into the viability of identifying and contracting with an external partner. Over the past two years, HDC has been approached by a small number of CCTV hardware and monitoring services providers who have expressed an interest in discussing the potential to develop a partnership.

The Council also commissioned a review of the CCTV market, focused on the identification of potential revenue opportunities (utilising existing capacity), the generation of additional revenue to reach a cost neutral position and to investigate the assumptions necessary to validate a business plan for CCTV development opportunities.

In addition, high level market scanning has highlighted the existence of other public/private partnerships for CCTV services. As the summaries below show, although these contracts vary considerably in value, the potential value of an HDC contract would be of a quantum that would interest the market.

Bexley

Outsourced in 2010 to Siemens and Wilson Jones at a value of £10m over 7 years. It is generally accepted that this has resulted in fixed cost for the Council and increased capacity for the service to take on third party (commercial) contracts.

Barnet

Service outsourced to OCS in April 2014 with the initial contract due to end in May 2019. There is the potential for this to be extended for a further two years.

Waltham Forest

Initial 5 year (value £1,064,216) contract with NSL Ltd was extended for a further two years in October 2013.

Southampton

Outsourced to Balfour Beatty at a value of c£50m in 2012 for a period of ten years. The service has invested significantly in the modernisation and extension of the service.

Lambeth

OCS were awarded the contract for CCTV Monitoring Services for a 5 year period from 2013 to 2018 at a full term cost of £2,074,284.00 (excluding VAT) with an option to extend by 5 years as appropriate. The Eurovia Group Limited was awarded the contract for CCTV Maintenance and Repair Services for five years at a cost of £948,358.91 with an option to extend the period of the contract by a further five years.

Luton

Quadrant Security Group were awarded a five-year partnership contract to look after a broad range of security and FM services, worth £1.5m with an option to extend.

Bristol

Contracted to Mitie for three years, starting in 2013.

Although these contracts differ from each other, and from the specific objectives of HDC, they do provide a strong indication that there is an 'appetite' in the commercial sector to develop this type of arrangement.

The CCTV Service has undertaken this viability assessment to ensure that the outcomes of any procurement process, as resolved by Cabinet in November 2016, can be assessed on the basis of best available information and knowledge of the market and service sector.

Contributions to JV Company
In progressing a commercialisation approach with a joint venture Partner, Officers and Members should consider the balance of contribution to be made by the Council and the potential partner.

The formation of a JV Company will bring together the resources and CCTV operational expertise of HDC and those of a commercial operator. These will be mostly complimentary and the added value for each JV partner should be clearly identifiable.

HDC will provide access to:

- The CCTV control room and its recording and operating systems and assets.
- Shared Investment capital for additional assets to meet commercial requirements.
- CCTV operational staff and management of the same.
- Experienced operational management of CCTV services.
- Local knowledge of Huntingdonshire DC and Cambridge CC of their surrounding areas.
- Legal support.

Commercial Partner will provide:

- Existing contractual relationships
- Customer pipeline
- Shared Investment capital for additional assets to meet commercial requirements.
- Commercial and subject matter expertise to facilitate the objectives of the JV.
- Assistance in the procurement, including potentially preferential rates from economy of scale from increased purchasing power.
- Expertise in the installation and configuration of new/replacement cameras, and the implementation of a wi-fi based transmission system
- Project management of all stages of development, accreditation, implementation and operation of JV activities.
- Sales, marketing and customer management of services (strategy, plan and execution).

However, it is essential to note (and reflect in any agreement and/or profit share) that HDC will be carrying the majority of the risk in this type of arrangement, including:

- Retention of the (cost of) physical assets and human resources required to run the service.

- A share of the capital financing necessary for the technical upgrades required to operate in a commercial setting.

Achieving cost neutrality
A key objective for HDC in considering commercial development, and/or forming a joint venture to facilitate this, is to achieve a cost-neutral position for the CCTV service by 2021.

Consideration of this objective should not be undertaken in isolation from the fact that this target date falls before the expiry date for the current shared service agreement with CCC. Although provision exists for the early termination of this agreement, its dissolution at this point could precipitate the need to reimburse CCC (in full or part) for the costs of re-establishing their own capability.

It is recognised that the capital investment costs of upgrading the control centre to meet commercial requirements is not a simple binary calculation. The scale of investment, and whether it is geared to establishing Alarm Receiving Centre (ARC) status or not, will depend on the type of new customer that a JV Partner believes it can attract.

The model below provides a high level, indicative, summary of how a joint venture **could** grow during the period to 2024 (excluding any capital investment) and how this could flow into the budget for the HDC CCTV service.

The stating position for 17/18 uses current HDC budget figures.

	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Current HDC Costbase	£555,389	£462,051	£475,912	£490,190	£504,895	£520,042	£535,643
Additional Costs	£0	£51,000	£96,000	£141,000	£195,000	£210,000	£195,000
Income - shared service	£299,000	£299,000	£299,000	£299,000	£299,000	£299,000	£299,000
Income - cost recovery	0	£51,000	£96,000	£141,000	£195,000	£210,000	£195,000
Net Position (HDC)	**(£256,389)**	**(£163,051)**	**(£176,912)**	**(£191,190)**	**(£205,895)**	**(£221,042)**	**(£236,643)**
Income - CCTV contracts	£0	£170,000	£320,000	£470,000	£650,000	£700,000	£650,000
Income - other services	£0	£30,000	£33,000	£36,300	£39,930	£43,923	£48,315
Margin (JV)	£0	£149,000	£257,000	£365,300	£494,930	£533,923	£503,315
Margin HDC	£0	£74,500	£128,500	£182,650	£247,465	£266,962	£251,658
Net position (HDC & JV)	**(£256,389)**	**(£88,551)**	**(£48,412)**	**(£8,540)**	**£41,570**	**£45,919**	**£15,014**

Notes	
Current Costbase	Annual increase of 3%. Reduced by £90k to reflect lower maint and fixed line costs
Additional Cost	Estimated at £1,000 per additional camera
Income - shared service	Current income from SLA
Income - commercial	Estimated value and phasing

The assumed build in customer acquisition is modelled on an premise that the majority of business will be large-scale contracts (from £50k to £150k in value), with a duration of either 3 or 5 years.

	Value p.a.		**18/19**	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**
Contract 1 - 5 year	£100,000		£100,000	£100,000	£100,000	£100,000	£100,000	
Contract 2 - 3 year	£70,000		£70,000	£70,000	£70,000			
Contract 3 - 3 year	£100,000			£100,000	£100,000	£100,000		
Contract 4 - 5 year	£50,000			£50,000	£50,000	£50,000	£50,000	£50,000
Contract 5 - 3 year	£50,000				£50,000	£50,000	£50,000	
Contract 6 - 5 year	£100,000				£100,000	£100,000	£100,000	£100,000
Contract 7 - 3 year	£150,000					£150,000	£150,000	£150,000
Contract 8 - 5 year	£100,000					£100,000	£100,000	£100,000
Contract 9 - 3 year	£150,000						£150,000	£150,000
Contract 10 - 5 year	£100,000							£100,000

However, it is clear from this model that a cost-neutral position for HDC is possible by 21/22 and could be sustained beyond. However, the rate and timing of customer acquisition, alongside the value and duration of each contract, will have a material impact on these outcomes.

The commercial assumptions that underlie this model – including rate of customer acquisition, value of contracts, phasing of onboarding – will be tested during the procurement process (particularly the competitive dialogue phase). This will help to establish a higher degree of confidence around this outline model.

Appendix A
Cost neutrality – calculation methodology

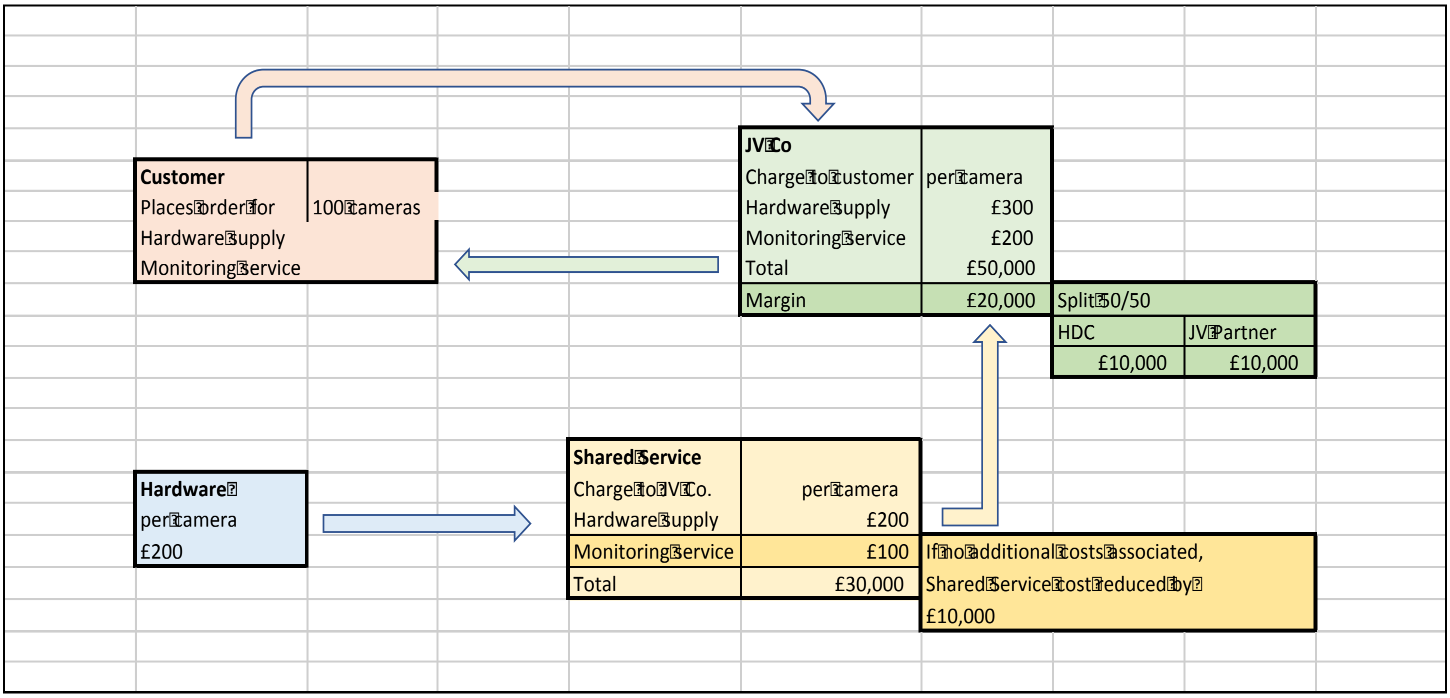
HDC wishes to ensure, whilst not undermining mutual confidence in the Shared Service, that cost neutrality against HDC's contribution to the shared costs is achieved by 2021. Any further reduction in the cost base of the Shared Service that may be realised as a by-product of this, will be an additional benefit of commercialisation.

In order to ensure that the benefits of commercial activity are primarily directed to HDC (on the basis that they are investing/carrying the risk), the calculation of any cost reductions should be managed is via the Final Cost Share Calculation. As the SS agreement says:

"The final cost share calculation for the financial year shall be calculated by the Shared Service Accountant based on the **actual** income and expenditure of the Shared Service for the financial year. "

As the key commercial relationship will be between the CCTV JV Co. and the customer, this is where the margin realisation will reside. The JV Co. will 'buy-in' resource and service packages from the Shared Service. This will, for the Shared Service, be priced on a full cost recovery basis.

For example:



TAs this diagram shows, the monitoring service element would register as income into the Shared Service, unless any cost is attributed against it - i.e. if the Shared Service had to employ additional staff or pay overtime to cover the work.

If there is no cost to cover all or part of this income, then this would be reflected in the Final Cost Share Calculation and would effectively reduce CCC's cost contribution by £5,000 (50% of the total income).

HDC would benefit from the margin retained in JV Co. and returned to the HDC (minus any expenses, tax etc), plus any resulting adjustment via the Final Cost Share Calculation - in this case, 50% of the income into the Shared Service (ie £5,000).

Procurement documentation

- Prepared in advance of publication of Contract Notice
- Provides all information potential bidders need to assess suitability of contract opportunity.
- Details procurement timetable alongside evaluation/scoring criteria and methodology.

Contract/Expression of Interest (EoI) Notice

- Provides outline of HDC requirements and establishes format for procurement (ie restricted process/ competitive dialogue).
- Established the timeline for procurement.
- To allow interested organisations to express an interest in participating.

Pre-Qualification Questionnaire (PQQ)

- Sent out to organisations responding to Contract/EoI notice.
- Potential bidders have 30 day period (from publication date) to complete and return the PQQ.
- Collects basic corporate data, financial information, suitability/qualifications etc.
- Lists any exclusion criteria.
- Based around scored evaluation to identify shortlist (min 3, preferably 5).

Invitation to Tender (ITT)

- Sent to shortlisted organisations.
- 30 day period to complete – includes Bidder Meeting/Competitive Dialogue (below)
- Sets out comprehensive details of service required.
- Allows bidders to provide costed bids/proposals.
- Based around scored evaluation to identify preferred supplier.

Bidder meeting

- One day workshop for all shortlisted bidders
- Individual and group sessions to allow competitive dialogue – including service specification, additional propositions and detailed cost/price evaluation.
- Allows discussion ahead of submission of final bid documents.

Bid Documents

- Submitted to HDC on or before 30 day ITT deadline.
- Evaluated against scoring criteria set out in ITT.
- Identifies successful bidder.

Fixed elements - procurement regulations	
CGT Consulting	
HDC Governance	

	May	June				July				August				September				October				November				December
	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
Project scoping																										
Participation in procurement team/Board meetings																										
PDG - Briefing document/procurement update																										
Drafting of EoI advert and PQQ																										
Draw up tender documentation*																										
Set PQQ qualifying and award criteria																										
O&S - Briefing document/procurement update																										
Publication in OJEU/other media - EoI advert																										
PQQs sent out/EoIs submitted: 30 days																										
Drafting of JV contract																										
Cabinet - Bsuniess Case for approval																										
Evlauation of returned PQQs and shortlisting																										
ITT to selected bidders(30 days - 25 days if electronic)																										
Handling Enquiries																										
Preparation and hosting bidder meeting																										
Evaluation and scoring of bids																										
Notify winning bidder/issue contract award																										
Debrief unsuccessful bidders																										
Standstill (10 days)																										
Mobilisation Preparation																										
Mobilisation Period																										
Contract Start																										

Fixed elements - procurement regulations	
CGT Consulting	
HDC Governance	

*Instructions/guidance for tenderers
of the tender
policies, procedures or guidance to be followed
the business will be conducted
differentiate between bidders
let the contract and the rules the tenderers must comply
must be returned
Any relevant supporting information

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Public - Yes
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Procurement of a Joint Venture partnership for the commercial development of HDC's Document Centre
Meeting/Date:	Overview & Scrutiny (Performance & Customers) Panel – 5 July Cabinet – 20 July
Executive Portfolio:	Commercialisation and Shared Services: Councillor D Brown
Report by:	John Taylor – Head of Customer Service
Ward(s) affected:	All

Executive Summary:

Cabinet approved the creation of a Local Authority Trading Company (LATC) at its meeting on 17th November 2016. This was determined as an essential stage in enabling the Council to develop a range of commercial, income generating, activities in line with its strategic objectives. It will also make an essential contribution to the Council achieving its aim of achieving financial self-sufficiency.

This report presents an outline business case to support the viability of procuring a joint venture to operate and develop the print services elements of HDC's Document Centre service. The outline business case is presented as Appendix A.

Recommendation(s):

The Overview and Scrutiny Panel is invited to comment on:

- The suitability of the proposed business model which is based on the formation of a joint venture company. This will combine the existing strengths of HDC's Document Centre with the commercial experience, skills and capacity of a professional print services provider.
- Any omissions, amendments or additions that it is felt would improve this document.

The Cabinet is asked to approve the following:

RECOMMENDED:

1. **That the business case presents a fair reflection of the broad potential benefits of establishing a partnership with an external commercial print supplier.**

2. **That the information presented in the business case provides a robust basis upon which to initiate a procurement process to identify potential commercial partners.**

3. **That soft market testing continues in order to further develop the model set out in the business case, particularly in terms of evaluating market potential and projecting future sources and levels of income.**

4. **The model described in the business case is used, as part of an EU compliant procurement process (Restricted Procedure with Competitive Dialogue), as the framework for negotiations with potential commercial partners.**

1. PURPOSE OF THE REPORT

1.1 This report is provided to enable Members to approve the proposed basis for the procurement of a suitably qualified and experienced commercial partner to form a joint venture company to provide printing and related services.

The attached business case describes an operating model that will allow HDC's Document Centre to contribute its existing skills, experience and resources to a joint venture that will be capable of achieving significant commercial growth.

2. WHY IS THIS REPORT NECESSARY

2.1 This report will ensure that Members have a clear understanding of the relative levels of risk and reward roles that this proposed strategy presents to HDC. In addition, it provides an overview of the resource commitments that HDC will be required to ensure that the projected outcomes are achieved.

3. COMMENTS OF OVERVIEW & SCRUTINY

3.1 The Overview and Scrutiny Panel (Performance and Customers) was presented the report on the Document Centre – Business Case for Commercialisation at the Panel meeting on 5th June 2017.

3.2 Members questioned the projected level of growth particularly as printing is in decline with the emergence of paperless working. In response, the Panel were informed that the soft market testing has predicted the level of growth stated in the report and that the testing has found that different areas of the printing market are growing.

3.3 Some Members expressed contentment with the business case for the Document Centre and added that if the right partner could be found then it would be a success.

3.4 Concern was expressed that by venturing into commercialisation the Council could end up forcing local print businesses to close down.

3.5 Another Member expressed concern with distributable profit and asked the Executive Councillor and the Cabinet to ensure fair distribution of profit.

3.6 A Member commented that the Council don't seem to be reviewing all of the options however the Panel was informed that the consultant advanced five options and the Council's Senior Officers along with the Executive Councillor decided the preferred options to present to Members and the Cabinet.

3.7 The Panel stated that they are content that the process continues so long as Members can view the Full Business Plan before it is approved.

4. KEY IMPACTS

4.1 The cost to HDC of providing the Document Centre service will be reduced.

4.2 The potential to generate income from 'external' customers, including those in the commercial sector and outside of HDC's District borders will be increased.

4.3 The range of operational expertise, alongside commercial capability and capacity, will be extended.

5. WHAT ACTIONS WILL BE TAKEN

5.1 An OJEU compliant procurement process– Restricted Procedure with Competitive Dialogue - will be initiated with the intention of awarding a contract during the latter part of 2017.

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

- Implementing our Transformation Programme.
  Establishing this joint venture will contribute to the way HDC functions in the future. The creation of a de facto trading entity forms one of the key elements of the transformation plan.
- Ensuring our Medium Term Financial Strategy is focused on strategic priorities.
  The anticipated revenue income from the extended commercial activity of this joint venture will play an important role in ensuring the Council's future financial stability.
- Maximising income opportunities, where appropriate.
  This commercial activity will require the Council to take a measured approach to market opportunities. Robust business planning will ensure that the joint venture generates revenue within an acceptable a sustainable cost base.
- Identifying new opportunities for income generation, where appropriate.
  This will be achieved via the introduction of key commercial capabilities such as marketing, business development and account management.
- Having a more engaged and motivated workforce.
  Combining the existing Document Centre team with staff from a commercial partner will introduce new ways of thinking and working into the Council, which will provide opportunities for professional and personal development across the organisation.

7. LEGAL IMPLICATIONS

7.1 Trowers & Hamlin have assessed HDC's planned actions in regards to incorporating trading companies and have confirmed that this is within the Council's legal powers as defined in:

- Local Authorities such as Huntingdonshire District Council are able to create Local Authority Trading Companies (LATC) under:
- Local Government Act 2003 allows local authorities to trade in any of their ordinary functions.
- The Localism Act 2011 enables local authorities to undertake activities for a "commercial purpose" in order to make a profit but only if delivered within a company
- Local Government Best Value Authorities Power to Trade England Order 2009.

7.2 Further legal advice will be commissioned to validate the specific form and governance structure of the proposed joint venture company.

8. RESOURCE IMPLICATIONS

8.1 The joint venture company will also require a range of support services in areas such as HR, Finance and IT. It is anticipated that these services will be competitively sourced and that HDC will be provided with an opportunity to submit a bid for each contract.

9. OTHER IMPLICATIONS

9.1 Key risks:
Acting outside law: external legal advice has been taken to establish legal basis for local authority trading.
Business return may not be there: the attached business case has been developed with external support to validate the anticipated commercial proposition.
Higher risk profile: procurement of a joint venture will help to spread risk.
Loss of control over services: HDC shareholding the company will ensure that influence is maintained, but the Council will not retain sole control of services.

9.2 As noted above, input from the Monitoring Officer will be required to support any required changes to the Council's constitution.

Should operational support for the joint venture be provided by HDC, this will be a market rates and under the terms of a Resourcing Agreement which will be negotiated between the company and the Council.

Any rental agreement for office accommodation in Pathfinder House will be at market rate and configured as a contractual arrangement between the two parties.

10. REASONS FOR THE RECOMMENDED DECISIONS

10.1 In order that HDC can proactively pursue its intention to be financially self-sufficient by 2020, it is essential that the Council establishes the commercial vehicles necessary to provide opportunities to increase income and, where possible, reduce costs.

The establishment of this joint venture company will enable to Council to protect its existing investment in print services (people and equipment) whilst also creating opportunities to enhance the commercial potential of a business that is equipped to service a wider range of customers across the public, private and third sectors.

11. LIST OF APPENDICES INCLUDED

Appendix A – Business Case

CONTACT OFFICER

Name/Job Title: John Taylor, Head of Customer Service
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Email: John.taylor@huntingdonshire.gov.uk

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CGT Consulting Ltd
Commercial Development: Business Improvement

Document Centre – Joint Venture Business Case

Prepared by
Colin Taylor
CGT Consulting Ltd

June 2017

Advisory Note
As external consultants we have prepared this document to in response to a request from Huntingdonshire District Council. It is designed to assist the Council in analysing and evaluating the potential to develop a specific service area. We have not prepared and do not present this document as a recommendation to follow a particular course of action, nor is it intended to constitute any form of advice.

Executive Summary

This document presents the business case for Huntingdonshire District Council establishing a potential commercial partnership to develop its Document Centre function. The business case establishes that:

- Developing a commercial relationship with an experienced external partner potentially offers most advantageous balance of risk and reward.

- Establishing a trading entity New-Co will help to harness existing strengths of both HDC and a commercial partner, and provide a clear commercial focus for the future.

- The New-Co will be able to offer a range of products, services and expertise that are well matched to the predicted development of the print market (eg: on demand, short run, variable print).

- HDC will be able to contribute significantly to the 'start up' resources of The New-Co and, as a result, derive a significant share of any profits generated.

The scope of this business case does not extend to the post handling and mailing aspects of the current Document Centre operations. Although HDC may wish to consider future integration of this into New-Co, it would be prudent to initially focus on establishing a successful print based business.

Furthermore, any 'externalisation' of this service will have a direct impact on the internal accounting arrangements within HDC. Any central service recharges currently allocated against the Document Centre will need to be realigned. Although it should be possible to allocate *some* recharges to New-Co via a management fee, these will need to be levied at a 'market' or 'commercial' level. HDC will need to make decisions at a corporate level about how it wishes to treat this type of 'stranded cost' which are likely to occur more widely across any portfolio of commercial services that it develops.

Recommendation

It is recommended that HDC:

1. Accepts this business case as presenting a fair reflection of the broad potential benefits of establishing a partnership with an external commercial print supplier.

2. Recognises that the information presented in this business case provides a robust basis upon which to initiate a procurement process to identify potential commercial partners.

3. Continues to use soft market testing to further develop the model set out in this business case, particularly in terms of evaluating market potential and projecting future sources and levels of income.

4. Use this model as a framework to prepare for negotiations with potential commercial partners.

Introduction

Following the decision to redevelop the Council's main headquarters and depot, the Document Centre was created in 2007 as a corporate resource. It has, since then, developed its role providing internal and external post, scanning, design and printing requirements.

The Document Centre is the central point for mail collection and despatch and offers a full range of scanning at source in line with the Council's Electronic Document Management (EDM) procedures. Post is processed on a daily basis from the Royal Mail and is distributed internally either electronically or by physical delivery.

In addition, the Document Centre is responsible for the procurement and management of corporate Multi-Functional Devices (MFDs) and Customer Service Centre scanning equipment.

For some time, Huntingdonshire District Council (HDC) has been exploring potential routes to develop the Document Centre. The main drivers for this have been to identify potential ways to:

1. reduce the cost of this service to the Council
2. develop increased income from 'external' customers
3. bring in additional resources and skills from a commercial operator

Analysis of the service using a commercial financial model show that it is operating at a net cost to the Council of over £400,000 and that it is effectively subsidising (through the allocation of the majority of direct costs against internal activities) the works that it undertakes for external customers. In addition, comparative pricing has identified that external works are being undertaken below prevailing commercial rates.

The Council, via the Document Centre Management Board, has considered the relative merits of five options for the future of the Document Centre:

1. Business as usual (the 'do nothing' option)
2. Invest and develop (an incremental development model)
3. Brokerage partner (part of an external supply chain)
4. Trading company (full integration with a commercial partner)
5. Outsourcing (externalisation of HDC requirements)

An approved options appraisal has established that Option 4 (full service integration with an external partner, achieved through setting up a joint venture company) warrants further development to a full business case. The DC Management Board recognised that, although Option 4 presents an appreciable level of risk, it also offers a higher level of commercial potential to realise significant income for the Council.

The market

Industry trends

Over recent years, the turnover of the UK print industry has been relatively stable. The Office of National Statistics (ONS) reported the following for 2016:

Number of companies: 12,555
Number of employees: 146,401
Turnover: £16,970,400

Nevertheless, these statistics represent a decrease in the amount of companies and employees within the print industry. This can be attributed to two major factors:

1. The impact of the financial crash of 2008 and the subsequent recession. Many print businesses did not possess the financial resources to sustain their profit margins and led to many exiting the industry.

2. The decline in overall employees has mainly been caused by both changes in production techniques and technological advances in plant and equipment. In addition, the recession after 2008 led directly to job losses throughout the industry as a result of a fall in overall demand.

In terms of capital investment, there has been a noticeable shift in demand from sheet fed litho to digital process printing recently and this looks set to continue. Due to less demand for high volume, long-run orders many companies have opted for digital print which is a growing market. However, cut sheet still accounts for roughly double the market share that digital process print does for the vast majority of printing businesses in the U.K. today.

The key trends in the industry at present are:

- The industry is evolving, not dying. In order to succeed printing companies are adapting to new markets and evolving their products accordingly.

- Personalised products are a growth area and in growing demand from customers. New communication platforms, such as social media, are driving an increase in demand for this service.

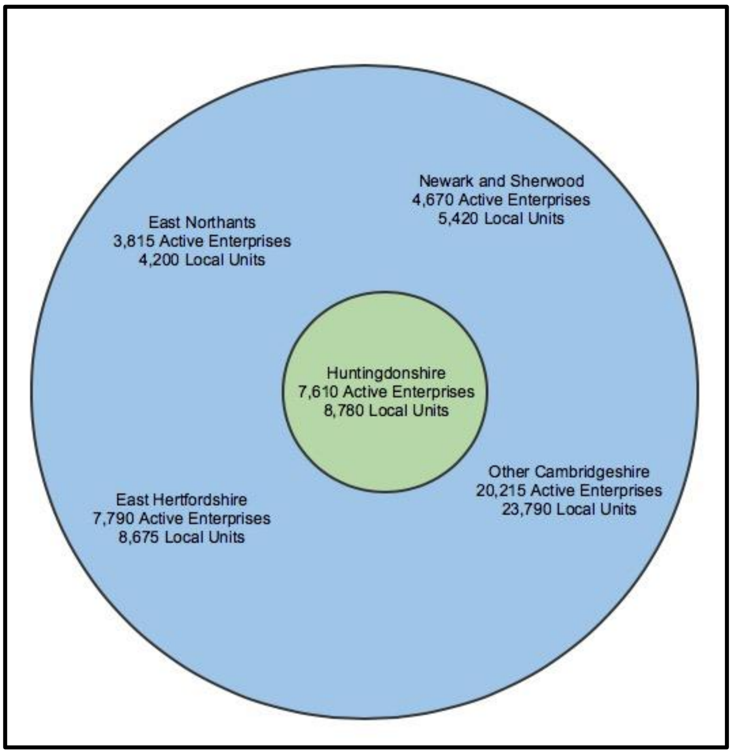
- Print advertising is likely to continue decreasing, especially mass produced, long-run untailored messages which lack an interactive and personalised dimension.

- Advances in automation will mean that the overall workforce in the U.K. print industry will continue to decline in the near to medium future.

- Digital process printing will continue to expand further as a proportion of overall production. This will be partially offset by continuing demand for quality print in niche market sectors and some existing markets where the required standard of quality can only be met by sheet-fed litho print.

The local market

The diagram below shows (according to Office of National Statistics 2016 figures) the concentration of Active Enterprises and Local Units in Huntingdonshire and selected surrounding areas.



This provides an addressable core market of over 7,600 businesses, with a secondary market of over 36,000. It would be prudent to assume, based on the size and type of these enterprises that only 40% of this forms the accessible market for the New-Co – a total of 17,440 Active Enterprises. A prudent assumption of New-Co gaining 2% market share across this accessible market would see it acquire almost 350 new customers.

The table below (also using ONS 2016 data) shows the number of Active Enterprises in three of these areas according to industry sector classifications. These sectors are amongst those that HDC and any commercial digital print supplier would consider to be key targets.

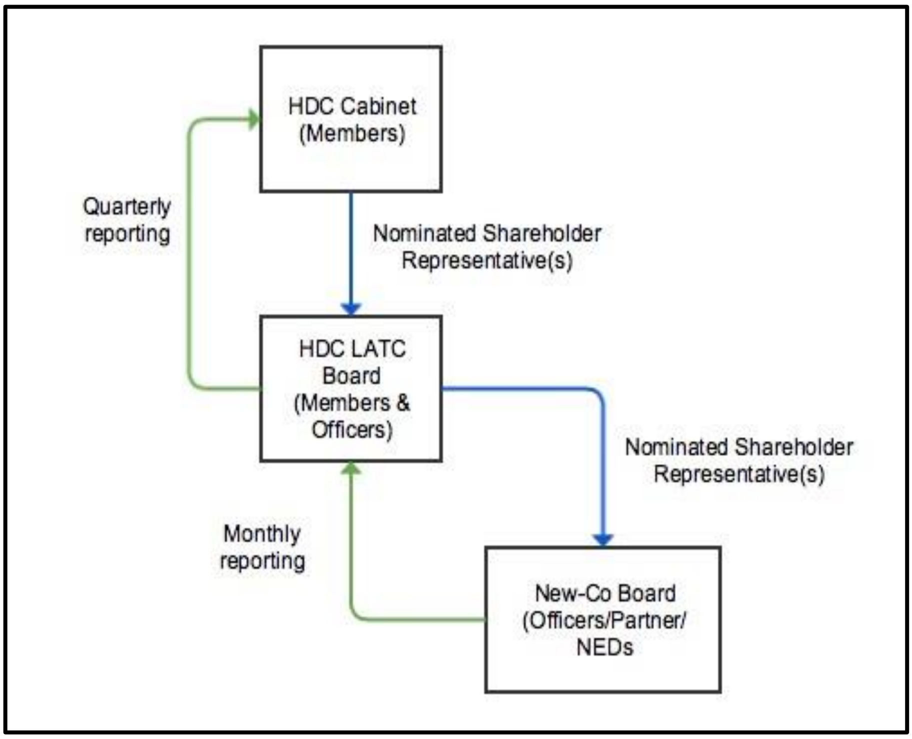
	Huntingdonshire	**Cambridge**	**East Hertfordshire**
Retail	420	320	455
Information & Communications	660	755	715
Property	245	175	315
Public Sector	60	0	30
Arts and Entertainment	480	395	470

The statistics presented above provide strong evidence that Huntingdonshire and the surrounding areas offer access to a significant number of active businesses and that these are in sectors that are proven users of digital print. This picture indicates that there is a potentially significant marketplace that can be explored further and used as the basis for a structured approach to business development .

Company structure and governance

The new co will be a jointly owned subsidiary of HDC's LATC, with the New-Co's shareholding split between HDC (via the LATC) and a commercial partner. It is anticipated that this partner will be identified and appointed via a competitive process. However, soft market testing has established that potential partners may be available and that there would be an active interest in creating a joint venture or partnership.

The New-Co will produce a comprehensive business plan which details how it will operate, the potential market for its services and provides indicative profit and loss (P&L) projections for a five-year trading period. This business plan will be signed off by The LATC via the New-Co board.



New-Co

It is anticipated that, as part of any negotiations regarding respective share allocations that account will be taken of any initial investments – either in cash or kind. This will directly impact on the level of profit extraction that each Shareholder will benefit from. For the purposes of the model described in this business case, a 50/50 split has been assumed.

New-Co Board

The Board will be responsible for delivery of the expected outcomes within the business plan. The Board will have oversight of the performance, financial and operational management of the Company within the parameters agreed with the Shareholders (including HDC).

Capital investment

New-Co will require an initial capital investment to cover the following:

- Set up costs (including consolidation of plant and other resources into a single location). £40k.
- Cash flow financing for the first three months of operation. The formation of the business around existing commercial relationships will largely offset this requirement as the continuity of cash flow should be maintained. This sum of £220k would be provide by share equity.

Company Resources

It is anticipated that, where practicable, the support services which will be required by the Company will be contracted out to HDC via the LATC.

Customers

The formation of New-Co will create a commercial operation that is able to offer a wide range of printing and associated services (see pages 10 – 11). It is anticipated that this will enable New-Co to not only retain a significant proportion of the business currently held by HDC and any potential partner, but to also achieve significant growth across the following customer groups.

HDC internal customers

The current work undertaken for internal HDC customers is currently valued at £75k. However, this is not charged at commercial rates due to an inconsistent approach to cost allocation (particularly staff costs). It is likely that a number of factors may influence the volume and value of this work in the future, including:

- Increasing digitisation of customer communications and transactional relationship will reduce the demand for printed materials.
- Any movement to implement commercial charging may result in lower volumes of work (and a possible increase in outsourcing)
- The application of preferential charge rates for this work may result in most of the work being retained.

In addition, a significant volume of print work (valued at £289k) is outsourced to external print suppliers through existing HDC frameworks. There will be substantial potential to use the enhanced capabilities offered by New-Co to provide a platform to win a proportion of this work. The model assumes this will be 60% of the current value.

HDC external customers

The Document Centre has developed a respectable presence in the local market – primarily working with other local authorities and the wider public sector. The approach to building this business has been developed within the Document Centre's existing business development and account management capabilities. These capabilities are limited by the current HDC operating model which is focused on meeting the internal service requirements of HDC.

It is anticipated that New-Co will harness the marketing and sales expertise and experience of a commercial partner, and that this will enable to work with these clients to be developed through a wider service offering and improved account management. In addition, it will be possible to better leverage the specialist capabilities of the Document Centre – including data management and an intrinsic understanding of public sector requirements – to generate more customers in these market segments.

Partner customers

The commercial partner in New-Co is likely to already have a substantial and well-developed client base. Furthermore, this is likely to be in sectors – for example, property, arts and entertainment, information services – where the Document Centre has little presence. In addition to the organic growth from this client base, New-Co will have an enhanced range of services (including those of the Document Centre) which will generate increase turnover from this type of client.

New-Co will focus on providing a comprehensive range of **digital print** services. In the context of the market conditions described above, and the high investment costs associated with lithographic printing, it is evident that this represents the best potential balance of risk and reward for HDC.

New-Co will provide customers with access to the following services:

Pre-press services
A full range of support to ensure that each job is ready for print and set up to produce the best results – including digital proofing, pre-flighting, colour management, RIPping, page imposition and Web2Print.

Digital printing
From sheet fed A4 to large formats for posters and banners in both full colour and black & white.

Finishing
Recognising the importance of delivering a first-class finished product with a flexible range of services, including: perfect and PUR binding, stitching, wire-o-binding, drilling, creasing, perforating, folding, laminating, trimming, kiss-cutting, velobinding, die cutting, drilling, collating and folding.

Print management
Offering customers access to a more strategic approach to their print buying and stock management. Print Management services allow customers to increase the efficiency of their print production and 'buy-in' to expertise that they may not have in-house.

Print design
Working with customers as a creative partner to produce attractive, practical designs for communications that gets results – from marketing material, brochures, flyers, leaflets to business cards, posters, invitations and newsletters.

Direct mail
Managing fulfilment campaigns from small mail-outs through to nationwide campaigns. Customers benefit from a full range of mail fulfilment services including hand and machine enclosing of letters, leaflets and brochures, laser printing, ink-jetting and pick & pack services.

Secure printing
Secure work is handled in a controlled environment where data is protected behind an external firewall and 24-hour CCTV coverage is in place. All secure work is segregated processed where screens cannot be overlooked.

Data management
Using supplied data to introduce variable or personalised messaging into printed communications. This will particularly draw on HDC's expertise in delivering large scale

variable print projects for local authorities (both billing and democratic services requirements).

Logistics
New-Co will use its own fleet of vehicles, alongside its contracted arrangements with Royal Mail and other distribution partners, to ensure that all jobs - either single or multipart – arrive at their destination on time and in perfect condition.

New-Co will provide customers all the key benefits associated with digital print, including:

1. Small run/on demand – only printing what customers need, thereby making budgets go further.

2. Low cost – direct to print technology and Web2Print capabilities can reduce costs by streamlining pre-press processes.

3. Variable print – consumer expectations and increasing integration with digital/social media means that customers want to deliver personalised messages where possible.

4. Choice of materials – digital print offers the potential to print directly onto paper and board as well as a wide range of range of plastic and synthetic materials.

5. Speed of turnaround – digital print can meet the on-demand requirements of most customers. With no plates to prepare and digital proofing that is reliable and accurate, the time to print most jobs is significantly reduced.

It is anticipated that New-Co will offer the type of customer assurances that are standard practice for commercial print suppliers, including:

- Guaranteed Pricing. Customers pay what they are quoted - no hidden charges.
- Guaranteed Support. A dedicated account manager to support each customer and project throughout the print process.
- Guaranteed Quality. Finished jobs only released when the customer is 100% happy with the output.
- Guaranteed Delivery. Confirmation of print order delivery times and reliable next-day delivery once the job is ready for dispatch.
- Guaranteed Advice. Expertise and experience to help each customer choose the best approach to achieve their objectives.

Operational

As an option for potential development of the HDC Document Centre, working with a partner is likely to have a significant impact on the operational aspects of the service. It is anticipated that New-Co will need to be operationally sophisticated and dynamic to thrive in the commercial printing market.

However, before a specific partner is identified, and their capacity, capabilities and expertise evaluated, it is difficult to be precise about the eventual operating model that will emerge. It is possible, nevertheless, to identify a number of key areas where the impact of forming New-Co is likely to have the most impact.

Location

The HDC Document Centre is currently located in Eastfield House (EFH) – a site that offers suitable and flexible production and office accommodation. In addition, access to and from EFH from main trunk routes is direct and fast. It is likely that any commercial partner may wish to consider consolidating New-Co into EFH due to its potential capacity to house a larger production facility and its advantageous location. However, the wider accommodation needs of HDC will need considering.

Staffing

Both partners will have their own staff, each with particular experience and expertise. It will be necessary to evaluate the full range of staff available to New-Co and put in place the most suitable configuration. Any procurement process will stimulate consideration of how a new structure might help to ensure that New-Co is not only an efficient production facility, but is also able to operate in a commercially agile manner.

Plant/equipment

It is anticipated that any commercial partner identified by HDC will have a track record of investment in leading edge digital print technology. It is therefore likely that this will supersede the plant that is currently used by the HDC Document Centre. However, an item by item asset review will need to be carried out to identify the optimum combination of plant from both partners.

Management Information System (MIS)

It is anticipated that a MIS (for example Optimus) will be used, alongside ISO9001, to ensure that the right goods, of the correct quality, are consistently delivered. This type of MIS, specifically developed for the print industry, encompasses all stages of the commercial process – including estimating, workflow management delivery and invoicing. The dynamic use of this type of MIS will enable New-Co to manage its cost base in real time. In relation to the sensitivity analysis presented on page 16, a cost over-run of 10% would be unlikely as the MIS would allow active management of key cost drivers, such as labour and materials costs.

The use of a print specific MIS will enable New-Co to operate efficiently, better manage its cashflow, reduce bottlenecks and deliver consistent levels of customer service.

Financial model

The following financial model is based on analysis of current HDC Document Centre accounts. In addition, a commercial print supplier has been consulted to establish the type of income and cost profile that it would be prudent to adopt for the purposes of a five-year model.

Although this soft market analysis has informed this business case, should the proposal be progressed, this model will be further tested against a range of potential suppliers.

The narrative below details the assumptions that lie behind the draft profit and loss account shown on page 16.

Income	
HDC Doc Centre delivered – internal print	Based on current values for printing carried out for HDC by the Document Centre.
	Values increased by 30% to reflect commercial pricing (Appendix B).
	Value reduced by 10% per year to reflect increasing digitisation of services.
HDC – outsourced work	Based on spend through existing frameworks and with specialist suppliers (eg elections/ballot packs).
	Values increased by 30% to reflect commercial pricing (Appendix B).
	Modelled on retention of 60% of current business due to enhanced service offering.
	Value increasing by 5% per year.
HDC Clients - New services	Value of potential sales of additional services (eg large format, print management) to existing HDC clients.
	Value increasing by 20% per year.
HDC External Clients	Based on current values for printing carried out by the Document Centre.
	Values increased by 30% to reflect commercial pricing.
	Value increasing by 10% per year to reflect impact of better business development and account management.
JV Partner – existing print work	Estimate based on soft market testing with commercial print supplier.
	Value increasing by 10% per year to reflect mature client relationships and established

	business development and account management strategies.
JV Partner – consultancy	Estimate based on soft market testing with commercial print supplier.
	Based on market potential for print management, data management services.
	Value increasing by 10% per year to reflect structured approach to marketing and business development.

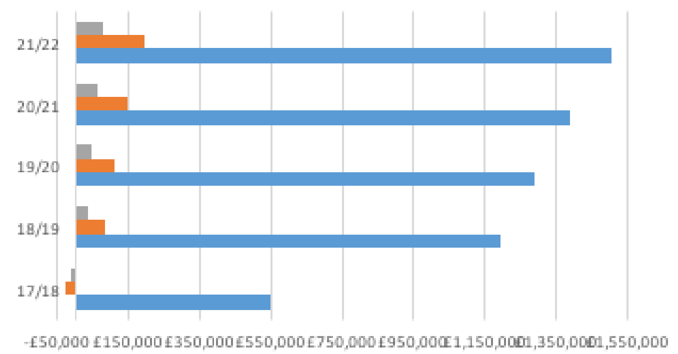
Fixed Costs	
HDC – staff costs	Based on current values allocated to Document Centre.
	Flat profile until re-structure modelled for company.
	Some reduction in these costs are anticipated.
JV Partner – staff costs	Estimate based on soft market testing with commercial print supplier.
	£20,000 per year uplift to accommodate additional staff members as income grows.
	In order to drive the projected levels of business growth, it is anticipated that additional staff will be commercially focused and experienced (ie: marketing, sales, business development).
Eastfield House rent	Based on assumption that new commercial entity will be based in the part of EFH currently occupied by the Document Centre.
	Based on high level review of market rents for similar Hunts sites.
	Professional valuation will be required.

Indirect Costs	
Click charges	Charge per impression based on industry standard calculation of 20% of income.
Paper costs	Based on industry standard calculation of 12% of income.
Transport	Estimate – based on current HDC values.
Subcontracting	Costs of specialist print and finishing services based on industry standard

	calculation of 6% of income.
Business Rates	Calculated using EFH footprint and current business rate multiplier. TBC by HDC.
Repairs and Maintenance	Based on soft market testing with commercial print supplier. Assumption that most HDC plant will not be suitable for future use.
Phone, stationery etc	Estimate based on current values.
Marketing & advertising	Estimate based on soft market testing with commercial print supplier taking into account projected volume growth. Broadly equivalent to additional 2 x FTE.
Bank charges	Estimate based on current values.
Debt write off	Calculated on 1% of income. Aligns with UK average in 2016 of £11,000 per business.
Professional fees	Estimate based on soft market testing with commercial print supplier. This service will need to be put out to tender to achieve best value.
Depreciation	Estimate based on soft market testing with commercial print supplier.
Utilities	Estimate. TBC by HDC.
Set up costs (17/18 only)	Estimate based on soft market testing with commercial print supplier.
Corporation Tax	Calculated using current rate of 20%, reducing to 17% from 20/21.

As the draft P&L indicates, based on the assumptions set out above, formation of New-Co will create a viable business that is capable of delivering the following:

- Sustainable and substantial income growth from existing and new customers.
- A significant level of net profit, offering options for extraction or re-investment
- a significant potential return for its Shareholders.



	17/18	18/19	19/20	20/21	21/22
Profit per Shareholder	(£15,299)	£32,565	£44,581	£61,422	£79,523
Net profit	(£30,597)	£81,414	£111,452	£148,004	£191,623
Total Income	£547,390	£1,195,760	£1,287,577	£1,390,285	£1,504,796

Hunts DC JV Business Plan P&L						
v 1.0						
		17/18	**18/19**	**19/20**	**20/21**	**21/22**
Income		50% Year				
HDC internal clients						
Doc Centre delivered print		£49,140	£98,280	£88,452	£79,607	£71,646
Outsourced (via HDC frameworks)		£86,700	£182,070	£191,174	£200,732	£210,769
New services		£0	£10,000	£12,000	£14,400	£17,280
HDC external clients		£56,550	£124,410	£136,851	£150,536	£165,590
JV partner - existing print work		£350,000	£770,000	£847,000	£931,700	£1,024,870
JV partner - consultancy		£5,000	£11,000	£12,100	£13,310	£14,641
Total Income		**£547,390**	**£1,195,760**	**£1,287,577**	**£1,390,285**	**£1,504,796**
Growth (£)			£648,370	£91,817	£102,709	£114,511
Growth (%)			118.4	7.7	8.0	8.2
Fixed costs						
Wages - HDC Staff		£83,500	£167,000	£167,000	£167,000	£167,000
Wages - JV Partner Staff		£100,000	£200,000	£220,000	£240,000	£260,000
EFH Rent		£17,500	£35,000	£36,050	£37,132	£38,245
Total fixed costs		**£201,000**	**£402,000**	**£423,050**	**£444,132**	**£465,245**
Indirect costs						
Click charges - including consumables		£109,478	£239,152	£257,515	£278,057	£300,959
Paper		£65,687	£143,491	£154,509	£166,834	£180,575
Transport		£15,000	£30,000	£30,600	£31,212	£31,836
Subcontracting		£32,843	£71,746	£77,255	£83,417	£90,288
Business Rates		£15,000	£30,000	£30,600	£31,212	£31,836
Repairs & Maintenance (Plant)		£12,500	£25,000	£25,500	£26,010	£26,530
Phone, Staitonery etc		£6,000	£12,000	£12,240	£12,485	£12,734
Marketing & Advetising		£25,000	£50,000	£51,000	£52,020	£53,060
Bank charges		£2,500	£5,000	£5,100	£5,202	£5,306
Debt - write off		£5,979	£11,958	£12,876	£13,903	£15,048
Professional fees (accountancy, legal)		£5,000	£10,000	£10,200	£10,404	£10,612
Depreciation		£30,000	£60,000	£61,200	£62,424	£63,672
Utlities		£12,000	£24,000	£24,480	£24,970	£25,469
Set up costs		£40,000	£0	£0	£0	£0
Total indirect costs		**£376,987**	**£712,346**	**£753,075**	**£798,150**	**£847,927**
Net profit		**(£30,597)**	**£81,414**	**£111,452**	**£148,004**	**£191,623**
Corporation Tax		£0	£16,283	£22,290	£25,161	£32,576
Distributable Profit		-£30,597	£65,131	£89,161	£122,843	£159,047
per Shareholder		(£15,299)	£32,565	£44,581	£61,422	£79,523
Profitablity on turnover		-5.59	5.45	6.92	8.84	10.57

Sensitivity analysis

The table below shows the impact on net profit levels in the business case model of increases in either income or costs.

Base model	17/18	18/19	19/20	20/21	21/22
Total Income	£547,390	£1,195,760	£1,287,577	£1,390,285	£1,504,796
Total Costs	£583,487	£1,125,346	£1,187,345	£1,253,725	£1,324,846
Net profit	**(£36,097)**	**£70,414**	**£100,232**	**£136,560**	**£179,949**
Impact on net profit					
Income + 5%	(£8,728)	£130,202	£164,610	£206,074	£255,189
Income + 10%	£18,642	£189,990	£228,989	£275,588	£330,429
Costs +5%	(£65,271)	£14,146	£40,864	£73,873	£113,707
Costs +10%	(£94,446)	(£42,121)	(£18,503)	£11,187	£47,465

Cost

As noted on page 11, the introduction of a print specific Management Information System (which any credible potential commercial partner will be using) will allow 'real time' evaluation of key cost metrics and allow for the dynamic management of these. In this context it would be unlikely that New-Co would experience a cost-overrun of 10%. However, it is important to note that, even at the higher level of cost increase, the bottom line impact decreases over time due to income growth.

Income

The model presented in this business case is built around a prudent set of revenue assumptions and income projections. The formation of New-Co, and the subsequent introduction of enhanced commercial capacity and capabilities, should enable it to gain share across a range of market sectors – both existing and new.

The assumptions set out on pages 12 & 13 show that allowances have been made for a number of influencing factors including:

- the adoption of (increased) commercial pricing to reflect a full cost recovery model.
- decreases in volumes due to digitisation of HDC communications.
- partial uptake from existing HDC outsource customers due to pricing changes and buyer preferences.

Appendix A
Risk evaluation

Risk	Potential Impact	Mitigation
Business model is not realistic.	Underperformance. Low level of return	Soft market testing used to validate assumptions.
Print market declines	Lack of opportunity Increased competition	Business model based on current industry predictions. Company focused on buoyant demand segments (on demand, personalised, short run, quality).
Failure to find a suitable commercial partner	Unable to form company	Soft market testing has established active interest in this and other commercial models (eg: brokerage). Procurement process will attract potential partners.
Costs rise – internal factors	Reduction/elimination of profits.	Company formed with partner with robust cost management experience.
Loss of existing business	Reduction in turnover.	Company formed with partner with established marketing/business development experience. Robust approach to Account Management. Diversified product/service offer.
HDC unable to win support services contract	'Stranded costs' within HDC for resources in support teams.	Corporate decision required.
Lack of experience in forming a company	Failure to comply with legal/regulatory requirements.	Engagement of specialist advisors – eg: legal, commercial.
Profits not in line with expectations.	Lack of viability.	Robust systems for financial monitoring. Regular reporting to LATC/Cabinet via company Board.

Appendix B
Quoting comparison

As part of the evaluation of market potential for New-Co an analysis of specific print jobs carried out to compare the prices charged by the Document Centre with those that would be quoted by a commercial print supplier. As the table below show, the Document Centre prices are significantly lower than 'market rates'.

The financial model used in this business case have assumed that New-Co would increase prices for certain categories of work - HDC internal and external clients- by 30% to reflect this. In most cases, this would maintain prices below commercial market rates.

Job	Doc Centre Price	Commercial Quote	HDC Price as % of commercial quote
Bin Hangers	944	1849	51.1
Buckden Roundabout	587	763	76.9
Business Cards	4.24	56	7.6
Crisis Cards	288	432	66.7
Annual Billing/Council Tax/NNDR			
A4 - 2 kinds		898	0.0
Finishing		1973	0.0
C5 mailing Wallet		884	0.0
ITR Forms			
500	63	252	25.0
1000	125	413	30.3
Large Format Posters			
Digital (15 off)	31	173	17.9
Litho (50 off)	66	250	26.4
Large Mail Out			
2pp letter		120	
Address label		123	
Returns Label		95	
A5 booklet		2395	
A5 Flyer		284	
A4 Poster		130	
Finishing		322	
Total	4316	3469	124.4
Operations Manual			
A4 Letter		652	0.0
Recycling Guide			
A5 Booklet		2229	0.0
C5 Mailing wallet		1243	0.0
Finishing		1961	0.0

As noted on Page 8, consideration will need to be given to future charge rates for what is currently categorised as HDC Internal Work. Current charge rates are, in most cases, significantly below those prevailing in the market (established via soft market testing). In order to maintain HDC's cost-base within existing parameters, the New-Co Board would need to agree to charge this work at sub-market rates. It is possible that this might have an impact on negotiations with a potential JV partner.

Public
Key Decision – Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Review of the Risk Management Strategy
Meeting/Date:	Cabinet - 20 July 2017
Executive Portfolio:	Strategic Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Wards affected:	All Wards

Executive Summary:

The Risk Management Strategy is reviewed annually and this report details the outcome of that review.

It is proposed that no changes be made to the Council's risk appetite and supporting statements, the risk assessment model and the scales against which likelihood and impact are evaluated.

A change is proposed to the option appraisal process. All residual risks that exceed their risk appetite will be required to be reviewed by Senior Management Team, who will decide if further mitigating controls are required or not. If further controls are required which cannot be met from current Service budgets, then the Corporate Management Team shall determine if the risk is to be accepted, and if not, prioritise any funding bids before submitting them to Cabinet for consideration.

Arising from the change above, updates have been made to the roles and responsibilities of Senior Management Team and Management Team. A number of minor amendments have also been made to the strategy to reflect current practices.

Recommendation:

The Cabinet is recommended to approve the Risk Management Strategy.

1. PURPOSE OF THE REPORT

1.1 The Risk Management Strategy (RMS) is reviewed on an annual basis.

1.2 This report details the outcome of the review of the RMS and requests Cabinet to approve a revised RSM.

2. ANALYSIS

2.1 No changes are being proposed to either the Council's risk appetite and supporting statements, the risk assessment model or the scales against which likelihood and impact are evaluated.

2.2 The definitions used to judge both the likelihood and impact scores have been reviewed. Particular attention has been paid to the financial impact of risks. The Head of Resources has considered whether or not the financial impacts should be adjusted but has concluded that against the current budget, the individual limits within each of the five impact levels remain applicable.

2.3 A number of changes are being proposed to the RMS. The most significant being the requirement that option appraisal forms shall be completed for all residual risk scores that exceed their agreed risk appetite level. Previously only risks that resulted in 'high' or 'very high' residual risk scores required an option form to be completed.

Option forms will be completed by a member of the Management Team (either the Head of Service or Team Manager) and considered by the Senior Management Team. They will challenge the current controls and the inherent and residual risk score. If additional controls are identified that can be funded from the current Service budget or other changes made that reduce the risk so it falls below the risk appetite, then the relevant Head of Service will introduce those controls and the risk register entry will be updated.

If further controls could be introduced but cannot be funded from within existing Service Budgets or the residual risk remains above its risk appetite level, then the Senior Management Team shall submit the option form to the Corporate Management Team who will have responsibility for accepting the level of residual risk or submitting the option form to Cabinet for their consideration and decision as to whether further risk treatments are to be funded.

2.4 The other changes to the RMS are minor in nature:

Confirmation that risk registers shall be maintained at both the Corporate and Operational level and that risks are not static and may move between the two registers.

Updating the role and responsibilities of Senior Management Team and Management Team to reflect the changes at 2.3 above.

Including on the risk treatment option form the current Health & Safety counter-measures to be followed when the risk appetite is exceeded.

3. COMMENTS OF OVERVIEW & SCRUTINY

3.1 The Overview and Scrutiny Panel (Performance and Customers) considered the Risk Management Strategy at the Panel meeting on 5th June 2017. Members supported the changes and commented on how useful it was and well written.

4. WHAT ACTIONS WILL BE TAKEN?

4.1 The appropriate Management Team member will be required to prepare risk treatment option forms by the 31 August for all current risk register entries that exceed their risk appetite. They will then be considered in line with strategy.

4.2 The new strategy will apply immediately to all new risk register entries.

5. LINK TO THE CORPORATE PLAN

5.1 Effective risk management is integral to the delivery of the Corporate Plan. It supports sound decision making through a robust assessment of risks and opportunities.

6. REASONS FOR THE RECOMMENDED DECISIONS

6.1 Due to the introduction of differing risk appetite levels it is no longer appropriate that risk treatment option forms are completed only for 'high' or 'very high' residual risks. All risks that exceed their risk appetite need to be reviewed and a decision taken as to whether or not the level of residual risk is acceptable on not.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Risk Management Strategy v14 – July 2017.

BACKGROUND PAPERS
None

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Appendix 1

Risk Management Strategy

Version14 – July 2017

Introduction

An effective risk management strategy will ensure the Council maximises its opportunities and manages those threats that may hinder the delivery of its priorities so that the opportunities for continuous improvement are maximised.

Risk therefore needs to be considered at all stages of the management process, from the setting of corporate priorities through to the delivery of the service to the customer. Risk management therefore becomes an integral element of the Council's corporate governance arrangements.

This risk management strategy aims to integrate risk management into the Council's culture and processes and raise awareness amongst all employees and members of the benefits and opportunities that the successful management of risk can bring.

Definitions

Risk is the chance or possibility of something happening that will have an adverse impact on the achievement of the Council's objectives.

Risk management is the identification, evaluation, control, monitoring and reporting of existing and emerging risks. It applies equally to the opportunities for taking risks as it does to avoiding risks or reducing losses. It is a key part of good management and not simply a compliance exercise.

Why is Risk Management important?

The Council provides a large range of services within an ever changing environment, so there is great potential for risks to arise. Effective risk management will enable the Council to:

- Maximise performance
- Minimise the need to divert funds from priority services
- Encourage creativity
- Minimise losses
- Ensure the Council's reputation is preserved and enhanced
- Reduce insurance premiums

The aim is to manage risk, rather than eliminate it. Too little attention to the control of risk will lead to unnecessary losses and poor performance, while an over zealous approach may stifle creativity and increase the cost of and/or impede service delivery. Successful risk management means getting the balance right.

Risk Policy Statement

Huntingdonshire District Council is committed to the effective management of risk. The Council's ability to deliver services and achieve its business objectives are constantly affected by risk, which the Council recognises as being both positive and negative.

The Council also recognises its legal, moral and fiduciary duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive risks.

The Council will ensure that Members and staff understand their responsibility to identify risks and their possible consequences.

The Risk Management Process

Risk management is a continuous process that has five key elements:

- The systematic **identification** of risks to which the Council is exposed.
- The **evaluation** of those risks in terms of likelihood and severity.
- The **control** or **mitigation** of the risks, either by reducing the likelihood or severity of adverse events.
- The **arrangements** the Council needs to put into place to deal with the **consequences** of the threats manifesting themselves, e.g. insurance, levels of policy excesses, self-insurance, service recovery planning.
- The on-going **monitoring** and **reporting** of risk, to allow for intended actions to be achieved and losses minimised.

A standard risk management process will be used throughout the Council[1]. This will ensure that risks are considered in the same fashion whether at a project, partnership, corporate or operational level.

There are many ways of identifying risk, including:

- Staff experience and knowledge
- Necessity for achieving Corporate and Service Plans
- Performance indicators, financial/budgetary and management information
- Service reviews by internal/external audit and other inspection bodies
- Risk assessments
- Directorate / Service meetings / workshops
- Amendments to legislation
- Insurance claims / loss information

Risk registers shall be maintained at both the Corporate and Operational level. Corporate risks are likely to affect the medium to longer term priorities and objectives of the Council and require longer term planning to be addressed. Operational risks tend to be related to ongoing service activies and have a more immediate impact and require to be treated in a shorter time frame.

Risks are unlikely to remain static and they are required to be reviewed regularly to reflect changing internal and external circumstances. Such reviews may lead to risks moving between registers, new risks being identified, risk being closed when appropriate and control measures being updated leading to changing residual risk scores.

Risks will be allocated to one of 13 risk areas to assist with risk identification and aid discussions on linked risks and mitigation.

- Competitive
- Contractual
- Customer
- Economic
- Environmental
- Financial
- Information
- Legal / Legislative
- Physical
- Political
- Professional
- Social
- Technology

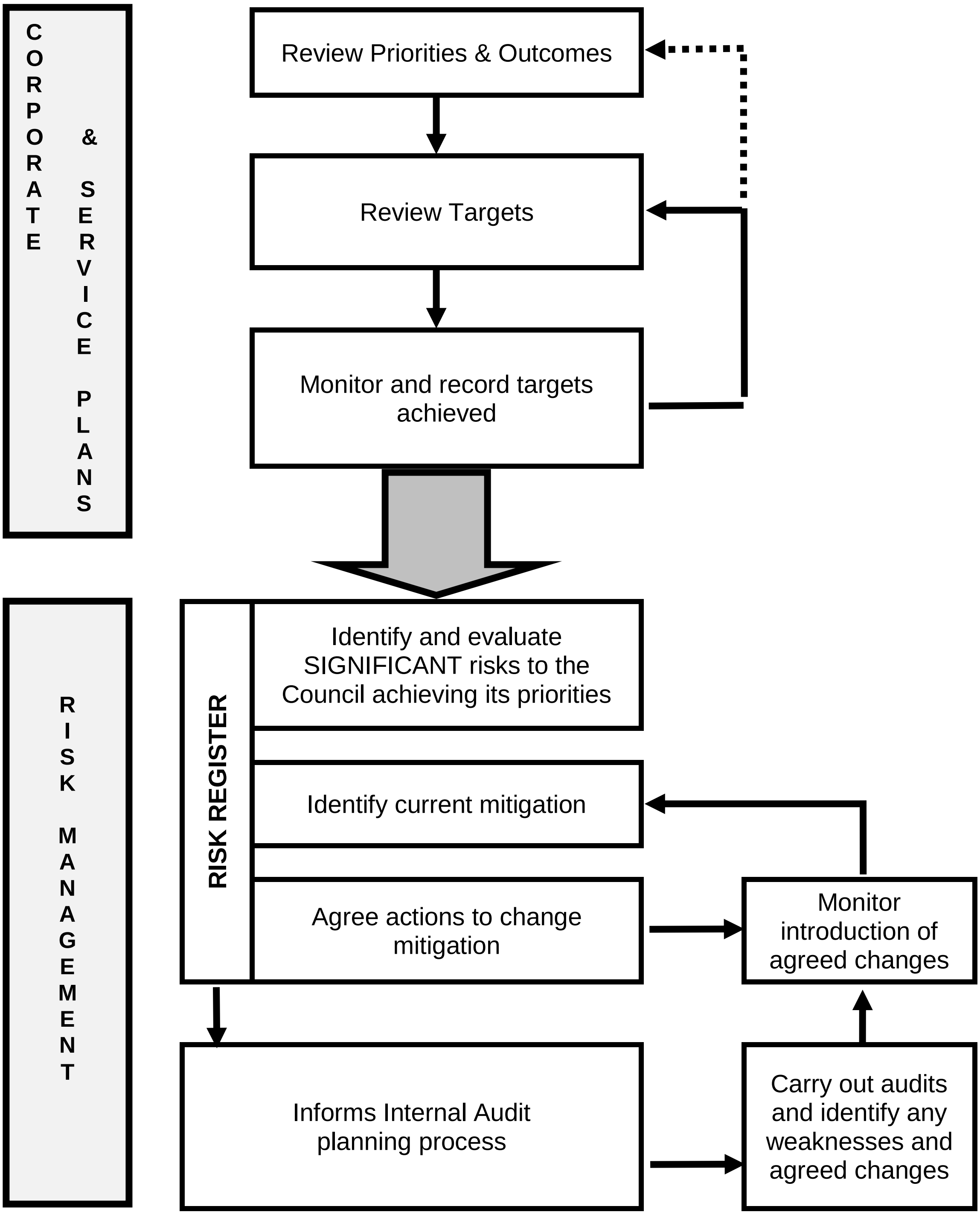
Further details about the assignment of risk to the appropriate risk level and area can be found on the Risk Management intranet pages.

[1] For operational reasons, health and safety risks shall be evaluated in accordance with the categories of injury prescribed by the Health and Safety Executive, as contained in Appendix A.

Developing and Integrating Risk Management

The identification and management of risks needs to be undertaken at all stages of the corporate and service planning process so as to ensure that the risk register contains the significant risks that will affect the Council achieving its priorities. All reports or proposals at officer or member level that deal with changes to services must, where material, refer to the impact of what is being considered on the Council's priorities and targets and be supported by an explicit consideration of the risks, both inherent and mitigated, to that impact being achieved.

The table below explains how risk management processes link into the Council's planning process.



Risk Assessment

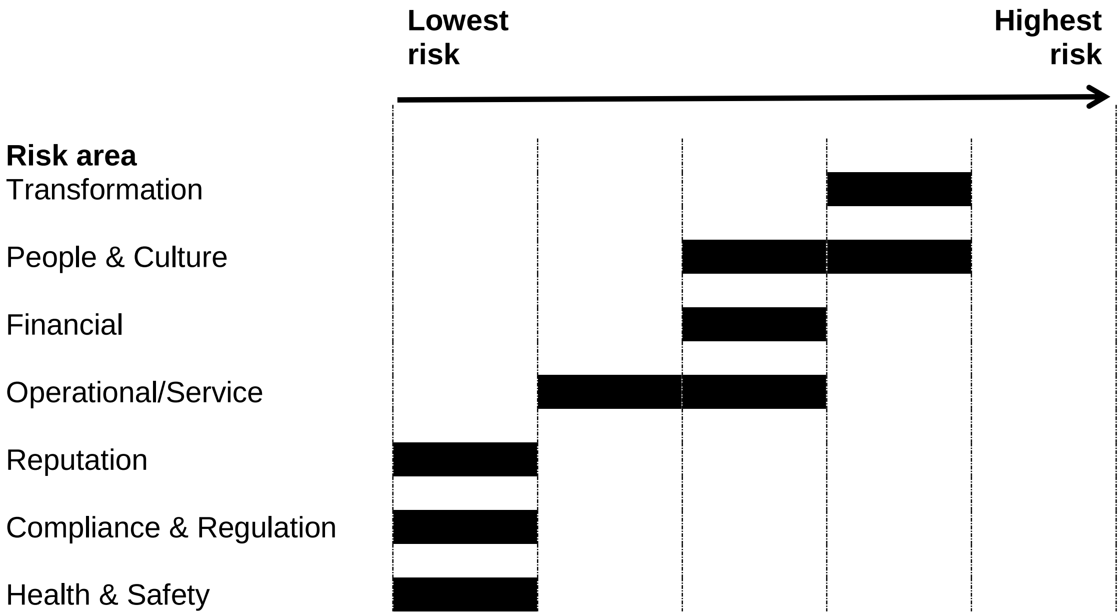
The risk assessment model is detailed in Appendix A. The model requires potential risks to be evaluated against a set of pre-determined criteria for likelihood/frequency and impact at both the inherent (without controls) and residual (with controls) risk levels. Individual risk levels are determined by plotting the risks onto a risk matrix. Health and Safety risks will be plotted against the smaller inset matrix.

Likelihood / Frequency							
	Almost Certain	5	Medium	High	Very High	Very High	Very High
	Likely	4	Medium	High	High	Very High	Very High
	Occasional	3	Low	Medium	High	High	Very High
	Unlikely	2	Low	Low	Medium	High	Very High
	Improbable	1	Low	Low	Medium	High	High
			1	2	3	4	5
			Trivial	Minor	Significant	Major	Critical
			Impact				

Risk Appetite

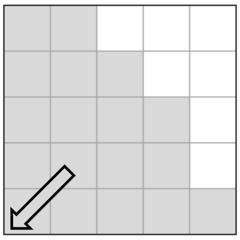
The Cabinet shall determine the Council's risk appetite; that is the amount of risk that it is prepared to accept, tolerate, or be exposed to at any point in time. In making this decision the Cabinet shall consider the risk assessment model and its individual elements, the Council's current circumstances and their responsibilities towards the Council's employees and the wider community and the recommendations of Corporate Management Team.

The appetite for risk varies according to the activity undertaken. The Council wish to minimise exposure to reputation, compliance and health and safety risk, whist accepting and encouraging increasing risk in other areas in pursuit of the Corporate Plan objectives as shown in the diagram and statements below.



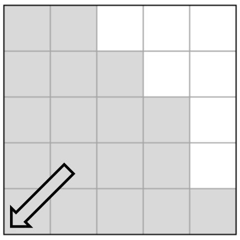
Transformation

Risk appetite target



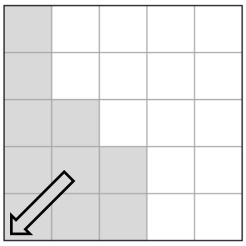
The Council recognises that in order to achieve a balanced budget it needs to make changes to its internal operations and review how services are delivered. This will require innovation. The Council has a high risk appetite in this area and is prepared to accept the risks that may arise so long as the benefits and risks from those decisions are properly assessed and appropriately mitigated or accepted before change is introduced.

People & Culture



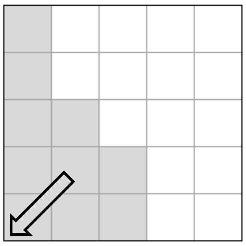
The Council recognises that its employees are critical to it achieving its objectives and that their support and development is key to making the Council an inspiring and safe place to work. It has a medium/high appetite for decisions that involve staffing or culture change that will support transformational change or lead to service improvement.

Financial



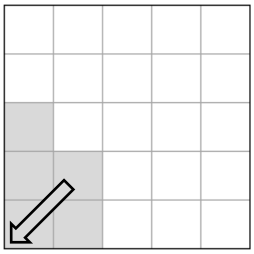
The Council has a medium appetite for financial risk. It recognises that for the foreseeable future it will have to deliver its services for less money. It aims to maintain its long term financial viability and its overall financial strength and Directors, Heads of Service and Service Managers are required to deliver their services within the budget approved by Council and in accordance with the Code of Financial Management, its reserves policy and treasury management strategy.

Operational/Service



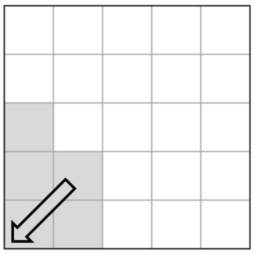
In accepting that minimum service levels shall be determined by the Cabinet and are constrained by budget pressures, the Council requires operational risk to be reduced to a level at which the controls and procedures that are in place allow for services to be delivered ‘right first time’ and with minimum error or the requirement to re-perform. This will result in the provision of appropriate levels of service that provide value for money whilst also maintaining customer focus.

Reputation



It is regarded as essential that the Council acquires and maintains a high public reputation. It has a low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy through any adverse publicity or could lead to the loss of confidence in how it delivers its services by Central Government.

Compliance & Regulation



The Council places great importance on compliance, regulation and public protection and has no appetite for any breaches in statute, regulation, professional standards, ethics or any act that facilitates bribery or fraud. It has a low risk appetite in these areas.

Health & Safety

The Council considers that health and safety risks including safeguarding and similar public safety concerns should be mitigated to the lowest practical level. If health and safety risks conflict with the delivery of services or the introduction of new initiatives, then the health and safety of employees and members of the public shall take precedence.

(Further information on H&S risk appetite levels and assessments can be found on and intranet pages).

Option Appraisals & Risk Treatment

For all individual residual risks that exceed their risk area targets as described above, consideration shall be given as to what further cost-effective mitigation could be introduced to reduce the residiual risk score so that it falls within its risk appetite.

Before a decision is made on the way the risk is to be treated, the Head of Service who owns the risk, shall carry out an option appraisal. The appraisal shall consider how to deal with the risk on the following basis:

- **Reduce** or treat the risk by controlling the likelihood of the risk occurring or controlling the impact of the consequences if the risk does occur.
- **Avoid** or eliminate the risk by not undertaking the activity that may trigger the risk.
- **Transfer** the risk either totally or in part to others e.g. through insurance.
- **Accept** or tolerate the risk. This option will only be accepted when the ability to take effective action against a risk is limited or the cost of taking action is disproportionate to the potential benefits gained.

The appraisal will consider cost, resources, time and the potential financial and non-financial benefits of each treatment option. Advice from specialist staff shall be taken where appropriate.

Ideally risk treatments should be self-funding. Where this is not the case there will need to be a prioritisation process to ensure that any funding is concentrated first on those items that will be most beneficial to the achievement of the Council's priorities.

- **Action Plans**

  The results of the option appraisal shall be recorded by the risk owner on a risk treatment option form (Appendix B) within four weeks of the risk having been recorded in the risk register. The form shall identify the risk, the current control environment, control actions to be introduced, the Officer responsible and the timescales for implementation.

  The risk owner shall send the option appraisal form to the Senior Management Team within six weeks of the risk being recorded in the risk register. The Senior Management Team will review and challenge the form. The form shall be updated if required and then considered by the Corporate Management Team who will determine if the mitigation outlined is to be introduced. If the additional mitigation cannot be met from the current Service budget the matter shall be reported to the Cabinet for a decision. If further mitigation is agreed, the risk owner shall update the risk register and put in place procedures to introduce the agreed mitigation.

Roles and Responsibilities

Everyone in the Council is involved in risk management and should be aware of their responsibilities in identifying and managing risk.

Council, Cabinet, Committees & Panels

- To ensure they consider risk management implications when making decisions.

Cabinet

- To be responsible for ensuring effective risk management procedures are in place across the Council and approving the risk management strategy.
- To determine the Council's risk appetite annually and review the risk assessment model to ensure it continues to reflect the requirements of the Council.
- To decide upon the action to be taken for all mitigated risks that exceed the Council's risk appetite or have the potential to harm its reputation or the continuity of services and require additional budget expenditure that cannot be funded from existing Service budgets.

Corporate Governance Committee

- To receive regular updates on risk management and consider any governance issues arising.

Corporate Management Team

- To ensure effective risk management throughout the Council in accordance with the risk management strategy.
- To make recommendations at least once a year to the Cabinet on the Council's risk appetite.
- To ensure that Members are advised of the risk management implications of decisions.
- To review and challenge Corporate risk register entries at least once every three months.
- To prioritise risk treatments and requests for additional funding.

Senior Management Team

- To develop a culture of risk management throughout the Council.
- Balancing an acceptable level of risk (as described by the risk appetites) against the achievement of corporate and/or service plans, project objectives and business opportunities.
- To identify and resolve any risks associated with compliance with the Council's agreed rules, procedures and processes.
- Ensure that risks relating to significant partnerships are identified and effectively managed, within the partnership and at service level.
- To review and challenge Operational risk register entries at least once every three months.
- To review and challenge risk treatment option forms submitted by the Management Team and passing them onto the Corporate Management Team if additional control measures cannot be funded from Service budgets.

Management Team

- Ensuring that effective control procedures are in place to manage the risks affecting their services.

- Review (as risk owner) their Corporate and Operational risk register entries at least once every three months, reporting all new risks or significant changes to risk entries to their Head of Service and/or Director.
- Maintain all risk register entries fully, updating them promptly with any perceived new risks or opportunities, failures of existing control measures and closing them when appropriate.
- Update at least once every six months risk register assurance statements that describe the effectiveness of the risk mitigating controls.
- Prepare (as risk owner) for risks that exceed risk appetite levels, risk treatment option forms for consideration by the Senior Management Team.

Internal Audit & Risk Management Section

- To assist managers in identifying and analysing the risks that they encounter and the formation of action plans to address outstanding issues.
- To report as necessary to the Cabinet, Corporate Governance Committee or Corporate Management Team on risk management issues.
- To identify best practice and consider its introduction within the Council.
- To provide advice and guidance on systems to mitigate risk.

Health and Safety

- All Elected Members and employees are responsible for taking care of their own and their colleagues/visitors health and safety at all times. They are responsible for the identification and treatment of hazards as described in the Health and Safety Policy – Organisation & Responsibilities.

Employees

- To co-operate with management and colleagues in matters relating to the mitigation of risk.
- To promptly inform the appropriate manager of any risks they become aware of.

RISK ASSESSMENT MODEL

Likelihood / Frequency

		Alternatively this could be expressed as likely to happen within the next:
5 = Almost Certain	Will definitely occur, possibly frequently.	Month
4 = Likely	Is likely to occur, but not persistently.	Year
3 = Occasional	May occur only occasionally.	3 years
2 = Unlikely	Do not expect it to happen but it is possible.	10 years
1 = Improbable	Can't believe that this will ever happen, but it may occur in exceptional circumstances.	20 years

When considering Health & Safety related risks, the likelihood should be expressed as being likely to happen within the next:

4 = Likely	Month
3 = Occasional	Year
2 = Unlikely	5 years

Further advice on assessing Health & Safety risks* can be obtained from the Health & Safety Advisor.

Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

1 = trivial event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers
- increase the Council's net cost over the 5 year medium term financial strtategy (MTFS) period by £50,000 or less.
- be managed with no reporting in the local media
- cause localised (one or two streets) environmental or social impact

2 = minor event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days
- increase the Council's net cost over the 5 year MTFS period by more than £50,000 but less than £100,000.

- result in minor short-term (up to a fortnight) adverse publicity in the local media
- * be a Health and Safety (H&S) concern that results in an injury but 7 days or less off work
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

3 = significant event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances
- affect service delivery in the longer term
- increase the Council's net cost over the 5 year MTFS period by more than £100,000 but less than £250,000.
- result in significant adverse publicity in the national or local media
- * be a Health and Safety concern that results in more than 7 days off work or is a specified injury, dangerous occurrence or disease that is required to be reported to the H&S Executive in accordance with 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013' (RIDDOR)
- has a short term local effect on the environment, or a social impact, that requires remedial action.

4 = major event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Managing Director involvement.
- increase the Council's net cost over the 5 year MTFS period by more than £250,000 but less than £500,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media
- significantly affect the local reputation of the Council both in the long and short term
- * results in the fatality of an employee or any other person
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

5 = critical event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services, and cause a total shutdown of operations.
- increase the Council's net cost over the 5 year MTFS period by more than £500,000.
- have an adverse impact on the national reputation of the Council both in the long and short term
- have a detrimental impact on the environment and the community in the long term e.g. catastrophic and / or extensive discharge of persistent hazardous pollutant

Risk Treatment Option Form

<table>
<tr><th colspan="6">Risk Treatment – Action Plan</th></tr>
<tr><td>Description of risk from register:</td><td>Risk
ID No:</td><td>Current residual risk score:
Likelihood x Impact</td><td></td><td></td><td></td></tr>
<tr><td colspan="6">Controls already in place as listed on the risk register:</td></tr>
<tr><td colspan="6">Are these controls operating effectively? Yes / No</td></tr>
<tr><th colspan="6">Risk Action Plan (All actions listed in priority order)</th></tr>
<tr><td rowspan="2">Proposed actions to reduce risk using existing resources</td><td colspan="3">New residual risk score[2]</td><td rowspan="2" colspan="2">Extra resources required[3]</td></tr>
<tr><td>L</td><td>I</td><td></td></tr>
<tr><td>a.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>b.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>c.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>Actions requiring additional resources</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>1.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>2.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>3.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>4.</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><th colspan="6">Decision</th></tr>
<tr><td rowspan="2">Agreed Option:</td><td colspan="2">Implementation Date</td><td colspan="3">Risk Owner</td></tr>
<tr><td colspan="2"></td><td colspan="3"></td></tr>
<tr><td colspan="2">Decision taken by:</td><td colspan="4">on:</td></tr>
</table>

Note: Health & Safety risks that exceeed their risk appetite shall be treated with counter-measures or be stopped immediately until the residual risk has been sufficiently reduced. The action that must be taken is set-out below and mirrors the approach set-out in the Council's approved Health & Safety risk assessment form.

Residual risk score		***Action guideline***
4:	*Low*	*Maintain control measures.*
6:	*Medium*	*Maintain and monitor control measures.*
8-12:	*High*	*Review control measurese and improve if reasonably practicably to do so, consider other ways of working.*
16:	*Very high*	*Stop activity and improve controls.*

[2] New Residual Risk Score: after the action has been introduced
[3] Extra Resources: only complete if extra resources will be required to allow the proposed action to be introduced e.g. financial costs and staff time

Remember, when considering treatment options that the Council's aim is to manage risk rather than eliminate it completely – successful risk management is about improving risk taking activities whilst minimising the frequency of the event occurring.

Issues that should be considered when making the risk treatment decision are listed below.

Administration	Is the option easy to implement? Will the option be neglected because it is difficult to implement? Do staff have sufficient expertise to introduce the option?
Continuity of effects	Will the effects of the risk treatment option be long term/continuous or short term? If short term, when will further risk treatments be needed? Does the risk need to be treated at all as it will 'disappear' in the short term (e.g. a project it refers to will be completed or in the next three months
Cost effectiveness	*Costs need to be estimated accurately as it's the base against which cost effectiveness is measured.* Can the cost of implementing further control be justified compared to the risk reduction benefits expected? What financial loss is to be expected if no action is taken? Could the same results be achieved at lower cost by other means? Will running costs go up or down? What capital investment will be needed? What other costs will there be?
Benefits	What will happen to service levels? What will happen to service quality? What additional benefits or risk reductions will occur in other areas? Can other controls in place be amended to deal with this risk? How will you evaluate this option to see if it is reducing the identified risk?
Objectives	Will reducing risk advance the Council's overall objectives? What will be the economic and social impacts? What will be the impact on the environment of leaving the risk as it is?
Regulatory	Complying with laws and regulations in not an option. Does the lack of treating the risk (or the current method of control) breach any laws or regulatory requirement? Is the treatment option proposed, including its cost, totally disproportionate to the risk?
Risk creation	What new risks will be created from introducing the option?

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Waste and Recycling Round Reconfiguration
Meeting/Date:	Cabinet 20th July Overview & Scrutiny (Communities and Environment) – 4 July 2017
Executive Portfolio:	Councillor Jim White – Executive Councillor for Environment, Street Scene and Operations
Report by:	Neil Sloper – Head of Operations
Ward(s) affected:	All

Executive Summary:

1. The reconfiguration of our rounds aims to maximise efficiencies and reduce fuel usage whilst meeting waste collection needs and delivering good customer service.

2. This report provides a summary of the implementation and lessons learned.

3. The revised rounds are implemented and following a settling down period collections are now consistent.

4. Further operational work is now required to performance manage the service to deliver optimal performance and drive the savings targets where possible.

Recommendation(s):

1. The Overview and Scrutiny Panel and the Cabinet are asked to note the implementation report and lessons learned, making any recommendations to Cabinet.

1. PURPOSE OF THE REPORT

1.1 The report presents a summary of the implementation of the Waste Service round reconfiguration project and lessons learned.

2. BACKGROUND

2.1 Waste collection rounds were last reviewed in 2011.

2.2 There was a need to reconfigure our rounds to:

- balance workloads due to positive changes in recycling habits
- balance workloads due to housing growth
- reduce fuel usage through optimised routing

2.3 The Council additionally set a cost reduction target of £276,000 within the waste service in its Zero Based Budgeting process.

2.4 The project started in May 2016 with an original implementation date of 21st November 2016. This was re-profiled to the 27th February to enable preparations to be completed and additional communication with residents regarding the go live date.

2.5 The last update report on 10th January to Overview and Scrutiny Panel (Communities and Environment) confirmed that the project was on track to the re-profiled implementation date. The full project progress report and highlight report were presented and endorsed.

2.6 It was reported on 10th January that given the growth of recycling by residents and the Council's positive policy of offering a second free recycling bin and accepting side waste for recycling; the volume and weight of recycling required the number of collection rounds for recycling to remain at 7. The rounds would still change to balance workloads and optimise fuel efficiency.

3. IMPLEMENTATION REPORT

3.1 Project Plan

3.1.1 Appendix 1 to this report contains the formal report schedule for the project and all elements of the pre-implementation were completed on time for the re-profiled go-live date.

3.2 Communication Plan

3.2.1 A success of the project was the communication plan before the go-live date with customer services praising the pre-launch awareness. The Customer Service team felt that the plan was significantly better than the last re-configuration and that the volume of calls before go live was much lower as a result. The communication plan in Appendix 2 was achieved.

3.2.2 This is demonstrated by the contact report from Customer Services in Appendix 3. Calls regarding the quality of information increased the week of the go-live but only to 56 for that week and then fell indicating the information given was largely understood. Signposting to the collection calendar peaked at 199 calls in the go-live week but then tailed off quickly. The website statistics showed that traffic was successfully driven to the site in January, peaking in February and then reducing back to the level of views before implementation.

3.3 Go-Live

3.3.1 Following the last update report to Overview and Scrutiny, the Waste Service experienced a major road traffic incident. A vehicle was written off and three waste team members were hospitalised, one with life-changing injuries. No other vehicles were involved in the incident and the outcome of the police investigation is still outstanding.

3.3.2 This had a very serious impact on the whole team as post incident recovery took place whilst providing continued continuity of waste collection across the district. This event had a direct impact on the engagement and preparations for go live in February with the crews. However, the teams and managers still achieved a go live date as planned of 27th February.

3.4 Missed Bins

3.4.1 Additional resources were put in place for the first 4 weeks of the new rounds. This was in recognition that all crews had new rounds and that all drivers had new routes to follow in areas with which they were unfamiliar. Previously drivers and crew had been doing the same rounds since 2011 and therefore had an exceptionally high level of automatic knowledge regarding special arrangements such as assisted collections.

3.4.2 Missed bins grew as a result of the changes (see Appendix 4). Daily missed bins grew from a pre-implementation average of 20 per day (0.002% of collections) to a peak in March of an average of 80 per day (0.1% of collections). This then fell in April to an average of 60 per day (0.008% of collections) and then back to pre-implementation levels in May.

3.4.3 Despite being a low overall number of missed bins given the magnitude of the changes made, the impact of these were high as a large number of these were consistently missed in the same locations. These were predominantly due to the complexity of the changes to establish a rural only collection round. Additional procedures were put in place in mid-April to address this including the swapping of crews.

3.4.4 From June onwards the service has been achieving collections to the new scheduled days, with a similar level of missed bins recorded pre-implementation. The additional resources deployed are now under review, to be withdrawn in a staged way, to start the delivery of savings.

3.4.5 Additional resources were also deployed to address service failure following the increase in missed bins in March. The service was then able to collect any missed bin the next day if passed to Operations before 4:00pm. The resources deployed to achieve this are now reduced as the volume of missed bins has fallen. The service is seeking to maintain this level of responsiveness.

3.5 Customer Contact

3.5.1 The graphs in Appendix 3 (Customer Contact Report) show that customer contact increased significantly in March following the implementation of the round changes, peaked in April and then returned back to pre-implementation volumes in May/June. This reflects the picture of missed bins and the customer contact received to get these resolved. The same is true of complaints.

3.5.2 Whilst service failure is not acceptable and in particular the repeated issues in the same locations, it is important to note that on a monthly basis the Waste service collects 160,000 bins in a month. The peak call volume in March peaked at 10,373 calls to switchboard and 2607 calls for Operations. Complaints peaked at 170 in April.

3.5.3 A particular issue that must be highlighted is that due to the persistence of missed bins in some locations the average length of call became extended, impacting call handling capacity and extended call waiting times to an average of 5 minutes in March and almost 8 minutes in April compared to between 1.5 and 2 minutes pre-reconfiguration. These calls were also harder to manage as resolution became more challenging.

3.6 Performance

3.6.1 The old rounds were well known by crews and as a result the speed with which these were completed could have been considered as excessive. Part of the requirement for the new rounds is that the crews work safely, without running, and complete more of their paid for hours.

3.6.2 Due to a system of task and finish, crews were self-incentivised to have high work rates as they could finish as soon as their round was complete. However, as the rounds became unbalanced this led to unfairness between crews. In order to achieve the reduction of a round on garden and residual waste the work is effectively distributed amongst the remaining rounds. This impacted the incentive of task and finish requiring a new performance management framework to be implemented to monitor work rates and accuracy. This has had a positive impact in addressing performance issues, with some crews recognised as delivering greater productivity than others.

3.6.3 The performance management framework will now be used to optimise the work rates of all crews such that we can phase the withdrawal of additional round support without impacting the quality of service that has been recovered.

3.7 Round Status

3.7.1 The current volume of garden recycling is at a peak meaning that we do not intend to reduce the rounds at this time. A seasonal model of service will be developed whereby fewer but longer rounds are implemented in the winter to reduce the fuel and cost of the service on a seasonal basis.

3.7.2 An additional resource is being used to support the completion of residual waste on the scheduled collections dates. A detailed data gathering exercise and detailed de-briefing has been undertaken in June to look where rounds may need to be adjusted. Analysis in July will inform a staged series of amendments. Performance monitoring data will also be used, to ensure that logistical issues are driving these adjustments.

3.7.3 The new rural round has been improved by establishing a dedicated team who complete both residual and recycling due to the complexity of the special arrangements in place which include remote locations.

3.8 Driver Resources

3.8.1 A key issue impacting round re-configuration has been a shortage of drivers. This has required members of the waste management team to be regularly called upon to undertake collections. This was acute over the Easter period. This has been particularly challenging as agency drivers seek to complete as many hours as they can to maximise their earnings. The Waste service is unable to do this due to the hours of operation being constrained by tip opening times and sensible morning start times that do not disturb residents before 6:30am. This means as soon as other job offers come up we lose staff we have trained. The attractiveness of our vacancies has also been impacted by this, currently there is also a high demand for HGV drivers due to the A14 Highways work.

3.8.2 This has an impact on the effective handling of escalated complaints as the managers were out of the office driving. An additional temporary acting up arrangement was established to support the management team whilst links with multiple driver agencies have been established. The withdrawal of additional resources to support the new rounds will reduce the pressure, holiday quotas have been shortened and in-house driver training has also commenced to assist.

3.9 Lessons Learned

3.9.1 Whilst the project was managed using the Council's project methodology it is considered that due to the magnitude of the risk and impact on residents such a project in the future should have a formal project board consisting of the key stakeholders in the organisation to keep them briefed and ensure the project plan is as robust as possible.

3.9.2 When planning the project there was no estimate or business case made for transitional resources to achieve the change or to recognise that to achieve a step change there would be a requirement to invest to save. This would have assisted in the formative stages with a project board to ensure such a significant change was resourced from the outset.

3.9.3 Handling a greater volume of customer contact through such a significant change should have been part of the project plan both within Customer Services and Operations at an earlier stage to ensure clear escalation paths, consistent responses and to eliminate potential confusions. Considering capacity to handle this volume increase would also have been advantageous rather than adopting the use of existing resources, supplemented by overtime.

3.9.4 When planning and delivering such a significant savings project a sensitivity and risk analysis should form part of the initiating business case so that the project is approved on the basis of worst case scenario.

4. COMMENTS OF OVERVIEW & SCRUTINY

4.1 The Overview and Scrutiny Panel (Communities and Environment) was presented the report on the Post-implementation Review of Waste Round Reconfiguration and Closure Report at the Panel meeting on 4th June 2017.

4.2 The Panel commended the service for the reconfiguration of the waste rounds however some Members expressed concerns that it had taken longer than anticipated to rectify issues (i.e. a small number of bins regularly missed). The Head of Operations assured Members that the issues were temporary and that the service had taken on board lessons for any future reconfiguration.

4.3 The Panel were interested in the potential savings opportunities with the green bin waste collections and have requested that Cabinet investigate these.

5. KEY IMPACTS & RISKS

5.1 Driver capacity still impacts the management team's capacity to focus on detailed performance management as they are the final cover to ensure the service is delivered.

5.2 The manual nature of route information, special collection arrangements and recording contaminated bins continues to impact service efficiency. The project to implement a waste management IT system for the first time is being progressed with South Cambridgeshire District and Cambridgeshire City Council's. Procurement is about to start with an anticipated implementation date in 6 months.

6. LINKS TO STRATEGIC PRIORITIES

6.1 The round reconfiguration will ensure that the Waste Service meets the strategic priority of becoming more efficient and effective, and delivers efficiency savings for the Council whilst continuing to meet waste collection needs.

7. CONSULTATION

7.1 Consultation has been conducted with the collection crews to ensure viable collection services.

7.2 Customer Services have been consulted in the preparation of this report.

8. LEGAL IMPLICATIONS

8.1 Part of the project included round risk assessments is to ensure that the reconfigured rounds full comply with health and safety legislation.

8.2 Part of the project included a review of assisted collections to ensure that the reconfigured rounds full comply with Health the Equalities Act.

9. RESOURCE IMPLICATIONS

9.1 The additional cost of delivering the round reconfiguration is £28,090 for a dedicated Project Officer and this is being met from the agency staffing budget for the Waste Service.

9.2 Based on the requirements of fulfilling the recycling collections from Huntingdonshire's residents a saving of £180,000 was reported as being achieved through the round re-configuration project out of the £270,000 target. It is anticipated that only half of this saving will be delivered in 2017/18 due to the need for transitional resources to support the significant change.

10. REASONS FOR THE RECOMMENDED DECISIONS

10.1 The round reconfiguration is essential to rebalancing the current collection rounds to take account of existing housing growth and planned future housing growth; and to deliver £180,000 in savings.

11. LIST OF APPENDICES INCLUDED

Appendix 1: Waste and Recycling Reconfiguration Project Milestones

Appendix 2: Communications Plan

Appendix 3: Customer Services Contact Report

Appendix 4: Missed Bins by Month

CONTACT OFFICER

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Appendix 1: Waste and Recycling Reconfiguration Project Milestones

Performance against key project milestones			
Milestone	**Planned Completion Date**	**Actual Completion Date**	**RAG Status**
Project Kick off meeting	25/05/16	25/05/16	
Project Kick off meeting	25/05/16	25/05/16	
Update to Overview & Scrutiny	12/07/16	12/07/16	
Data Collection	31/08/2016	30/10/2016	
Completion of "As Is" Model	31/08/2016	30/10/2016	
Scenario modelling	30/09/2016	31/10/2016	
Update to Overview & Scrutiny	06/09/2016	06/09/2016	
Agreement on preferred solution	30/09/2016	31/10/2016	
Update to Overview & Scrutiny	04/10/2016	4/10/2016	
Update to Overview & Scrutiny	06/12/2016	06/12/2016	
Pre-implementation data update	31/10/2016	31/12/2016	
Delivery of communication plan	30/10/2016	31/01/2016	
Implementation	21/11/2016	06/02/2017	
Post implementation review	28/02/2017	April 2017	
Project Closure	31/03/2017	May 2017	
Post Project Review	30/04/2017	June 2017	

Appendix 2: Communications Plan

Key Messages

- New day of waste collections
- Why we have reschedule the waste rounds
- What goes in which bin – Recycling and Refuse Guide to be reissued
- Bins need to be out by 6.30am for collection
- No excess waste will be taken
- No black sacks will be collected

Actions	Start Date	To involve	Responsible Officer
• **Information Hangers – Christmas collection arrangements and info about possible new collection days from 6 February** **To be placed on grey bins starting w/c 5 December. Info will also be attached to sacks which are to be delivered in December**	5 December 2016		HF/JK
• **Councillors' Brief –** sent out weekly by Corporate Office • **Parish Brief –** sent out monthly by Corporate Office	November and December 2016	Corporate Office	HF
• **HDC Website notifications** • **Calendar updates**	December 16	IMD	HF/Joe Beddingfield/Will Wilton
• **RECAP website notifications**	December 16		HF

• **Letters to households affected and also including bank holiday arrangements for 2017**
  ○ **Make available in other languages**
 	
Meeting with the doc centre scheduled for 1 December
  ○ **Up to 80k letters to be sent**
  ○ **Inclusion of the Recycling and Refuse Guide – Include Frozen bins & smaller bins update info**
  ○ **Clear plastic envelope**
  ○ **Ordering**
	W/C 16 January 2017	Doc Centre	HF/Doc Centre

• **Agrippa signs – 'your waste collection days will be changing from 6 February. Download your collection calendar at www.huntingdonshire.gov.uk/bins'**	7 January 17		Workshop
• **Councillors and parish council pack which includes a copy of the letter and any other material.** **Could also include list of affected streets/villages with new collection**	w/c 16 January 2017	Corporate Office	HF/AC

days and particular areas which may have changed weeks for the collection of a certain waste type			
• **Call Centre:** ○ E-mail signature notifications ○ Advisors to speak to callers at the end of each call reminding of the possible changes to collection days	7 January 2017	Call centre	AE/SK
• **Social Media:** ○ Recycle with Huntingdonshire and Huntingdonshire District Council Facebook and twitter feeds ▪ Post & tweets to be scheduled • Changes happening and your information is on its way (Jan 2016) • You should now have received your new collection day (Jan 2016) • The online bin calendar has now been updated with your new collection dates (end Jan 2016) • Don't forget you waste collections are changing (w/c 6 February)	w/c 16 January 2017	Social Media Group	HF/AC
• **E-newsletter – Huntingdonshire Online – scheduled for Dec:** ○ Possibly a special edition could be created	16 January 2017		HF
• **Green News page with in the Hunts Post – scheduled for Dec:** ○ Possibly include the page within January edition ▪ Reminder to look out for your letters, take note of the changes to your waste collection days	11 January 2017 Hunts Post edition		HF
• **Press releases:** ○ Local newspapers ○ Parish publications, social media feeds and websites	Early January 2017	Corporate Office	HF
• **Key Issues and intranet**	January 2017	Corporate Office	HF
• **Info cards for crew (waste, streets and grounds) that they can give to residents who ask about the changes**	7 January 2017		HF/AC
• **Posters for One Leisure Sites, Customers service centres, Libraries and the Q-Matic screens**	7 January 2017	Doc Centre	HF/Peter Archer

Appendix 3: Customer Services Contact Report

Avoidable Contact Report – Quality of Information

This is how the team would log where customers are saying they haven't received their packs or are confused by the information provided

W/C 30th Jan (week prior to any round change communication)	W/C 27th Feb	W/C 6th March	W/C 13th March	W/C 20th March	W/C 27th March	W/C 3rd April	W/C 8th May	W/C 15th May	W/C 22th May	W/C 29th May	W/C 5th June
15	56	34	15	18	12	13	7	11	3	6	8

Signposting – Check Collection Calendar

This is where we are supporting customers to find the information

W/C 30th Jan (week prior to any round change communication)	W/C 27th Feb	W/C 6th March	W/C 13th March	W/C 20th March	W/C 27th March	W/C 3rd April	W/C 8th May	W/C 15th May	W/C 22th May	W/C 29th May	W/C 5th June
6	199	66	38	36	31	35	16	8	12	12	11

Website stats

	W/C 13TH Jan week prior to any round change communication)	W/C 30th Jan (notification on website calendar – FAQ's)	W/C 27th Feb	W/C 6th March	W/C 13th March	W/C 20th March	W/C 27th March	W/C 3rd April	W/C 8th May	W/C 15th May	W/C 22th May	W/C 29th May	W/C 5th June
Bin Calendar	4,180	6,129	11,658	6,871	4,807	5,716	4,775	4,965	3,883	3,438	4,193	5,547	3,772
FAQ's	25	1,679	1,525	798	454	421	304	405	107	76	102	124	102

	Jan	Feb	March	April	up to May 18th
Street scene Emails	857	649	1529	1272	560
Operations Complaints	18	16	86	170	59
Ops Refuse Avg Wait	01:44	01:26	05:06	07:58	07:21
Ops Refuse Call Volume	52	43	145	95	52
Ops General avg Wait	01:54	02:07	04:16	07:56	07:28
Ops General Call Volume	894	1387	2607	1543	806
Switchboard avg wait	01:31	01:38	03:28	06:24	06:57
Switchboard Call Volume	7551	7557	10373	8956	6119

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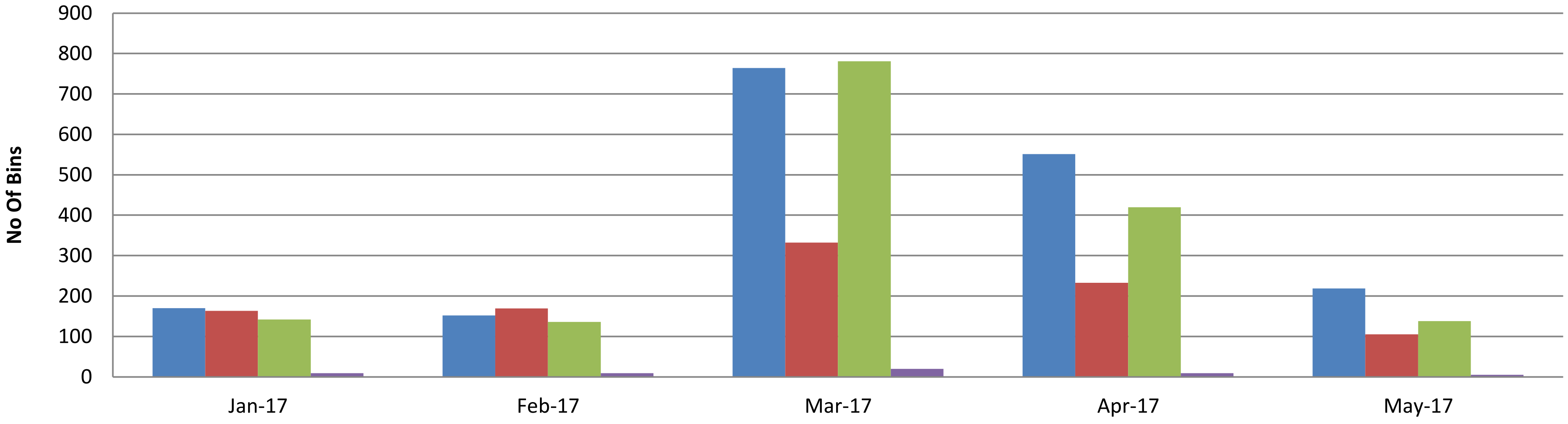
Appendix 4: Missed Bins by Month

Missed Bins by Month 2017



	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Refuse	170	152	764	551	219
Garden	163	169	332	233	105
Recycling	142	136	781	420	138
Trade	9	9	20	9	5

Note: 8,000 bins collected daily

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Peer Review Action Plan
Meeting/Date:	Cabinet – 20 July 2018 Council – 27 September 2018
Executive Portfolio:	Cllr Daryl Brown, Executive Councillor for Shared Services and Strategic Partnerships
Report by:	Adrian Dobbyne, Corporate Team Manager
Ward(s) affected:	All

Executive Summary:

The report (Appendix A) is the Action Plan Progress Report produced following the Local Government Association (LGA) Peer Challenge Team received by the Council in 2016. The report was presented at the Members Summit on 30 June 2017. The Action Plan has 31 actions against the 12 recommendations of the Peer Review.

The Action Plan makes clear links between the recommendations of the LGA Peer Challenge Team, the mechanism by which these recommendations have been delivered, the responsible Officer(s), links to existing policies, the relevant Executive Councillor and the current status of the action.

The Action Plan is monitored monthly at officer level by the Senior Management Team (SMT).

One year on from the Peer Review, all actions are on course to be delivered. 28 actions are complete or at least have a clear process and strategy for completion, such as the Members role as Ambassadors and the 3 actions on relationships with businesses, community resilience and relationship with the LEP remain work in progress.

A further refresh of the Action Plan will be completed and the Plan will be closed off with a report to Council in September 2017.

Recommendation:

The Cabinet is asked to comment on the progress made in achieving the actions in the Peer Review Action Plan

1. PURPOSE OF THE REPORT

1.1 To update Cabinet on the progress of the Peer Review Action Plan.

2. WHY IS THIS REPORT NECESSARY

2.1 To show progress made one year on from the Peer Review and strategy for completion of any outstanding items.

3. TIMETABLE FOR IMPLEMENTATION

3.1 Please see Appendix 1

4. LINK TO THE CORPORATE PLAN

4.1 The Action Plan has made clear links to the Corporate Plan activity and list of priority policies for review in 2017/18.

5. RESOURCE IMPLICATIONS

5.1 Any resource implications are included within current budgets.

6. REASONS FOR THE RECOMMENDED DECISIONS

6.1 As the Action Plan is near completion, Cabinet are invited to comment on progress made.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Peer Review Action Plan Progress report

CONTACT OFFICER

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Peer Challenge Action Plan Progress Report

Appendix G

Recommendation	Actions	Deadline	Responsible Person	Key Contributors and Partners	Link to Policy and/or responsible Executive Member	RAG Status	Completed	Commentary
1. Develop a long term narrative of the future of Huntingdonshire to inform place shaping, direct decision making and future forms of partnership working. This should make use of local evidence and context, along with national data of future trends and projections, to underpin this.	1a. Give further consideration to this recommendation once a decision on devolution is made by Council in October 2016.	Jan-17	Jo Lancaster	Cabinet, O&S, Local Stakeholders	Cambridgeshire and Peterborough Devolution Agreement (Cllr Howe)	G	✓	Now integrated into Corporate Plan review beginning in June
	1b. Statutory consultation on proposed Local Plan to 2036 submission.	May-July 2017	Andy Moffat	Planning Policy, Cambridgeshire County Council Transport	Local Plan to 2036 (Cllr Harrison)	G	✓	Consultation due to commence in June 2017
	1c. Analyse a range of data, including Economic, Health, Demography and housing trends to identify future trends and areas of concern that may present barriers to achieving our long term vision for Huntingdonshire.	Apr-17	Adrian Dobbyne	Dan Buckridge	Local Plan to 2036, Housing Strategy (Cllr Bull) and Skills and Enterprise Policy (Cllr Harrison)	G	✓	Evidence base for Corporate Plan 2018/20 includes these data sets
	1d. Work with Cabinet to ensure decisions are made based on the evidence and for them to proactively work to inform residents and partners on the vision for Huntingdonshire. For example, providing report writing training for senior officers.	Year end	Jo Lancaster	Cabinet	Cllr Cawley	G	✓	Training done, activity ongoing
2. Ensure the Corporate Plan drives the budget and delivery - this will mean changing the footprint of existing service delivery to focus on new priorities.	2a. Involve Members in reviewing the Corporate Plan and deciding what our key actions and performance indicators should be.	Mar-17	Adrian Dobbyne	O&S/Cabinet	Plan on a Page, Budget and MTFS (Cllr Gray)	G	✓	O&S Task and Finish Group 27 Feb. SMT discussing with Portfolio Holders. To Cabinet 16 March and Council 29 March
	2b. Make clear decisions on what our services standards should be based on cost and customer need, to include reviewing the provision of non-statutory services.	Feb-17	HoS / PFH	Council	Plan on a Page, Budget and MTFS (Cllr Gray)	G	✓	Service standards now incorporated into "business as usual" via LEAN.
	2c. Quantify the workstreams on the reworked Plan on a Page to better link finances and delivery.	Oct-17	Clive Mason / Jo Lancaster	PFH Resources	Plan on a Page, Budget and MTFS (Cllr Gray)	G	✓	
	2d. Introduce charging options for higher levels of service.	Dec-17	HoS / PFH	O&S/Council	Link to commercialisation (Cllr Brown)	G	✓	Members elected not to change charges in 2016, a review will follow the establishment of a Parking Strategy in September 2017
	2e. Use benchmarking data to ensure resources are achieving maximum value within 2017/18 service plans.	Feb-17	HoS / PFH	HoS	Cllr Cawley	G	✓	Benchmarking of Planning Service by Planning Officers' Society completed in Feb 17
	2f. Use the budget challenge process to focus budgets on achieving Corporate Plan priorities.	Nov-16	Anthony Kemp	O&S/Council	Plan on a Page, Budget and MTFS (Cllr Gray)	G	✓	Business Planning cycle in place

Recommendation	Actions	Deadline	Responsible Person	Key Contributors and Partners	Link to Policy and/or responsible Executive Member	RAG Status	Completed	Commentary
3. Recast the approach to working in partnership, recognising that this means not always leading, to secure benefits for the wider area and the community.	3a. Build on the decision to award two contracts, one for advice based services and the other for infrastructure services, to the voluntary sector in order to ensure the sector is in the best possible position to support the community.	Mar-17	Nigel McCurdy	Third sector/O&S	Community Resilience Plan (Cllr Dickinson)	G	✓	Contract monitoring will ensure this outcome is delivered.
	3b. Ensure formal contracts with partners are written to protect the interests of the Council and its residents.	Year end	Clive Mason	Corporate Governance Committee	Cllr Brown	G	✓	Ongoing
	3c. Develop an asset disposal/asset management plan for HDC land and property.	Year end	Clive Mason	Cabinet	Use of Council Assets (Cllrs Gray and Howe)	G	✓	First wave of disposals underway
	3d. Use the Making Assets Count programme to maximise benefits from colocation or better use of existing assets.	Year end	Nigel McCurdy	County / Districts / Public Sector	Use of Council Assets (Cllrs Gray and Howe) and County Council Land Swap and Maintenance (Cllrs White and Gray)	G	✓	MAC closed, but work being done via other channels
4. Use all Members' democratic position, as ambassadors of the Council, to engage and influence partners and forms of partnership working.	4a. All Members appointed as representatives on organisations to be responsible for reporting to O&S on a quarterly basis.	Apr-17	Adrian Dobbyne	Group Leaders	Cllr Cawley	G	✓	The three O&S Panels have allocated the organisations to their Panels and will receive a report on an annual basis.
	4b. Introduce a Council Champion approach and ask all members to sign up to the principle of acting as an ambassador of the Council.	Apr-17	Adrian Dobbyne	Group Leaders	Relationships with County, Town and Parish Councils (Cllr Dickinson)	G	✓	Agenda item at Members' Summit
	4c. Encourage all members to keep themselves up to date on HDC decisions via existing mechanisms.	Apr-17	Adrian Dobbyne	Group Leaders	Cllr Howe	G	✓	Agenda item at Members' Summit
	4d. Remind officers of the need to ensure Members are aware of key decisions on service provision in their wards.	Jan-17	Adrian Dobbyne	All Councillors	Cllr Howe	G	✓	Message delivered via Managers Forum
5. Improve the relationship, the Council offer and partnership working with the business sector.	5a. Work with the LEP to improve insight and intelligence into the local economy and businesses based in Huntingdonshire	Apr-17	Nigel McCurdy	Leader/ PFH	Skills and Enterprise Policy (Cllr Harrison)	A		Not under our direct control; SEP evidence base now delayed by LEP
	5b. Through our connections, work with Town Councils and small businesses to improve insight and intelligence into local economy and small business sector	Apr-17	Nigel McCurdy		Cllr Harrison/ Cllr Dickinson	A / G		Work with small businesses needs impetus; Town Council work is at Green status
6. Retain the Council's focus on continued growth,	6a. Present details of progress indicated in the Annual Monitoring Report to O&S and Cabinet.	Jan-17	Andy Moffat	O&S / Cabinet	5 Year Housing Land Supply and Housing Strategy (Cllrs Harrison and Bull)	G	✓	Report considered at Oct 16 PDG meeting

Recommendation	Actions	Deadline	Responsible Person	Key Contributors and Partners	Link to Policy and/or responsible Executive Member	RAG Status	Completed	Commentary
including meeting the full range of housing need. Growth will be contingent upon increased housing.	6b. Undertake a longer term assessment of options to generate more affordable housing and temporary accommodation in the district.	Dec-16	Andy Moffat / Jon Collen	O&S E28/ Cabinet	Homelessness Accommodation (Coneygear Court) (Cllr Fuller) and Housing Strategy (Cllr Bull)	G	✓	Reports considered at Nov 16, Jan 17 and Apr 17 PDG meetings. Housing Strategy due to the considered/adopted in Jun 17.
7. Conduct further work on refining the organisational understanding of efficiency that extends beyond just financial savings. This should link efficiency with the other two Council priorities of growth and enabling communities. New ways of working can lead to outcomes than include redefining models of delivery, service improvement and improved satisfaction.	7a. Commence a programme of work relating to continuous improvement to enable the business to work smarter and achieve more with less.	Dec-16	CMT	SMT / Cabinet	Commercialisation (Cllrs Brown), improvement (Cllr Cawley)	G	✓	Part of the business project within the Transformation Programme
	7b. Develop measures to monitor customer satisfaction and implement the Customer Service Strategy.	Mar-17	Adrian Dobbyne / John Taylor	O&S / Cabinet	Cllr Cawley	G	✓	All HoS have actions in their service plans to deliver the Customer Service Strategy. The Transformation Programme is developing measures that suit a new delivery model. The new Corporate Plan will subsume the Customer Service Strategy
8. Extend benchmarking activity so that the Council can benefit from understanding the 'value for money' of its services compared with other councils. This would assist the Council in its decision making on service cost, quality and performance.	Related actions already listed under 2e, 7a and 7b.					N/A		
9. Enhance and develop the organisational understanding of demand management to	9a. Engage with internal and external stakeholders to develop a Community Resilience Plan.	Mar-17	Chris Stopford	Cllr Criswell / External Stakeholders	Community Resilience Plan (Cllr Dickinson)	G	✓	PDG 16 May

Recommendation	Actions	Deadline	Responsible Person	Key Contributors and Partners	Link to Policy and/or responsible Executive Member	RAG Status	Completed	Commentary
form the cornerstone of the enabling communities and community resilience priority. Initiate an internal and external debate on what an enabling communities programme might look like and use this to inform the production of an Enabling Communities Strategy. This would guide Council activity on this priority with greater assurance and understanding of resources required.	9b. Create an action plan to deliver the plan.	Apr-17	Chris Stopford	Cllr Criswell	Community Resilience Plan and Relationships with Parish Councils (Cllr Dickinson). Community Planning Guide (Cllrs Dickinson and Bull)	G	✓	Principles paper in May, Procedure paper in June
10. Continue to develop the model of Commercial Investment Strategy to produce future income streams. As part of this evaluate how the Strategy could both deliver economic growth and housing priorities within the area while also generating important income streams.	10a. Review options for investment in housing and any savings that could be achieved against housing support costs.	Feb-17	Clive Mason / Andy Moffat	Cllr Gray / Cllr Bull	Homelessness Accommodation (Coneygear Court) (Cllr Fuller) and Use of Council Assets (Cllrs Gray and Howe)	G	✓	Ties into Asset Disposal Strategy too
	10b. Start to consider the impact of changes to NNDR retention when making commercial property investment decisions, along with the employment opportunities that may be presented.	Apr-17	Clive Mason / John Taylor	Cllr Tysoe	Use of Council Assets (Cllrs Gray and Howe)	G	✓	
	10c. Services to review their commercialisation and income generation opportunities.	Feb-17	HoS	Cabinet	Commercialisation (Cllr Brown)	G	✓	Doc Centre and CCTV business case prepared & ready for Cllr Brown to take to Members
11. The relationship with the Local Enterprise Partnership needs to be 'reset' and built afresh, taking a different approach from that to date, recognising the constraints both organisations are under.	11a. Use devolution as a catalyst to reset the relationship with the LEP.	Year end	Nigel McCurdy / Jo Lancaster	LEP / Cllr Harrison	Cambridgeshire and Peterborough Devolution Agreement (Cllr Howe)	A / G		Much effort is going into an improved relationship built around common priorities
12. Produce a formal transformation strategy and implementation plan.	12a. Produce a formal transformation strategy and implementation plan.	Dec-17	Anthony Kemp	Cabinet / SMT	Cllr Cawley	G	✓	In place and being expanded
	Related action already listed under 7a.					N/A		