

A meeting of the **OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS)** will be held in **CIVIC SUITE 0.1B, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **WEDNESDAY, 14TH JUNE 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 - 16)

To approve as a correct record the Minutes of the meetings held on 1st February 2017, 6th March 2017 and 17th May 2017.

**A Green
388008**

2. MEMBERS' INTERESTS

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

3. NOTICE OF KEY EXECUTIVE DECISIONS (Pages 17 - 20)

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

**B Buddle
388007**

4. TRANSFORMATION REPORT - PUTTING OUR CUSTOMERS FIRST (Pages 21 - 26)

The Transformation Report – Putting Our Customers First is to be presented to the Panel.

**J Lancaster
388300**

5. COUNCIL TRADING COMPANY - SHAREHOLDER AGREEMENT, ARTICLES OF ASSOCIATION AND COMMERCIALISATION UPDATE (Pages 27 - 60)

Members are to receive the Council Trading Company - Shareholder Agreement, Articles of Association and Commercialisation Update report.

**J Lancaster
388300**

6. PROPOSED USE OF BUILDING FOUNDATIONS FOR GROWTH (CAPITAL) GRANT UNDERSPEND (Pages 61 - 72)

A report on the proposed use of building foundations for growth (capital) grant underspend is to be presented to the Panel.

**S Bedlow
387096**

7. INTEGRATED PERFORMANCE REPORT 2016/17 - QUARTER 4 (Pages 73 - 114)

The Integrated Performance Report 2016/17 – Quarter 4 is to be

A Dobbyne 388100 /

presented to the Panel.

C Mason 388157

8. DEBT MANAGEMENT POLICY (Pages 115 - 120)

Members are to receive the Debt Management Policy.

**A Forth
388605**

9. TREASURY MANAGEMENT ANNUAL REPORT 2016/17 (Pages 121 - 138)

The Treasury Management Annual Report 2016/17 is to be received by the Panel.

**C Mason
388157**

10. EXCLUSION OF PRESS AND PUBLIC

To resolve:

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).

11. AGREEMENT FOR TRANSFER OF LOAN (Pages 139 - 150)

A report on the agreement for the transfer of a loan is to be presented to the Panel.

**C Mason
388157**

12. ASSET DISPOSALS (Pages 151 - 200)

Members are to receive a report on asset disposals.

13. RE-ADMITTANCE OF PRESS AND PUBLIC

To resolve:

that the press and public be re-admitted to the meeting.

14. OVERVIEW AND SCRUTINY PROGRESS (Pages 201 - 206)

Members are to receive the work programmes for all Overview and Scrutiny Panels.

**A Green
388008**

Dated this 6th day of June 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 Mr Adam Green, Democratic Services Officer (Scrutiny), Tel No. 01480 388008/e-mail Adam.Green@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.

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS) held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 1st February 2017.

PRESENT: Councillor M F Shellens – Chairman.

Councillors Mrs B E Boddington, S Greenall, Mrs S L Taylor, R G Tuplin, D M Tysoe and R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors P L E Bucknell, R C Carter, Mrs L A Duffy, Mrs R E Mathews and Mrs D C Reynolds.

IN ATTENDANCE: Councillors D Brown, R Fuller, R Harrison and R B Howe.

51. MINUTES

The Minutes of the meeting held on 11th January 2017 were approved as a correct record and signed by the Chairman.

52. MEMBERS' INTERESTS

Councillor M F Shellens declared a non-pecuniary interest in relation to Minute Number 61, by virtue of his membership of the Huntingdon Freeman's Trust.

53. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book) which has been prepared by the Executive Leader for the period 1st February 2017 to 31st May 2017.

Members were informed that there will be a task and finish group to review the Corporate Plan. Councillors M F Shellens, R G Tuplin, D M Tysoe and R J West volunteered to participate in the task and finish group.

54. 3C SHARED SERVICES UPDATE

With the aid of a report by the Corporate Director (Services) (a copy of which is appended in the Minute Book) the 3C Shared Services Update was presented to the Panel. The Executive Councillor for Commercialisation and Shared Services introduced the report and informed Members that the report is the Quarter 3 Update Report and it is not as positive as had been anticipated.

The Panel was informed that the 3C Shared Services are not on course to achieve the targeted 15% savings across the board. In

addition, a number of the previous savings were one off savings and were therefore not embedded.

The Managing Director added that the only unresolved leadership staffing issue has been the management of Building Control, which is seen as crucial to resolve so that the service has stability. In addition, Members were informed that the Service Plans for Legal and ICT are on track however the Building Control Service Plan is a working progress.

Following a question from the Chairman regarding what would the Council do differently and what would the Council do the same, the Managing Director informed the Panel that what the Council would do differently would be: have a map of the money down to the last penny; have more strategic investment in the service; ensure a greater service resilience (as the services have struggled to recruit the right calibre of personal so has therefore relied on interims) and align the decision making process. In terms of what would be done the same, the Panel was informed that the Council would be bold in its ambition.

When asked if there was going to be more shared services, Members were informed that the emphasis in the short term is to concentrate on the existing shared services, however future shared service arrangements have not been ruled out.

In response to questions of governance and the reviewing of targets, the Panel was informed that the report before them is a quarter three update report and that there will be a report presented at a future Panel meeting which outlines these issues.

A Member stated that they thought the business cases were not robust enough, only 20% of audits have been dealt with which shows the shared services have not got to grips with demand, recognises there is an Action Plan but is disappointed that there is no further details and argued that in terms of recruitment every post is crucial to the organisation. In response, the Managing Director informed the Panel that the Business Plans did the job but they were based on the old services and would look different if they were done today and agreed that every post is crucial. In addition, the new Business Plans will be ready in either March or April 2017.

In response to the Managing Director, the Panel requested to view the content of the Action Plan.

Following a question regarding the provision of services across three councils, Members were informed that the Council are confident that the services continue to be delivered across three councils and that each council has a portfolio holder dedicated to the delivery of shared services.

The Chairman questioned how many agency staff are the 3C Shared Services employing and stated that could a report be sent to the Panel, via email, monthly. Another Member questioned the cost of agency staff. The Panel was informed that the Council will always need agency staff and that some agency staff cost more due to the technical expertise that they bring.

55. LOCAL LETTINGS PLAN FOR BEARSCROFT FARM

With the aid of a report by the Head of Customer Services (a copy of which is appended in the Minute Book) the Local Lettings Plan for Bearscroft Farm, Godmanchester was presented to the Panel. Members were informed that Cross Keys are developing 51 affordable homes on the site and that 8 homes are currently being delivered. The affordable housing will be dispersed across in four clusters across the site.

The Executive Councillor for Housing and Regulatory Services added that the aim of the Local Lettings Plan is to deliver a mixed, more cohesive community. The Panel was informed that future lettings on other sites will be conducted using the Lettings Policy however Local Lettings Plans will be considered if it is deemed to provide a benefit.

When asked how the scheme would be viewed, the Panel was informed that the Council believe that the scheme will be viewed positively. The Council has recognised that previous lettings on larger site have not worked as well as anticipated.

It was iterated to Members that the site is not a local exception site and that there isn't provision for local residents to Godmanchester.

The Local Lettings Plan and what it means in terms of the Council's Lettings Policy was explained to the Panel. The Lettings Policy prioritises people in Band A over people in Band B and C however the Local Lettings Plan applies to this particular site and has its own priorities to enable a good mixture of people rather than a larger concentration of unemployed or vulnerable people in one area.

When asked if the Plan is a change of policy, Members were informed that the Plan is an appendix to the policy that applies to Bearscroft Farm only.

A Member asked if the Lettings Policy could be amended to reflect the Local Lettings Plan, however the Panel was informed that although Local Lettings Plans would be considered for larger sites, the Lettings Policy won't be amended as it complies with legislation and that to amend the policy to reflect the approach taken in the Local Lettings Plan would be difficult.

The Panel supported the Local Lettings Plan and recognised the benefit in assisting the creation of communities. However the Chairman raised a concern that there may be some residents who may feel that the Plan is not fair and would attempt to challenge it.

(At 7.36pm, during the discussion of this item, Councillor D Brown left the meeting and did not return.)

56. DISCRETIONARY RATE RELIEF POLICY

With the aid of a report by the Local Taxation Manager (a copy of which is appended in the Minute Book) the Discretionary Rate Relief Policy was presented to the Panel. During the introduction of the report, the Panel was informed that the report is covers different types

of discretionary relief and the main change/beneficiaries in 2017/18 was for discretionary rate relief on rural shops.

In response to the question: could hardship relief cover a particular urban area undergoing some deprivation, the Panel was informed that the award of relief could only be considered on the specific circumstances of individual applications; to qualify for an award it must be proved that the ratepayer was suffering hardship and that it was in the interest of local taxpayers to make the award.

Members were informed that so long as the United Kingdom stay in the European Union, the Council would have to comply with state aid rules. Once the UK leaves the EU, as things stand, the country wouldn't have any rules on state aid.

The Panel recommended that the Cabinet should endorse the recommendations of the report.

57. CORPORATE RISK REGISTER

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Corporate Risk Register was presented to the Panel. Members were informed that four risks have been added to the register and 52 risks have been removed and the total number of risks have reduced to 66.

When asked why Risk 207 is no longer considered a significant risk, the Panel was informed that the risk relates to getting residents registered on the electoral roll and the Council has ensured it has done what it can in order to get residents registered.

The Chairman stated that he believes the following risks should be included on the Corporate Risk Register:

- The collapse of the shared services;
- the risk to Huntingdonshire's vulnerable residents as a result of a withdrawal of funding from Cambridgeshire County Council;
- the risk to the Council's ability to provide affordable services as a result of being unable to recruit to low wage positions;
- the risk to the financial position of the Council as a result of the accelerated reduction of the New Homes Bonus; and,
- the risk to the infrastructure of Huntingdonshire due to the decision of the Mayor of the Combined Authority disproportionately allocating funding to other districts.

In response to the Chairman's suggestions, the Panel was informed that the Corporate Risk Register only lists risks that the Council have control over.

58. INTEGRATED PERFORMANCE REPORT 2016/17 - QUARTER 3

With the aid of a report by the Head of Resources and the Corporate Team Manager (a copy of which is appended in the Minute Book) the Integrated Performance Report 2016/17 Quarter 3 was presented to the Panel.

The Panel discussed the information contained within the report and

the potential to explore particular issues in more detail such as homelessness, although Members were reminded that other Panels are working on some of the issues highlighted. The Panel agreed to be notified if a report on homelessness policy is produced.

Following a question regarding the less than anticipated income from property rents, the Head of Resources informed the Panel that the lack of income is negated by the fact that the Council have not had to borrow money to purchase commercial investments.

In response to the question on how the Door Access Card project is progressing, the Panel was informed that Officers are hopeful that the project will be complete soon. In addition, Members were informed that there is a review of the RAG status for projects therefore meaning that a project with an unsigned lease would, in future, be ranked differently to a project that has major problems.

A Member complimented the commentary on the finance section of the report and stated that those comments answers a lot of questions Members may have.

Members discussed the idea of employment figures to be presented to the Panel, however decided that they would not want to duplicate the work of the Employment Committee.

The Panel was informed that the 'Making Assets Count' scheme will be absorbed by the work of the Combined Authority.

59. FINAL REVENUE BUDGET 2017/18 AND MEDIUM TERM PLAN FINANCIAL STRATEGY 2018/19 TO 2021/22

With the aid of a report by the Head of Resources (a copy of which is appended in the Minute Book) the Final Revenue Budget 2017/18 and Medium Term Plan Financial Strategy (MTFS) 2018/19 to 2021/22 was presented to the Panel. Following the discussion of the Draft Budget at the Panel meeting in January 2017, the Panel concentrated the debate on the parts of the budget that has changed since the draft.

In response to complaints that the font in the fees and charges section of the report is too small, the Panel was informed that this will be reviewed for 2018/19.

A Member raised a concern in relation to the additional cost of the transformation work and stated that the Panel should be presented with evidence that the money is being spent well.

Following the question as to why Council Tax was not raised last year but will be this year, the Executive Leader informed the Panel that the Council have frozen Council Tax for the past five years and have made efficiency savings in that time. However additional income is now required to invest and protect the services the Council provides, particularly as the Council are receiving an ever decreasing amount of funding from Central Government.

Another Member stated that the Cabinet and Officers have done well in making efficiency savings and stated that they believe Council Tax

should not increase beyond wage inflation. In addition they had attended the Treasury Management training and suggested that this is repeated in the next Municipal Year.

The Chairman suggested that the 1% pay increase for staff may not be enough as inflation has the potential to increase by more than 1%.

(At 8.57pm, during the discussion of this item, Councillor R B Howe left the meeting and did not return.)

60. TREASURY MANAGEMENT STRATEGY 2017/18

With the aid of a report by the Head of Resources (a copy of which is appended in the Minute Book) the Treasury Management Strategy 2017/18 was presented to the Panel. Members were informed that the report is very similar to the report presented to the Panel in the last Municipal Year and therefore Members decided to focus on the changes.

The Panel was informed that the Council has the ability to take out an interest only loan in order to purchase assets however the Council have not done this.

In response to the question of why doesn't the Council take out loans now whilst interest rates are low, the Panel was informed that it is not prudent to borrow money if the Council does not make any investments. Members noted that the Council only purchased three commercial properties out of 57 the Council has reviewed.

(At 9.04pm, during the discussion of this item, Councillors R Fuller and R Harrison left the meeting and did not return.)

61. REPRESENTATION ON EXTERNAL ORGANISATIONS - QUARTERLY UPDATE REPORT

With the aid of a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book) the update of the representatives on external organisations was presented to the Panel.

Members stated they would like an update on item number 49, Huntingdon Freemans' Trust.

The Panel stated that they believe the report should be presented on an annual basis but with Members informed of any major changes in the meantime.

62. WORK PLAN STUDIES

The Panel received and noted a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book) which contained details of studies being undertaken by the Overview and Scrutiny Panels for Communities and Environment and Economy and Growth.

The Chairman stated that he believes the Car Parking Strategy Task and Finish Group, should not just review fees but investigate illegal and inconsiderate parking as well. The Chairman has agreed to

approach the Chairman of the Overview and Scrutiny Panel (Economy and Growth) to discuss the Group.

(At 9.09pm, during the discussion of this item, Councillor Mrs B E Boddington left the meeting and did not return.)

63. OVERVIEW AND SCRUTINY PROGRESS

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

The Chairman informed the Panel that the meeting was the last scheduled meeting until June 2017 but reminded Members that either a further Panel meeting or a couple of informal meetings could be called in the meantime. The Panel has agreed to review the Corporate Plan and investigate social value in procurement. In addition to this Members agreed to review the Policy Development Group list and state if there are items that should be scrutinised in more depth.

Chairman

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS) held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Monday, 6th March 2017.

PRESENT: Councillor M F Shellens – Chairman.
Councillors R C Carter, S Greenall,
Mrs R E Mathews, Mrs S L Taylor and
R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors Mrs B E Boddington, P L E Bucknell, Mrs L A Duffy and D M Tysoe.

64. MEMBERS' INTERESTS

No declarations of interest were received.

65. NOTICE OF KEY EXECUTIVE DECISIONS

The Panel received and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book) which has been prepared by the Executive Leader for the period 1st March 2017 to 30th June 2017.

66. PROVISIONAL AGREEMENT FOR TRANSFER OF LOAN

With the aid of a report by the Head of Resources (a copy of which is appended in the Minute Book) the provisional agreement for the transfer of a loan, previously made to Huntingdonshire Regional College, to Cambridge Regional College as a consequence of the merger of the two colleges was presented to the Panel.

It was explained to Members that any merger would legally be a default on the loan to Huntingdonshire Regional College (HRC). As a part of the process Cambridge Regional College (CRC) has asked the Council if the loan could be transferred in the event of a merger.

A Member commented that they thought the Council are profiteering from further education as the loan was provided to HRC at a higher rate than was borrowed at. However it was explained that this had to be done due to State Aid Rules, otherwise the Council would be unable to provide the college with a loan.

In response to a query from a Member, it was confirmed that the legal charge on the college site at California Road, Huntingdon would remain.

The Panel agreed that Cabinet should give provisional agreement that the loan given to HRC be transferred to CRC following a formal merger.

(At 6.03pm, during the consideration of this item, Councillor S Greenall entered the meeting.)

67. WORK PLAN STUDIES

The Panel received and noted a report by the Democratic Services Officer (Scrutiny) (a copy of which is appended in the Minute Book) which contained details of studies being undertaken by the Overview and Scrutiny Panels' Communities and Environment and Economy and Growth.

68. OVERVIEW AND SCRUTINY PROGRESS

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

The Chairman informed Members that the request that was made, at the Panel meeting in December 2016, for financial outturn performance to be presented in an alternative format is being considered by Officers provided that workloads don't significantly increase.

The Panel discussed the issue of homelessness, mobile homes and the potential for further scrutiny work. Whilst Members agreed that the Council would not make savings with the use of mobile homes, a Member argued that the option should be explored particularly if there is a chance of bringing normality to families and individuals who find themselves homeless.

The Chairman and Councillor R J West informed Members of the outcomes from the Corporate Plan Task and Finish Group.

Members are keen to carry out further scrutiny work on the Combined Authority and how will it impact upon the Council.

With confusion amongst Members over the role of the Local Enterprise Partnership (LEP) and how they will work alongside the Combined Authority, the Panel decided that the role of the LEP requires greater scrutiny. The Democratic Services Officer (Scrutiny) noted that another Panel is already carrying out this work and in addition, Officers are working on a Memorandum of Understanding with the LEP.

The Panel agreed that the following topics should be included on the Panel's work programme: Planning Budget, Homelessness, the Combined Authority, Shared Services and the LEP.

Chairman

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND CUSTOMERS) held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 17th May 2017.

PRESENT: Councillors K M Baker, Mrs B E Boddington, R C Carter, Mrs L A Duffy, S Greenall, Mrs R E Mathews, J M Palmer, Mrs D C Reynolds, M F Shellens, Mrs S L Taylor, D M Tysoe and R J West.

APOLOGIES: No apologies for absence were received.

1. ELECTION OF CHAIRMAN

RESOLVED

that Councillor D M Tysoe be elected Chairman of the Panel for the ensuing Municipal Year.

Councillor D M Tysoe in the Chair.

2. MEMBERS' INTERESTS

No declarations of interest were received.

3. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

that Councillor R C Carter be appointed Vice-Chairman of the Panel for the ensuing Municipal Year.

Chairman

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

Prepared by Councillor R B Howe, Executive Leader of the Council
Date of Publication: 23 May 2017
For Period: 1 June 2017 to 30 September 2017

Membership of the Cabinet is as follows:-

Councillor R B Howe	Executive Leader of the Council	Councillor R Fuller	Executive Councillor for Housing and Regulatory Services
Councillor D Brown	Executive Councillor for Commercial and Shared Services	Councillor J A Gray	Executive Councillor for Strategic Resources
Councillor G J Bull	Deputy Executive Leader	Councillor R Harrison	Executive Councillor for Growth
Councillor S Cawley	Executive Councillor for Transformation and Customers	Councillor J White	Executive Councillor for Operations
Councillor Mrs A Dickinson	Executive Councillor for Community Resilience and Wellbeing		

Notice is hereby given of:

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

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

Agendas may be accessed electronically at www.huntingdonshire.gov.uk.

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


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

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

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

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

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

 Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private.	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
The Council's Trading Company Articles of Association and Shareholders Agreement	Cabinet	22 Jun 2017		Joanne Lancaster, Managing Director Tel No. 01480 388300 / email: Joanne.Lancaster@huntingdonshire.gov.uk		D Brown	Performance and Customers
Huntingdonshire Local Plan to 2036 - Approval for Consultation	Cabinet	22 Jun 2017		Andy Moffat, Head of Development Tel No. 01480 388400 / Email: Andy.Moffat@huntingdonshire.gov.uk		R Harrison	Economy and Growth

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Debt Management Policy	Cabinet	22 Jun 2017		Adrian Forth, Finance Manager Tel No. 01480 388605 / Email: Adrian.Forth@huntingdonshire.gov.uk		J A Gray	Performance and Customers
Housing Strategy 2017-20	Cabinet	22 Jun 2017		Andy Moffat, Head of Development Tel No. 01480 388400 or email: Andy.Moffatt@huntingdonshire.gov.uk		R Fuller	Economy and Growth
Approval and Adoption of Policy for Public Health Funerals ***	Cabinet	22 Jun 2017		Chris Stopford, Head of Community Tel No. 01480 388280 or email Chris.Stopford@huntingdonshire.gov.uk		R Fuller	Communities and Environment
19							
Agreement for Transfer of Loan##	Cabinet	22 Jun 2017	Due Diligence Report	Clive Mason, Head of Resources Tel No. 01480 388157 or email Clive.Mason@huntingdonshire.gov.uk		J A Gray	Performance and Customers
Asset Disposals###***	Cabinet	22 Jun 2017		Clive Mason, Head of Resources Tel No 01480 388157 or email clive.mason@huntingdonshire.gov.uk		J A Gray	Performance & Customers
Community Chest Grant Aid Awards 2017/18	Grants	3 Jul 2017		Chris Stopford, Head of Community Tel No. 01480 388280 or email Chris.Stopford@huntingdonshire.gov.uk		J A Gray / R Fuller	Performance and Customers / Communities and Environment

Subject/Matter for Decision	Decision/recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Memoranda of Understanding with the Local Enterprise Partnership	Cabinet	20 Jul 2017		Andy Moffat, Head of Development Tel No. 01480 388400 or Email: Andy.Moffat@huntingdonshire.gov.uk		R Harrison	Economy and Growth
CCTV (Full Business Case)	Cabinet	20 Jul 2017		Chris Stopford, Head of Community Tel No. 01480 388280 or email: Chris.Stopford@huntingdonshire.gov.uk		D Brown	Performance and Customers
Home Improvement Agency Annual Report and Review/Disabled Facilities Grant Budget	Cabinet	20 Jul 2017		Caroline Hannon, Housing Strategy Manager 01480 388203 or email: caroline.hannon@huntingdonshire.gov.uk		R Fuller	Communities and Environment
Risk Management Strategy	Cabinet	20 Jul 2017		David Harwood, Internal Audit and Risk Manager Tel: 01480 388115 / Email: David.Harwood@huntingdonshire.gov.uk		J A Gray	Performance and Customers
Document Centre - Business Case for Commercialisation	Cabinet	20 Jul 2017		John Taylor, Head of Customer Services Tel no. 01480 388119 or email John.Taylor@huntingdonshire.gov.uk		D Brown	Performance and Customers
Corporate Enforcement Policy	Cabinet	21 Sep 2017		Chris Stopford, Head of Community Tel No. 01480 388280 or email: Chris.Stopford@huntingdonshire.gov.uk		R Fuller	Communities and Environment
Car Parking Strategy Task and Finish Group - Vision	Cabinet	21 Sep 2017		Neil Sloper, Head of Operations Tel No. 01480 388635 or email Neil.Sloper@huntingdonshire.gov.uk		J White	Economy and Growth

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Transformation Programme

Meeting/Date: Overview and Scrutiny Panel (Performance and Customers)
– 14th June 2017

Executive Portfolio: Cllr Stephen Cawley, Executive Councillor for
Transformation and Customers

Report by: Jo Lancaster, Managing Director

Wards affected: All

Executive Summary:

Huntingdonshire District Council (HDC) has embarked on a transformation programme focussed on improving customer service, generating efficiencies and lowering costs. The programme is being developed as part of the efficient and effective council strand of the Corporate Plan and is intended to run over the next three years. The details of the overall ambitions and detailed measures are under development and will be finalised over the coming weeks. The current report provides the overarching context for these more detailed developments.

1. BACKGROUND

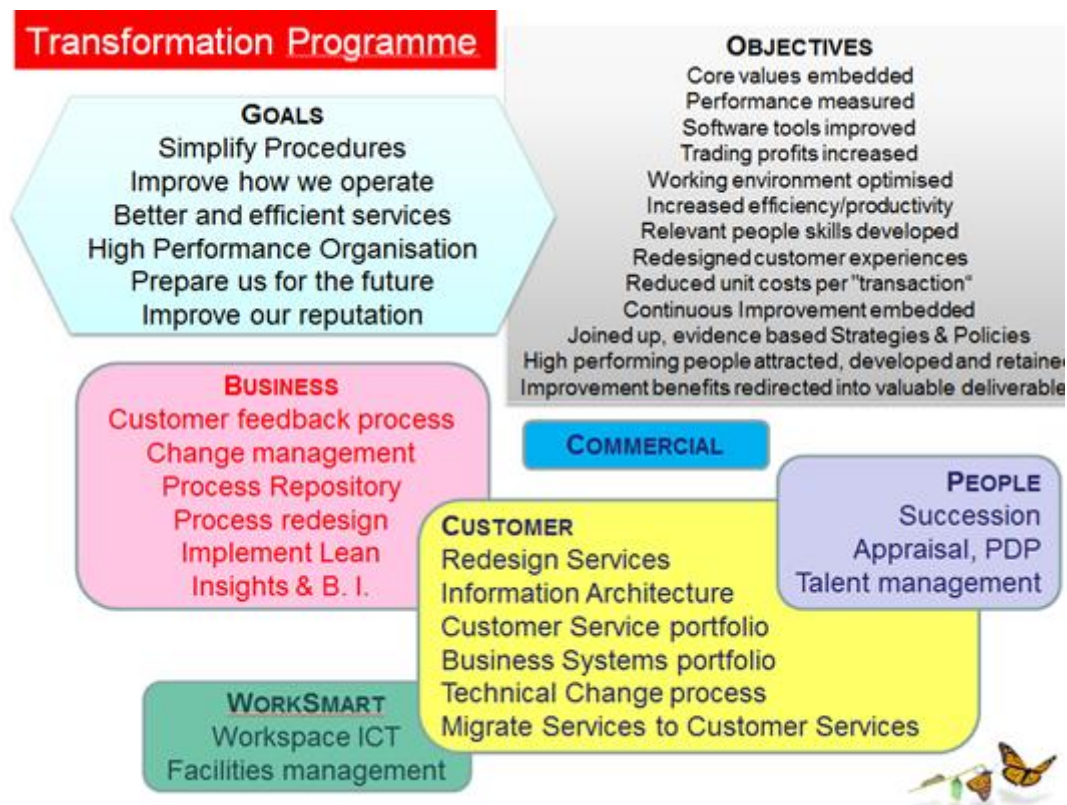
- 1.1 The Council has committed to a bold new vision to create a new model of service delivery based around an absolute focus on the customer and service user.
- 1.2 The programme has a two-three year old timeline and is expected to increase the efficiency and productivity of all services.

2. PROGRAMME STRUCTURE

2.1 The programme comprises five projects:

- Business
- Commercial
- Customer
- People
- Worksmart

These are set within broader parameters as shown in the following programme diagram:



- 2.2 The programme has in place a sponsor for each work stream and a project manager and the coordination is provided by a programme office. The council is currently replacing the original programme manager who will be the single point of contact.
- 2.3 In terms of governance, appendix 1 sets out the framework within which decisions are made. The majority of the day to day decisions are operational in nature and managed within the teams.

3. PRIMARY FOCUS

- 3.1 The main principles behind the programme are to
- Improve the customer experience
 - Increase productivity
 - Get it right first time
 - Develop joint problem solving
 - Create a more agile workforce
 - Have fit for purpose processes
- 3.2 To deliver this the plans are being developed to simplify procedures and create an organisational culture which allows us to react to the ever changing environment of public service .
- 3.3 The business work stream is looking at redesigning council processes to be designed principally around the customer/ service user, and developing the skills to allow this to continue to happen. It will develop better ways to manage change across all services and also explore how better to use customer feedback.
- 3.4 Worksmart will look at how the council's staff work and how best to optimise the council's buildings and ICT capacity to provide a more responsive environment within which to deliver services.
- 3.5 The Customer work stream will transform the Council into an organisation that consistently 'starts with the customer and ends with the customer', so the council will:
- See things from the customers perspective and do our best to help
 - Create customer led services, not what we think customers want
 - Challenge and change the division between the 'back office' and 'experts'
 - Change our role from regulators to facilitators and enablers
- 3.6 The People work stream will ensure that the organisation's people will deliver its activities and services effectively and efficiently, identifying areas where there is no value added to either the customer or staff. This will be supported by embedding a change in culture using the organisation's values and visions across to deliver continuous improvement on an ongoing basis.
- 3.7 The Commercial work stream will aim to exploit the full potential of the commercialisation agenda to deliver transformed services for residents.

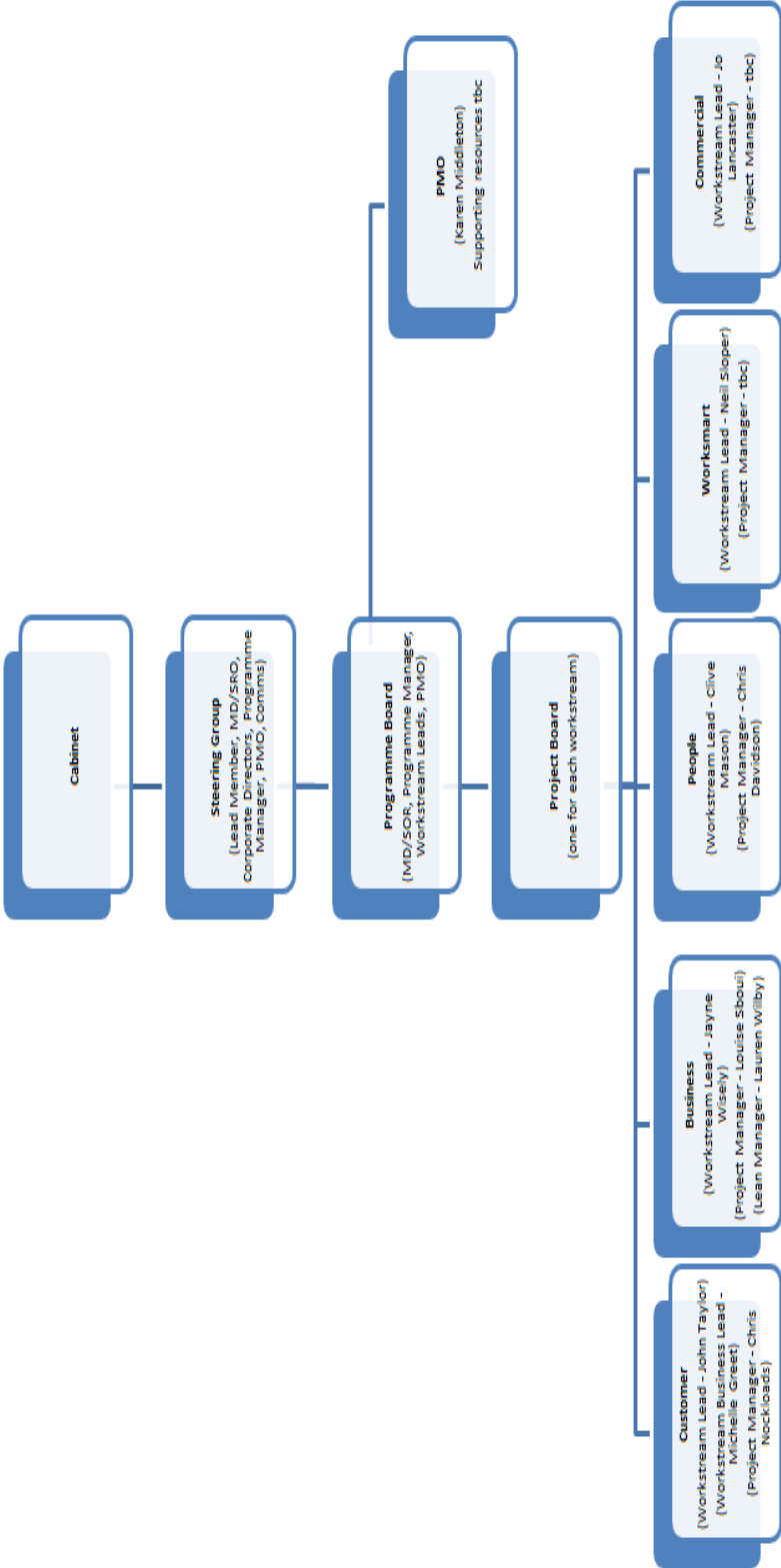
4. MEASURES OF SUCCESS

- 4.1 In order to create a baseline, a comprehensive database is being developed by the Corporate Team of information which paints a picture of what impact the services have and how the council measures itself. This will complement the existing performance indicators reported quarterly. This dataset will be used as the reference point for the programme.
- 4.2 Alongside this, the programme and the individual projects are developing a core set of performance measures against which monthly and quarterly reports are taken with the governance structures.
- 4.3 Each project has a business case and is being managed within the council's normal project environment.

5. RESOURCES

- 5.1 Wherever possible existing staff resources are being redeployed to support the development of new ways of working. Where the skills or capacity does not exist, external specialists are being used.
- 5.2 There is a budget created as an earmarked reserve which will be used to fund transformation activity, reporting against which will take place in the normal manner.

Appendix 1



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Public - Yes
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Council Trading Company – Shareholder Agreement, Articles of Association and commercialisation update.

Meeting/Date: O&S – 14 June
Cabinet - 22 June

Executive Portfolio: Commercialisation and Shared Services: Councillor D Brown

Report by: Managing Director

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.

This report presents draft versions of the following documents for HDC Ventures Limited:

- Shareholder Agreement – Appendix 1.
- Articles of Association: amendments and modifications to the Model Articles – Appendix 2.

The Articles of Association should be reviewed alongside the Model Articles for Private Companies Limited by Shares. These are published by Companies House and constitute the Articles for all such companies unless amendments and modifications are appended :as is the case with HDC Ventures Ltd.

These documents have been produced with assistance from external legal advisors Trowers & Hamlin LLP. Both the Shareholder Agreement and the Articles require formal approval by Cabinet.

Such approval will enable delegated Officers to complete the incorporation of the LATC, establish the management Board and hold an initial Board meeting. This will provide a stable governance framework within which individual business cases can be brought forward and subsidiary trading entities formed.

In addition, to providing an update on progress in relation to the formation and establishment of HDC Ventures Ltd, this paper also provides a brief note on progress in relation to the preparation of business cases and procurement planning for the Council's Document Centre and CCTV services.

The formation of HDC Ventures Ltd is close to completion and external resources (in the form of an EELGA Associate) have been secured to provide momentum and ensure delivery of the required outcomes for this workstream.

The table presented as Appendix 4 sets out the outstanding tasks and the timeline for completion of each.

Recommendation(s):

The Overview and Scrutiny Panel is invited to comment on:

- The suitability and acceptability of the Shareholder Agreement for HDC Ventures Ltd.
- The suitability and acceptability of the Articles of Association for HDC Ventures Ltd.
- Any omissions, amendments or additions that it is felt would improve either document.
- The proposed timetable for the development of business cases for the Document Centre and CCTV services.

The Cabinet is asked to approve the following:

RECOMMENDED:

- **That the Shareholder Agreement for HDC Ventures Limited is approved as set out in Appendix 1.**
- **That the Articles of Association for HDC Ventures Limited are approved as set out in Appendix 2.**

1. PURPOSE OF THE REPORT

- 1.1 This report is provided to enable Members to approve the legal basis for the incorporation and establishment of a Local Authority trading company (LATC) – HDC Ventures Limited.

It also provides Members with an update on the progress that has been made in relation to the creation of robust business cases and procurement plans for the Council's Document Centre and CCTV services.

2. WHY IS THIS REPORT NECESSARY

- 2.1 This report will ensure that Members have a clear understanding of the roles and responsibilities that they will be expected to fulfil, both collectively and (where applicable) as individual Company Directors. It will also provide Cabinet with confidence that this workstream is being progressed with momentum and an appropriate degree of urgency.

3. COMMENTS OF OVERVIEW & SCRUTINY

- 3.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

4. KEY IMPACTS

- 4.1 Approval of the Shareholder Agreement (including the Deed of Adherence) and the Articles of Association enables the formation of HDC Ventures Limited to be completed.
- 4.2 The Deed of Adherence futureproofs the Shareholder Agreement, should the Council wish to introduce additional shareholders into the company at a later date.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 Appendix 3 presents a list of actions, with associated timelines, that are required to complete the formation of HDV Ventures Limited.

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

- Implementing our Transformation Programme.
Commercialisation will be an important part of the way HDC functions in the future. The creation of de facto trading entities is 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 commercial activities will play an important role in ensuring the Council's future financial stability.
- Maximising income opportunities, where appropriate.
Commercial activity will require the Council to take a measured approach to market opportunities. Robust business planning will ensure that each Council-owned business is able to generate revenue within an acceptable and sustainable cost base.
- Identifying new opportunities for income generation, where appropriate.
This will be achieved via the development of a 'commercial culture' across the Council, alongside a systematic approach to evaluating and developing commercial projects.
- Having a more engaged and motivated workforce.

Commercial activities 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 a LATC 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 The Shareholder Agreement and Articles of Association have been drafted in collaboration with external legal advisors – Trowers & Hamlin LLP. T&H have also provided advice on potential changes to the Council's constitution which may be required to support the effective formation and operation of a set of trading companies. T&H are also providing practical support in the incorporation of HDC Ventures Limited.

8. RESOURCE IMPLICATIONS

- 8.1 Support for the delivery of this workstream has required the engagement of an external associate from the East of England LGA. The value of this support is in the region of £10,500 and will be **cost coded to XXXXXX**.
- 8.2 HDC Ventures Ltd 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:** robust business cases will be prepared for each commercial proposition.
 - Higher risk profile:** procurement of joint ventures will help to spread risk.
 - Loss of control over services:** HDC shareholding in each 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 HDC Ventures Ltd 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 a robust infrastructure within to operate a number of commercial activities. Approval of the appended Shareholder Agreement and Articles of Association will enable the formation of HDC Ventures Limited as the holding company in the Council's 'commercial arm'. This will provide the basis for the subsequent formation of the corporate entities the Council requires to effectively deliver commercial services.

11. LIST OF APPENDICES INCLUDED

- Appendix 1 – Shareholder Agreement (draft)
- Appendix 2 – Articles of Association (draft)
- Appendix 3 – Project Plan
- Appendix 4 – Business Case/Procurement Update

BACKGROUND PAPERS

(Background Papers must be listed in this Section for all reports. If your background paper is confidential, please indicate here.

For CABINET Reports - If possible please provide a link to all background papers listed. If this is not possible paper copies should be made available to Democratic Services).

Text

CONTACT OFFICER

Name/Job Title
Tel No:
Email:

APPENDIX 1
DRAFT SHAREHOLDER AGREEMENT

dated **2017**

Huntingdonshire District Council
and
HDC Ventures Limited

Shareholders' Agreement

in relation to HDC Ventures Limited

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Shareholders' agreement

dated 2017

Parties

- (1) **Huntingdonshire District Council** having its principal place of business at Pathfinder House, St. Mary's Street, Huntingdon, PE29 3TN (**the Council**);
- (2) HDC Ventures Limited incorporated and registered in England and Wales with registered number [] whose registered office is at Pathfinder House, St. Mary's Street, Huntingdon, PE29 3TN (**the Company**).

Introduction

- (A) The Company was incorporated under the Companies Act 2006 on [] 2017 as a private company limited by shares. At the date of this Agreement the Company has issued 100,000 Shares which are registered in the name of and are beneficially owned by the Council.
- (B) This Agreement sets out the terms and conditions on which the Council will participate in the Company as its shareholder [and is made pursuant to the Council's powers under Sections 1 and 4 of the Localism Act 2011 and the Local Government (Contracts) Act 1997, section 1].

Agreed terms

1 Interpretation and definitions

1.1 In this Agreement

Articles means the articles of association of the Company, as may be amended or replaced from time to time;

Annual Accounts Date means the accounting reference date of the Company from time to time;

Associate means, in relation to any party to this Agreement, any person, firm or company which is a connected person (within the meaning of section 1122 of the Corporation Tax Act 2010) of such party or which is an associated company of such party within the meaning of section 449 of the Corporation Tax Act 2010;

Board of Directors means the Board of Directors of the Company;

Board Meeting means a meeting of the Board of Directors;

Business means the business of the Company described in clause 3 or anything which is contemplated by the Business Plan and such other business as the Shareholders may agree from time to time in writing should be carried on by the Company;

business day means a day other than a Saturday or Sunday or public holiday in England and Wales;

Business Plan means the business plan for the Company in the agreed form and any subsequent business plan agreed by the Board of Directors in accordance with clause 3 and applicable from time to time;

Completion means completion of the allotment and issue of A Shares and B Shares in accordance with clause 2;

Deed of Adherence means a deed of adherence in substantially the same form as set out in schedule 1;

Director means any director for the time being of the Company, including where applicable any alternate director;

Environmental Information Regulations means the Environmental Information Regulations 2004;

FOIA means the Freedom of Information Act 2000;

Group means in relation to a company that company and any company which is a Parent Undertaking of that company or a Subsidiary Undertaking of that company or of such Parent Undertaking; and the expression Group Member shall be construed accordingly;

Parent Undertaking means a parent undertaking as defined in section 1162 of the Companies Act 2006;

Shareholder means the Council and/or any person to whom they may properly transfer any Shares in accordance with this Agreement and who enters into a Deed of Adherence agreeing to be bound by the terms of this Agreement;

Shares means the ordinary shares of £1 each in the Capital of the Company; and

Subsidiary Undertaking means a subsidiary undertaking as defined in section 1162 of the Companies Act 2006.

- 1.2 Any reference to a statute or statutory provision is a reference to it as it is in force from time to time, taking account of any change, extension, consolidation or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.3 Clause headings in this Agreement are for convenience only and do not affect the construction of any provision.
- 1.4 References to any gender shall include the other genders and references to the singular shall include the plural and vice versa.
- 1.5 Any reference to a person (which for the purposes of this Agreement shall include a firm, unincorporated association, body corporate, government, state or agency of state, any association or partnership or joint venture (whether or not having a separate legal personality)) shall include its successors in title.

- 1.6 Any reference to a document **in the agreed form** shall be a reference to that document in the form agreed and initialled by or on behalf of each of the Shareholders for the purpose of identification and attached to this Agreement.

2 Completion

- 2.1 Completion shall take place immediately following execution of this Agreement, when the parties shall procure that meetings of the Company and the Board of Directors are held as may be necessary to:
- 2.1.1 **appoint [NatWest] as bankers** to the Company; and
- 2.1.2 resolve that the Company's financial year shall end on 31 March in each year.

3 The business of the Company

- 3.1 The Shareholder acknowledges and agrees that unless and until they agree otherwise, the business of the Company shall be initially to act as a holding company in relation to its Subsidiary Undertakings from time to time, and subsequently, in accordance with a Business Plan on sound commercial profit-making principles so as to generate the maximum achievable maintainable profits available for distribution.
- 3.2 The Business Plan shall be resolved upon by the Board of and replaced on a rolling basis annually in respect of the coming financial year and the next three financial years and superseded or modified from time to time.
- 3.3 The Company will make decisions relating to the overall strategy for its Subsidiary Undertakings and their respective businesses and will communicate such decisions to those Subsidiary Undertakings.
- 3.4 Subject to the provisions of this Agreement, the Shareholders understand and agree that the Company shall use all reasonable and proper means to maintain and improve the Business.

4 Conduct of the Company's affairs

- 4.1 With the exception of those matters requiring the Shareholders consent pursuant to clause 7, the day-to-day management of the Company shall be vested in the Directors. Without prejudice to the generality of the foregoing, the Directors will determine the general policies of the Company and the manner in which the Business is to be carried out to those matters requiring the Shareholders consent pursuant to clause 7 and to any other express provisions of this Agreement. In particular, but without limitation to the generality of the foregoing, the Directors will shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (in so far as they are able in the exercise of such rights and power) that, at all times during the term of this Agreement, the Company shall:
- 4.1.1 carry on and conduct its business and affairs in a proper and efficient manner, for its own benefit and in accordance with good business practices, and

- 4.1.2 transact all its business on arm's length terms.
- 4.2 The Company shall not carry out any activity which would render the holding of Shares by any Shareholder unlawful provided that where a proposed change of law would render such shareholding unlawful such Shareholder will use all reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.
- 4.3 The Company will if it requires any approval, consent or licence for the carrying on of its Business in the manner in which it is from time to time carried on or proposed to be carried on, use all reasonable endeavours to obtain and maintain the same in full force and effect.
- 4.4 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company and its subsidiaries with any Shareholder's designated officers and executives at any time. All books, records, accounts and documents relating to the business and the affairs of the Company and its subsidiaries shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as he or she deems appropriate to keep the relevant Shareholder properly informed about the business and affairs of the Company or to protect its interests as a Shareholder. Any confidential information secured as a consequence of such discussions and examinations shall be kept confidential by the requesting Shareholder and its designated officers and executives in accordance with the terms of clause 14.
- 4.5 The Company agrees with the Shareholder(s) that it will maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Group and will generally keep the Shareholder(s) informed of the progress of each Group Member's business and affairs and in particular will procure that each Shareholder is given such information and such access to the officers, employees and premises of the Group as it may reasonably require for the purposes of enabling it to monitor its investment in the Group and to comply with its obligations under the Prudential Code for Local Authorities.
- 4.6 The Company shall itself comply with and assist the Shareholder comply with its statutory obligations relating to propriety, governance, public procurement or state aid in force from time to time and any other legal obligations insofar as such obligations arise from the Company's legal or contractual relationship with the Council.
- 4.7 Any reference to a statute or statutory provision is a reference to it as it is in force from time to time, taking account of any change, extension, consolidation or re-enactment and includes any subordinate legislation for the time being in force made under it
- 4.8 Each Shareholder shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it, in relation to the Company so as to procure (insofar as it is able to do so by the exercise of those rights and powers) that at all times during the term of this Agreement:

- 4.8.1 the Company is managed in accordance with the objectives and provisions of this Agreement; and
- 4.8.2 the Company performs and complies with all obligations on its part under this Agreement and the Articles.

5 The Board of Directors

- 5.1 A Board Meeting shall be held no less than once in every three calendar months. All Board Meetings shall be held at the registered office of the Company.
- 5.2 Unless otherwise agreed by all the Directors, at least 5 business days' notice shall be given to each of the Directors of all Board Meetings. The notice convening a Board Meeting shall include an agenda specifying in reasonable detail the matters to be discussed, together with any relevant papers for discussion at such meeting.

6 Finance for the Company

- 6.1 If the Company requires capital, the Company may request such capital from the Shareholder **provided that** the Shareholder shall not be obliged to provide any guarantee or security in respect of any indebtedness of the Company or to put up the finance concerned.
- 6.2 If the Company requires further capital, the Company shall endeavour to obtain such finance from a third party lender on the best terms which could reasonably be expected to be obtained in the open market **provided that** the Shareholder shall not be obliged to provide any guarantee or security in respect of any indebtedness of the Company or to put up the finance concerned.

7 Matters requiring the consent of the Shareholder

- 7.1 Each Shareholder shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company or any Subsidiary Undertaking, so as to procure (insofar as it is able to do so by the exercise of those rights and powers) that at all times during the term of this Agreement no action shall be taken or resolution passed by the Company or any Subsidiary Undertaking in respect of any of the following matters except with the prior written consent of the Shareholder(s):
 - 7.1.1 the making of any material change in the nature of the Business or the jurisdiction in which it is managed and controlled;
 - 7.1.2 the issue or allotment of any shares in the capital of the Company or any Subsidiary Undertaking of the Company or the creation of any security or the grant of any option or rights to subscribe in respect thereof or to convert any instrument into such shares;
 - 7.1.3 the reduction of the share capital or variation of the rights attaching to any class of shares in the capital of the Company or any Subsidiary Undertaking of the Company or any redemption, purchase or other

Commented [CT1]: This footnote is missing

- acquisition by the Company of any shares or other securities of the Company or any Subsidiary Undertaking of the Company;
- 7.1.4 the sale, transfer or disposal of the whole or a substantial part of the Business, or any dilution of the Company's interest in any Subsidiary Undertaking;
- 7.1.5 the formation of any Subsidiary Undertaking or the acquisition of or investment in any other company or business;
- 7.1.6 the merger or amalgamation of the Company or any Subsidiary Undertaking of the Company with any other company or the participation in any partnership or joint venture;
- 7.1.7 the incurring of any borrowings or other indebtedness (other than normal trade credit) or the giving of any guarantees;
- 7.1.8 the approval and/or adoption of any Business Plan or annual budget or any variation of the Business Plan; or annual budget from time to time;
- 7.1.9 the entering into any purchase, sale, lease or licence of any freehold or leasehold property (other than in accordance with the Business Plan);
- 7.1.10 disposing of any assets of the Company or any Subsidiary Undertaking;
- 7.1.11 any changes to the Articles of the Company or any Subsidiary Undertaking of the Company;
- 7.1.12 entering into any arrangement, contract or transaction between the Company or any Subsidiary Undertaking of the Company and any third party which has an annual contract value in excess of £150,000 (or the equivalent amount in any other currency);
- 7.1.13 any change of the Company's name, auditors, bankers, accounting reference date;
- 7.1.14 entering into an agreement to do any of the foregoing.

8 Production of accounts

- 8.1 The Company shall instruct its auditors or accountants(as applicable) to prepare and audit a balance sheet of the Company, as at the Annual Accounts Date each year and a consolidated profit and loss account of the Company, for the 12 month financial period ending on the Annual Accounts Date each year to be presented to the Shareholders within 3 calendar months after the end of the period to which such accounts relate. The balance sheet and profit and loss account will be accompanied by an annual report.
- 8.2 All accounts referred to in this clause shall be prepared in pounds sterling and in accordance with applicable law and generally accepted accounting standards, principles and practices in the United Kingdom.

9 **Anti-corruption**

9.1 In this clause:

Adequate Procedures means adequate procedures, as referred to in section 7(2) of the Bribery Act 2010 and any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010;

Associated Person means in relation to a party to this Agreement, any person (including an officer, employee, agent or subsidiary) who performs services for or on behalf of that party;

Corrupt Activity means extortion, fraud, deception, collusion, cartels, abuse of power, embezzlement, trading in influence, money-laundering or any similar activity including without limitation any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 Bribery Act;

9.2 Each party declares and undertakes to the other parties that:

9.2.1 it has not and will not in relation to the Company or the operation of the Business, engage in any Corrupt Activity;

9.2.2 it will not authorise or acquiesce in or turn a blind eye to, any Corrupt Activity;

9.2.3 it has and will maintain in place, or in the case of the Company it will put and maintain in place, Adequate Procedures designed to prevent any Associated Person from undertaking any conduct that would give rise to an offence under section 7 of the Bribery Act 2010;

9.2.4 it has not and will not engage in any activity, practice or conduct which could place the Company or any other party in breach of section 7(1) Bribery Act;

9.2.5 from time to time, at the reasonable request of the other party, it will confirm in writing that it has complied with its undertakings under this clause 9.2 and will provide any information reasonably requested by the other party in support of such compliance; and

9.2.6 it will ensure that its Associated Persons will comply with its commitments under this clause 9.

9.3 Breach of any of the undertakings in this clause shall be deemed to be a material breach of this Agreement.

10 **Transfer of Shares**

10.1 The Directors and the Company shall procure that no person who acquires Shares in the Company (whether by transfer or allotment or otherwise) (a **New Shareholder**) shall be registered as their holder unless or until he has entered into a Deed of Adherence.

10.2 A New Shareholder who has entered into a Deed of Adherence in accordance with clause 10.1 shall have all the rights and obligations as if he were an original party to this Agreement in the capacity of a Shareholder.

11 Conflict with the Articles

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, then it is the intention of the Shareholder that the provisions of this Agreement shall prevail. Accordingly, each Shareholder (so far as each is able) shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the Articles.

12 No fetter

Nothing in this Agreement shall operate to bind the Company to the extent that it constitutes an unlawful fetter on any statutory power of the Company (but this shall not affect the validity of the relevant provision as between the other parties to this Agreement or the respective obligations of such other parties as between themselves under clause 11).

13 Duration and termination

13.1 This Agreement shall continue in full force and effect, unless otherwise agreed in writing by the Shareholders until the earlier of the following events:

13.1.1 each of the Shareholders agrees in writing to terminate this Agreement;

13.1.2 an effective resolution is passed or a binding order is made for the winding up of the Company;

13.1.3 all of the Shares become beneficially owned by one person;

provided that this Agreement shall cease to have effect as regards any Shareholder who ceases to hold any Shares in the Company, except for any provisions which are expressed to continue in force thereafter.

13.2 Termination of this Agreement pursuant to this clause shall not release any party from any liability which at the time of termination has already accrued to another party or which may accrue after termination of this Agreement in respect of any act or omission prior to such termination.

13.3 Upon termination of this Agreement pursuant to clause 13.1 the Shareholders shall do all such acts and things as are necessary to procure (so far as they are able) (including, without limitation, the holding of a general meeting of the Company and the passing of appropriate shareholder resolutions) that the Company be wound up.

14 Confidentiality

- 14.1 This clause applies to:
- 14.1.1 all information of a confidential nature disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by one party to one of the other parties whether before or after the date of this Agreement;
 - 14.1.2 any information concerning the business affairs of one party or any member of its Group or other information confidential to that party or its Group which one of the other parties learns as a result of the relationship between the parties pursuant to this Agreement;

including any information relating to any party's products, operations, processes, plans or intentions, product information, know-how, design rights, trade secrets, market opportunities and business affairs (together, **Confidential Information**).
- 14.2 In this clause, in relation to a particular item of Confidential Information:
- 14.2.1 the **Disclosing Party** means the party by whom (or on whose behalf) that Confidential Information is disclosed or (where there is no such disclosure) the party to whom the Confidential Information relates, or to whom the Confidential Information is proprietary or who otherwise desires that the confidentiality of the Confidential Information is respected; and
 - 14.2.2 the **Receiving Party** means the other party.
- 14.3 During the term of this Agreement and after termination of this Agreement for any reason whatsoever, the Receiving Party shall:
- 14.3.1 keep the Confidential Information confidential;
 - 14.3.2 not disclose the Confidential Information to any other person other than with the prior written consent of the Disclosing Party or in accordance with this clause 14; and
 - 14.3.3 not use the Confidential Information for any purpose other than the performance of its obligations and the exercise of its rights under this Agreement.
- 14.4 Notwithstanding clause 14.3, the Receiving Party may disclose Confidential Information as follows:
- 14.4.1 to its professional advisers (each, a **Recipient**) providing the Receiving Party ensures that each Recipient is made aware of and complies with all the Receiving Party's obligations of confidentiality under this Agreement as if the Recipient was a party to this Agreement; and

- 14.4.2 to other parties to this Agreement, and where disclosure is required by law, by any court of competent jurisdiction or by any appropriate regulatory body.
- 14.5 This clause 14 shall not apply to any Confidential Information which:
- 14.5.1 is at the date of this Agreement in, or at a later date comes into, the public domain other than through breach of this Agreement by the Receiving Party or any Recipient;
- 14.5.2 was known by the Receiving Party before receipt from (or on behalf of) the Disclosing Party (or, as appropriate, before the Receiving Party learnt of the same pursuant to this Agreement) and which had not previously been obtained under an obligation of confidence; or
- 14.5.3 subsequently comes lawfully into the Receiving Party's possession from a third party, free of any obligation of confidence.
- 14.6 The Company acknowledges that the Shareholder is subject to the requirements of the FOIA, the Environmental Information Regulations and other access to information and propriety controls as provided in legislation, and shall facilitate the Shareholder's compliance with its Information disclosure requirements pursuant to and in the manner provided for in clauses 14.7 and 14.10.
- 14.7 If the Shareholder receives a Request for Information in relation to Information that the Company is holding and which the Shareholder does not hold itself, the Shareholder shall refer to the Company such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving a Request for Information, and the Company shall:
- 14.7.1 provide the Shareholder with a copy of all such Information in the form that the Shareholder requires as soon as practicable and in any event within 10 Business Days (or such other period as the Shareholder acting reasonably may specify) of the Shareholder's request; and
- 14.7.2 provide all necessary assistance as reasonably requested by the Shareholder to enable the Shareholder to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.
- 14.8 Following notification under clause 14.7, and up until such time as the Company has provided the Shareholder with all the Information specified in clause 14.7, the Company may make representations to the Shareholder as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Shareholder shall be responsible for determining, at its absolute discretion:
- 14.8.1 whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

- 14.8.2 whether Information is to be disclosed in response to a Request for Information, and in no event shall the Company respond directly to a Request for Information.
- 14.9 The Company acknowledges that (notwithstanding the provisions of clause 14.1) the Shareholder may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under part I of the Freedom of Information Act 2000, be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the Managers or the Company:
- 14.9.1 in certain circumstances without consulting with the Company; or
- 14.9.2 following consultation with the Company and having taken its views into account.
- 14.10 The Company shall transfer to the Shareholder any Request for Information received by it as soon as practicable and in any event within 3 Business Days of receiving it.
- 14.11 The Company acknowledges that any lists provided which list or outline Confidential Information are of indicative value only and that the Shareholder may nevertheless be obliged to disclose Confidential Information in accordance with clause 14.9.

15 General

- 15.1 Except where this Agreement provides otherwise, each party shall pay its own costs relating to or in connection with the negotiation, preparation, execution and performance by it of this Agreement and of each agreement or document entered into pursuant to this Agreement and the transactions contemplated by this Agreement.
- 15.2 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.
- 15.3 No delay, indulgence or omission in exercising any right, power or remedy provided by this Agreement or by law shall operate to impair or be construed as a waiver of such right, power or remedy or of any other right, power or remedy.
- 15.4 No single or partial exercise or non-exercise of any right, power or remedy provided by this Agreement or by law shall preclude or restrict any other or further exercise of such rights, power or remedy or of any other right, power or remedy.
- 15.5 A waiver of a breach of any of the terms of this Agreement or of a default under this Agreement does not constitute a waiver of any other breach or default and shall not affect the other terms of this Agreement.
- 15.6 A waiver of a breach of any of the terms of this agreement or of a default under this Agreement will not prevent a party from subsequently requiring compliance with the waived obligation.

- 15.7 The rights and remedies provided by this Agreement are cumulative and are not exclusive of any rights, powers or remedies provided by law.
- 15.8 The provisions of this Agreement insofar as they have not been performed at Completion shall remain in full force and effect notwithstanding Completion.
- 15.9 If any provision of this Agreement is or becomes illegal, invalid or unenforceable under the law of any jurisdiction, that shall not affect or impair:
- 15.9.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- 15.9.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.
- 15.10 This Agreement, and the documents referred to in it, constitute the entire agreement and understanding between the parties and supersede any previous agreement, understanding or arrangement between the parties relating to the subject matter of this Agreement.
- 15.11 Each of the parties acknowledges and agrees that:
- 15.11.1 in entering into this Agreement, and the documents[referred to in it, it does not rely on, and shall have no remedy in respect of, any statement, representation, assurance, warranty or understanding of any person (whether party to this Agreement or not) other than as expressly set out in this Agreement or those documents;
- 15.11.2 the only remedy available to it arising out of or in connection with this Agreement or its subject matter shall be for damages for breach of contract under the terms of this Agreement;
- 15.11.3 nothing in this clause shall operate to limit or exclude any liability for fraud.
- 15.12 Save for a person who enters into a Deed of Adherence pursuant to clause 10.2, no person who is not a party to this Agreement shall have any right to enforce this Agreement or any agreement or document entered into pursuant to this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

16 Assignment

- 16.1 This Agreement is personal to the parties and neither party shall assign, transfer, charge, make the subject of a trust or deal in any other manner with this Agreement or any of its rights or obligations under it, or purport to do any of the same, nor sub-contract any or all of its obligations under this Agreement without the prior written consent of the other party. Each party is entering into this Agreement for its benefit and not for the benefit of another person.

17 No partnership or agency

Nothing in this Agreement is intended to or shall operate to create a partnership between the parties, or to authorise any party to act as agent for any other or to establish any other fiduciary relationship between the parties. No party shall

have authority to act in the name or on behalf of or otherwise to bind the other party in any way (including but not limited to the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

18 **Notices**

18.1 Any notice or other communication given under this Agreement:

18.1.1 shall be in writing;

18.1.2 shall be signed by or on behalf of the party giving it;

18.1.3 shall be served by delivering it by hand or sending it by pre-paid recorded delivery or registered post (or registered airmail in the case of an address for service outside the United Kingdom) or by fax at the address or fax number set out in clause 18.2 of the party due to receive it and marked for the attention of the person named in clause 18.2 (or at such other address or fax number or marked for the attention of such other person as last notified in writing to the other parties;

18.1.4 shall be deemed to have been received:

(a) if delivered by hand, at the time of actual delivery;

(b) in the case of pre-paid recorded delivery or registered post, two Business Days after the date of posting;

(c) in the case of registered airmail, five Business Days after the date of posting; and

(d) in the case of fax, at the time of completion of transmission.

18.2 The addresses and fax numbers of the parties for the purposes of clause 18.1 are:

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

For the attention of:

HDC	Ventures	Limited
Address: Pathfinder House, St. Mary's Street, Huntingdon, PE29 3TN		

For the attention of:

- 18.3 To prove delivery it shall be sufficient to prove that the envelope containing the notice was addressed to the address of the relevant party set out in clause 18.2 (or as otherwise notified in writing by that party under clause 18.2) and delivered either to that address or into the custody of the postal authorities as a pre-paid recorded delivery, registered post or airmail letter, or that the notice was transmitted by fax to the fax number of the relevant party set out in clause 18.2 (or as otherwise notified in writing by that party under clause 18.2).
- 18.4 In this clause if deemed receipt occurs before 9am on a Business Day the notice shall be deemed to have been received at 9am on that day, and if deemed receipt occurs after 5pm on a Business Day, or on a day which is not a Business Day, the notice shall be deemed to have been received at 9am on the next Business Day.
- 18.5 For the avoidance of doubt, a notice or other communication given under this Agreement shall not be validly served if sent by e-mail.

19 Counterparts

- 19.1 This Agreement may be executed in any number of counterparts and by different parties on separate counterparts (which may be facsimile copies), but shall not take effect until each party has executed at least one counterpart. Each counterpart shall constitute an original, and all the counterparts together shall constitute a single agreement.

20 Applicable law

- 20.1 The parties agree that this Agreement and any dispute or claim arising out of or in connection with this Agreement, its negotiation or its subject matter, or any non-contractual obligation arising in connection with the foregoing, shall be governed by and construed in accordance with English law.
- 20.2 Each of the parties irrevocably agrees to submit to the exclusive jurisdiction of the courts of England and Wales in relation to any claim or matter arising out of or in connection with this Agreement, its negotiation or its subject matter, or any non-contractual obligation arising in connection with the foregoing.

This Agreement has been executed on the date stated at the beginning of this Agreement.

Schedule 1

Deed of adherence

Deed of adherence

dated [] 20[]

By [**Limited**] a company incorporated in England and Wales (registered number []) whose registered office is at [] (the **New Shareholder**) in favour of the persons whose names and addresses are set out in the Schedule to this Deed (the **Continuing Parties**).

Introduction

- (A) This Deed is supplemental to a Shareholders' Agreement dated 2017 between [A], [B] and the Company (the **Shareholders' Agreement**) and to [insert details of any subsequent Deeds of Adherence or Amendment].
- (B) The New Shareholder wishes to [subscribe for] [acquire] [] [A]/[B] Shares in the capital of the Company [from *Transferor*].
- (C) Clause [] of the Shareholders' Agreement provides that no person other than a Shareholder shall acquire shares in the Company (whether by way of transfer or allotment or otherwise) unless he enters into a Deed of Adherence in substantially the form of this Deed.

Agreed terms

- 1 The New Shareholder confirms that [he/it] has been given a copy of the Shareholders' Agreement and covenants with the Continuing Parties to observe, perform and be bound by every provision of the Shareholders' Agreement (other than the Excluded Clauses) as if the New Shareholder had been an original party to it.
- 2 In this Deed the Excluded Clauses shall mean clauses [insert numbers of clauses to be excluded ie ones containing a personal obligation] of the Shareholders' Agreement.
- 3 Unless the context requires otherwise, words and expressions defined in the Shareholders' Agreement shall have the same meanings when used in this Deed.
- 4 This Deed shall be governed by and construed in accordance with English law.

This Deed of Adherence has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule

[Insert names and addresses of Continuing Parties]

Execution page

Appendix 2
DRAFT ARTICLES OF ASSOCIATION

dated **2017**

HDC Ventures Limited

Articles of Association

Company number:

Private company limited by shares

Articles of Association

of

HDC Ventures Limited

[as adopted by a special resolution passed on []]

Model Articles

- 5 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles (the **Model Articles**), shall apply to the Company save in so far as they are excluded or varied hereby and such Model Articles (save as so excluded or varied) together with the following articles shall be the articles of association of the Company. References to **these articles** shall be to the following articles as amended from time to time together with such Model Articles as apply to the Company.

Objects clause

- 6 The Company's objects are unrestricted.

Unanimous decisions

- 7 A decision of the directors which takes the form of a resolution in writing may consist of several copies each signed by one or more eligible directors. Article 8 of the Model Articles shall be modified accordingly.

Calling a directors' meeting

- 8 A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the Company to that effect. Where a director gives such notice to the Company after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it. Article 9(4) of the Model Articles shall be modified accordingly.
- 9 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is. Article 10(3) of the Model Articles shall not apply to the Company.

Quorum for directors' meetings

10 The quorum for the transaction of business of the directors shall be two, including at least one director who is an elected member and one director who is an officer. Article 11(2) of the Model Articles shall be modified accordingly.

11 If the directors for the time being are unable to form a quorum, the directors must not take any decision other than a decision:

11.1 to appoint such number of further directors as are required to make up the quorum required; or

11.2 to call a general meeting so as to enable the shareholders to appoint further directors. Article 11(3) of the Model Articles shall not apply to the Company.

Conflicts of interest

12 If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Authorisation of directors' conflicts of interest

13 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

14 Authorisation of a matter under article 13 shall be effective only if:

14.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;

14.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the **Interested Directors**); and

14.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

15 Unless otherwise determined by the directors (excluding the Interested Directors), any authorisation of a matter under article 13 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

16 Any authorisation of a matter under article 13 shall be on such terms and/or conditions as the directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and

discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the Interested Directors) pursuant to any such authorisation.

17 A director, notwithstanding his office, may be a director or other officer of, employed by, a member of or otherwise interested (including by the holding of shares) in, the Council or in a shareholder who has appointed him as a director of the Company, or any other member of such shareholder's group, or an employee of another local authority placed at the disposal of the Council pursuant to section 113 of the Local Government Act 1972, and no authorisation under article 9 shall be necessary in respect of any such interest

18 If a director receives or has received any information otherwise than by virtue of his position as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

18.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or

18.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the directors under article 13.

19 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under article 13 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Appointment and removal of directors

20 Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is two.

21 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the Company may at any time and from time to time:

21.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or

21.2 remove any director from office.

Every such appointment or removal shall be effected by notice in writing to the Company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

22 The board of directors and/or the chairman has the authority to appoint non-executive directors of the Company.

23 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

Termination of a director's appointment

24 Notwithstanding any other provision of these articles, a person ceases to be a director, in the following circumstances;

24.1 as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or

24.2 being an officer of the Council at the time of his appointment as a director, his employment by the Council is terminated for any reason.

Company secretary

25 The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

Nil- or partly-paid shares permitted

26 Article 21 of the Model Articles shall not apply to the Company. If the Company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the Company and form part of these articles as if the text of such provisions was set out in full in these articles.

Share certificates

27 Every share certificate must specify the amount paid up on the shares to which it relates. Article 24(2)(c) of the Model Articles shall not apply to the Company.

Share transfers

28 The instrument of transfer of any share taken on formation of the Company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

Calculation of dividends

29 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:

29.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

- 29.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. Article 30 of the Model Articles shall be modified accordingly.

Proceedings at general meetings

- 30 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given to all the members of the Company. Article 41(5) of the Model Articles shall be modified accordingly.

Poll votes

- 31 A poll may be demanded by any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation. Article 44(2)(c) of the Model Articles shall be modified accordingly.

- 32 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made. Article 44(3) of the Model Articles shall not apply to the Company.

Proxies and corporate representatives

- 33 The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the Company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

Written resolutions

- 34 A proposed written resolution of the members of the Company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the 2006 Act).

Means of communication to be used

- 35 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

- 35.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended

recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

- 35.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 35.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 35.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 36 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the 2006 Act.

Indemnity

- 37 The Company may indemnify any relevant officer out of the assets of the Company from and against any loss, liability or expense incurred by him or them in relation to the Company (including any liability incurred in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)) **provided that** this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the 2006 Act. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the 2006 Act and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled. Article 52 of the Model Articles shall not apply to the Company.
- 38 To the extent permitted by, and subject to the restrictions in, the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the 2006 Act, or to enable him to avoid incurring such expenditure.
- 39 Without prejudice to the provisions of article 53 of the Model Articles, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the Company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.

- 40 In these articles:
- 40.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- 40.2 **relevant officer** means any current or former director, alternate director, secretary or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)), other than any person (whether an officer or not) engaged by the Company (or associated company) as an auditor, to the extent he acts as an auditor.

Right to inspect accounts and other records

- 41 The Council and its authorised representatives shall have the right, on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company and any subsidiary of the Company. Article 50 of the Model Articles shall not apply to the Company.

Definitions

- 42 In these articles;
- “Council” means Huntingdonshire District Council
- “elected member” means an elected member of the Council; and
- “officer” means an officer of the Council and shall include an employee of another local authority placed at the disposal of the Council pursuant to section 113 of the Local Government Act 1972.

APPENDIX 3 – PROJECT PLAN

completion during week beginning	People	Action	May	June				July					August
			29	5	12	19	26	3	10	17	24	31	7
Finalise Incorporation Questionnaire	CGT	Provide to T&H											
Send out Director's Questionnaires	CGT	Distribute templates											
Deadline for completed Director's Questionnaires	CGT	Colate/forward to T&H											
Draft Cabinet report to JL/DB	CGT	Supply to JL/DB											
Cabinet report to SMT Review	JL	Supply to SMT											
Cabinet report to O&S Panel	JL	Supply O&S											
Cabinet report - Approval	Cabinet	Approve recommendations											
Shareholder Agreement	CGT	Provide to T&H											
Articles of Association	CGT	Provide to T&H											
Draft Resourcing Agreement	CGT	Scope schedules for HR, Finance, IT											
Resourcing Agreement:HDC review	CGT	Colate HDC inputs											
Funding/Working Capital Loan Agreement													
Employment contracts													
Domain name registration	CGT	Instruct T&H to complete											
Bank Account Mandate	HDC	Finance team to progress											
Professional Indemnity insurance	HDC Finance	Finance team to progress											
Employers Liability Insurance	HDC Finance	Finance team to progress											
Public Liability Insurance	HDC Finance	Finance team to progress											
Appointment of Shareholder representative	JL	Propose nomination											
Appointment of Shareholder representative	CGT	Progress with T&H											
First Board meeting	CGT	Agenda, resolutions, arrangements											
Appointment of Company Secretary	Board	Minuted decision											
Board meeting format and timings	Company Sec	Distributed after meeting											
Appointment of Chair	Board	Minuted decision											
Resolution – Director/NED Appointments	Board	Minuted decision											
Resolution – Director/NED Voting rights	Board	Minuted decision											
Resolution – Approval of Articles	Board	Minuted decision											
Letter of Appointment to Directors	Company Sec	Sent to Directors											
Review and Approval of Reserved Matters (Articles)	Board	Minuted decision											
Approval of delegations for financial transactions	Board	Minuted decision											
Approve business plan													
Form AD01: Change of registered address													
Form AA01: Change of accounting period													
Form AP01: appointment of director	Company Sec	Snt to T&H											
Board docs – production/review/distribution/ storage	Company Sec	Distributed after meeting											
Minutes of Board meeting	Company Sec	Distributed after meeting											
Second Board meeting	Company Sec	Agenda, resolutions, arrangements											

APPENDIX 4 – BUSINESS CASE /PROCUREMENT UPDATE

Document Centre

- Options review and business case for preferred option (joint venture) completed.
- Submission to O&S and Cabinet scheduled for July.
- Soft market testing – market validation via supplier discussions – ongoing.
- Procurement timetable drafted.
- Intention is to initiate a Restricted Procedure with Competitive Dialogue: commencing in June.
- Contract Award anticipated in November/December.
- Mobilisation plan to be prepared during procurement process.

CCTV

- Briefing paper in preparation for submission to O&S/Cabinet in July.
- Procurement timetable drafted.
- Intention is to initiate a Restricted Procedure with Competitive Dialogue: commencing in July.
- Contract Award anticipated in November/December.
- Mobilisation plan to be prepared during procurement process.

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Agenda Item 6

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Proposal for Use of External Grant Underspend
Meeting/Date:	Overview and Scrutiny Panel (Performance and Customers) – 14th June 2017 Cabinet – 22nd June 2017
Executive Portfolio:	Cllr Roger Harrison, Executive Member for Growth
Report by:	Sue Bedlow, Economic Development Manager
Ward affected:	Alconbury & The Stukeleys

Executive Summary:

The purpose of this report is to seek Cabinet approval for the use of the retained element of a 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.

The Building Foundations for Growth (BFG) grant totalling £5m was awarded by DCLG in 2014 for the funding of demolition and remediation works at Alconbury Enterprise Zone (EZ) and HDC is the Accountable Body.

Retained underspend elements total £1,984,868. This amount must be used for a capital project and on the EZ as per the grant determination letter and it must also be used in compliance with State Aid regulation.

Having sought legal advice, the best of a limited number of options for the use of the funds is deemed to be as a loan facility in the first instance with the future use of returned capital to be considered as a small grants scheme.

Recommendation(s):

The Overview and Scrutiny Panel is invited to comment on the Cabinet recommendation below.

The Cabinet is

RECOMMENDED

To approve:

- the use of the £1,984,868 BFG underspend as a loan facility which complies with State Aid regulations; and
- recommends that Option 2 in paragraph 4.2 for the use of the revenue generated is followed as a budget proposal in the next budget round.

1. PURPOSE OF THE REPORT

- 1.1 To seek Cabinet approval for the proposed use of the retained element of a capital grant received from the Department for Communities and Local Government (DCLG) in 2014.

2. BACKGROUND

- 2.1 The Building Foundations for Growth (BFG) grant totalling £5m was awarded by DCLG in 2014 for the funding of demolition and remediation works at Alconbury Enterprise Zone (EZ) and HDC was appointed and still is the Accountable Body.
- 2.2 As the deadline for completing the grant agreement approached it became apparent that we would have to withhold some of the grant (equal to the uplift in land value) in order to ensure State Aid compliance. So we had a clause included in the grant determination letter to give HDC the discretion to use any claw back.
- 2.3 Significant savings were then also achieved on delivery of the works (completed in 2015) and the withheld amount totals £1,984,868. This amount must be used for a capital project and on the EZ as per the grant determination letter and it must also be used in compliance with State Aid regulation.

3. OPTIONS CONSIDERED FOR USE OF CAPITAL

- 3.1 We took legal advice on our options for State Aid compliant uses of the remaining funds and these are summarised below.

Option
1. Loans made available at predetermined European Union (EU) commercial rates for capital projects on the EZ
2. Investment aid for local infrastructures (business accommodation) under General Block Exemption Regulations (GBER) Article 56
3. German Incubator model
4. Grants to small and medium sized enterprises (SMEs) that meet certain State Aid compliant conditions

- 3.2 Discussions with Urban & Civic (U&C - owners and developers of the EZ) have determined that they would be unlikely to support either options 2 or 3 as they would view these as competition for their own commercial buildings. These options must therefore be ruled out as they are not deliverable without U&C consent.
- 3.3 Option 4, small grants would benefit smaller companies and would be of greater benefit as an incentive at a later phase of the EZ development. Currently it is the larger tenants that are being courted and small grants would be of little significance in terms of incentive. In addition, the administration of such a grant programme would be resource intensive and we could not recover this from the grant (as it is for capital expenditure).
- 3.4 Hence we propose to pursue Option 1. The benefit of this option is that it would generate an income stream which we could then use to fund resource and

activities to support the EZ development. It would still leave option 4 open to us 10 years hence at what is likely to be a more beneficial time to be offering smaller grants. Additionally, some of the revenue stream from the initial loan could be used to fund the administration of a small grant programme (see section 4 below).

- 3.5 We were first in discussions with the Welding Institute (TWI) during 2015/16 working up a proposal for a loan linked to a European Funding bid for a facility on the EZ but this EU bid did not proceed.
- 3.6 We have since had discussions with U&C themselves around the extension of this funding to them as a 10 year loan facility in order to accelerate the construction of Incubator 2. The U&C proposal is currently for a 10 year facility with drawdown starting in July, interest paid quarterly from Nov 2018, at 2.5% above EU reference rate for UK (currently 0.78%) giving a total of 3.28%.
- 3.7 The draft Loan Terms sheet is attached at Appendix 1. It is intended that legal costs be recovered from U&C and they have agreed.
- 3.8 The capital returned in 10 years' time would still be subject to the conditions of the grant determination letter. At this point in time we anticipate that the funds would be best distributed in the form of small grants as incentives for companies to locate on the EZ but this should be reviewed at an appropriate time closer to the date of the return of capital

4. OPTIONS CONSIDERED FOR USE OF THE INTEREST REPAYMENTS

- 4.1 We are currently seeking legal advice on any restrictions that would apply to the use of the interest income stream but at this point in time we believe there to be more flexibility on how this is used.
- 4.2 Assuming there are no legal restrictions on its use, the Options for use of the revenue stream generated, which is estimated to be c.£625K over the 10 year loan period, are:
 1. All of the revenue stream should be used towards the objective for which the grant was originally allocated, namely to support of delivery of 'growth priorities for the EZ'.
 2. Some of the income stream should be retained to cover the cost of administering any future grants programme (c. £40K). That £30k/year (£300K in total) is used to fund the business start-up programme, currently delivered for us by YTKO and for which insufficient budget is currently available to continue beyond 2017/18. This could be delivered with an EZ focus going forward. The remainder (c.£285K) is used to offset a large part of the cost of the extra marketing resource that has been approved for the ED team. As this extra resource is already included in the budget for this year this would in effect be a general receipt to the Council's funds.
 3. None of the income is used to support either the EZ or economic growth priorities but instead considered as a general receipt into Council funds.
- 4.3 It is considered right that at least part of the use of the interest payments should continue to observe the principle of support for economic development, and the EZ in particular, and Option 2 strikes this balance.

5. COMMENTS OF OVERVIEW & SCRUTINY

- 5.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

6. RISKS

- 6.1 We could consider extending the funding as a loan to one of the larger companies looking to locate on the EZ but this would be much higher risk and benefit just one company whereas accelerating the construction of Incubator 2 would benefit several companies by providing accommodation for their growth.

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

- 7.1 Accelerate business growth and investment by:
- promoting inward investment;
 - supporting new and growing businesses and promoting business success; and,
 - supporting the delivery of the Alconbury Enterprise Zone.

8. LEGAL IMPLICATIONS

- 8.1 Legal advice is being sought through the 3C legal service framework agreement to advice on the loan negotiations and State Aid compliance.

9. RESOURCE IMPLICATIONS

- 9.1 The resource implications are included in the main body of this report

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 Given the restrictions on the use of the capital grant underspend its use as a loan facility is considered to be the best option in the first instance given that it provides a means of generating a revenue stream that would then be able to provide the resource to administer a small grant scheme at a later date without being an additional drain on HDC resource.
- 10.2 Whilst there may be no legal restrictions on how the income generated is used, it is considered right that the use of the money should continue to observe the principle of support for economic development, and the EZ in particular.
- 10.3 It is therefore recommended that Cabinet:
- approves the use of the £1,984,868 BFG underspend as a loan facility which complies with State Aid regulations
 - recommends that Option 2 in paragraph 4.2 for the use of the revenue generated is followed as a budget proposal in the next budget round.

11. LIST OF APPENDICES INCLUDED

Appendix 1 – Urban&Civic Draft loan terms sheet

CONTACT OFFICER

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Term sheet for a term loan facility

In relation to a £1,984,868 term loan facility to be provided to Urban&Civic Alconbury Limited by Huntingdonshire District Council.

Date: June 2017

This term sheet is indicative only and is intended as a guide to what will be included in final documentation. It is not an offer to provide the facility. Provision of the facility is subject to satisfactory due diligence, committee approval and satisfactory final documentation.

1. PARTIES

Borrower	Urban&Civic Alconbury Limited (registered number: 08983360)
Lender	Huntingdonshire District Council
[Guarantor]	[TO BE DISCUSSED]
Property	[Urban&Civic to confirm registered property details]

2. FACILITY

Facility	Term loan facility
Currency	Sterling
Principal Amount	£1,984,868
Purpose	To fund the construction of a business incubator unit comprising 15,263 sq ft NIA of Class B1 – Business Use.
Commitment Period	From the date of the facility agreement until the date falling one month before the Final Repayment Date.
Drawing of the Loan	Subject to: <ul style="list-style-type: none">■ the satisfaction of the condition precedent;■ there being no Event of Default which has occurred or would, following the proposed drawing of the loan (or part of it), occur;■ all representations and warranties be true and accurate as at the time of the proposed drawing; and■ receipt by the Lender of a certificate from the project monitor/quantity surveyor approving the purpose and amount of the proposed Loan and confirming that the amount to be drawn down by the Borrower for this

	<p>purpose does not exceed the amounts stipulated in the schedule of costs and/or the building contract, the Borrower may request that the Loan or part of it is advanced to the Borrower, provided that:</p> <ul style="list-style-type: none"> ■ the Borrower shall provide the Lender not less than [10] business days notice of its intention to draw all or part of the loan; ■ drawings must be in a minimum amount of £250,000 or, if less, the balance of the Principal Amount that has not yet been drawn; and ■ the Borrower may not make more than 1 drawing in any one calendar month.
Final Repayment Date	<p>The earlier of:</p> <ul style="list-style-type: none"> ■ 10 years from the date of drawdown; and ■ The date of disposal of the Property by the Borrower.
Repayment	<p>Subject to any earlier mandatory or voluntary prepayments (see below) the Borrower must repay the loan in full in instalments as set out below:</p> <ul style="list-style-type: none"> ■ Interest only repayments, made quarterly in arrears from the first rental receipt (anticipated November 2018); ■ Quarterly repayments to be capped at 50% of rental receipts for the same period, with any shortfall carried forward into the next quarterly payment and provided that any interest not paid when due shall be compounded and added to the Principal Amount and shall thereafter accrue interest at the Interest Rate; ■ The Principal Amount plus any outstanding interest and other charges that have accrued shall be repaid in full on the Final Repayment Date.

3. **PRICING**

Interest Rate	2.5% above the EC reference rate.
Default Interest	5% above the EC reference rate.
Interest Periods	Each one month period, with interest to be calculated monthly in arrears on the outstanding amount.

4. PREPAYMENT AND CANCELLATION

Voluntary prepayment	The Borrower may prepay the Loan without penalty in whole or in part by giving at least [10] business days' written notice to the Lender. Prepayments must be in a minimum amount of £250,000 or, if lower, the outstanding amounts under the loan. [Prepayments must be made on an Interest Payment Date.
Voluntary cancellation	The Borrower may cancel the undrawn commitments without penalty in whole or in part by giving at least [10] business days' written notice to the Lender. Cancellations must be in a minimum amount of £250,000 or, if lower, the total undrawn amounts under the facility.
Mandatory prepayment	If it is or becomes illegal for the Lender to lend to the Borrower, any outstanding commitments will be cancelled and any outstanding loans must be repaid.

5. UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

Representations and warranties	Standard representations and warranties for a facility of this nature, to be made by the Borrower on the date of the facility agreement, the date of each drawdown request and on each Interest Payment Date.
Undertakings	Standard undertakings for a facility of this nature, to be provided by the Borrower to the Lender throughout the life of the facility.
Information Undertakings	<ul style="list-style-type: none"> ■ as soon as they become available but in any event within 180 (one hundred and eighty) days of its financial year end, financial statements for that financial year; ■ notification of any event of default or potential event of default along with the steps being taken to remedy it ■ notification of any default under any other agreement or instrument which is binding on it which would have a material adverse effect; ■ notification of any other event or circumstance outstanding under any other agreement or instrument which is binding on it which, with the giving of notice, lapse of time or other applicable condition would have a material adverse effect; ■ notification on becoming aware of any actual pending or threatened litigation, arbitration or other court or arbitral

	<p>proceedings against it; and</p> <ul style="list-style-type: none"> ■ any information relating to its financial condition, business, assets or affairs as the Lender may require (acting reasonably).
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6. **FINANCIAL COVENANTS**

Financial covenants	[TO BE DISCUSSED – TO INCLUDE A LOAN TO VALUE COVENANT]
Testing	Financial covenants to be tested against the latest valuation. Lender may require a valuation at the cost of the Borrower not more than once every 6 months and at any other time at its own cost.

7. **SECURITY**

[Guarantee]	[TO BE DISCUSSED]
Security	The Borrower will execute a first ranking legal charge over the Property. [Intercreditor Arrangements with HCA to be discussed.]

8. **EVENTS OF DEFAULT**

Each of the following shall be an Event of Default.

Events of Default	<ul style="list-style-type: none"> ■ non-payment unless the failure to pay is caused by an administrative or technical error and payment is subsequently made within 5 business days of the due date ■ breach of financial covenants, provided that the Borrower shall have a right to cure such breach within [30] days by making a repayment of the loan to the Lender ■ breach of other obligations, subject to a 30 day remedy period where such breach is capable of remedy ■ misrepresentation ■ cross-default ■ change of control ■ unlawfulness, invalidity ■ change or suspension of business ■ material adverse effect
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	<ul style="list-style-type: none"> ■ enforcement of security ■ composition, winding up, attachment or distress, insolvency and analogous process or proceedings ■ other standard events of default for a facility of this nature
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9. **TRANSFERS**

Lender transfers	The Lender may not assign or transfer its rights and obligations or any part of them with the prior consent of the Borrower, such consent not to be unreasonably withheld.
Borrower transfers	The Borrower may not assign or transfer its rights and obligations or any part of them.

10. **AMENDMENTS**

Amendments	Amendments, waivers or variations may be made in writing only and must be executed by the Lender and the Borrower.
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11. **CONDITIONS PRECEDENT**

The following documents (amongst others) will be required to be delivered before the first drawdown can be made, in each case in form and substance satisfactory to the Lender.

Authorisations	<ul style="list-style-type: none"> ■ constitutional documents ■ board resolutions of the Borrower ■ specimen signatures ■ directors' certificate ■ shareholders' resolution ■ audited consolidated financial statements of the Borrower ■ evidence of payment of fees, costs and expenses due from the Borrower ■ evidence that 'know your client' requirements have been satisfied ■ independent valuation addressed to the Lender ■ appointment of project monitor/quantity surveyor to oversee the development works ■ building contract and associated construction documents ■ other standard conditions precedent for a facility of this nature ■ any other document or evidence which the Lender
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	considers necessary in relation to the full documents or the transactions contemplated by them
Finance documents	<ul style="list-style-type: none"> ■ executed facility agreement ■ executed security documents ■ copy of notices required under the security documents ■ any other finance documents which the Lender considers necessary in relation to the full documents or the transactions contemplated by them

12. **BOILERPLATE**

Miscellaneous provisions	The full form documentation will contain standard provisions including in relation to break costs, tax gross up and indemnities, set-off, notices, change of law, illegality, payments and disclosure
Costs, expenses and indemnity	<p>The Borrower will pay the Lender within 5 days of demand all costs and expenses (including legal fees) including VAT incurred by the Lender in relation to the negotiation, preparation, execution or perfection of the full documentation or in relation to any consent requests (provided that such costs have been agreed in advance with the Borrower).</p> <p>An indemnity will also be included in relation to all costs, losses and liabilities (including legal fees) in relation to any event of default, the preservation or enforcement of any of the Lender's rights under the full documentation and certain other specific circumstances.</p>
Governing law and jurisdiction	England and Wales

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Integrated Performance Report, 2016/17 Quarter 4

Meeting/Date: Overview and Scrutiny (Performance and Customers)
Panel, 14 June 2017
Cabinet, 22 June 2017

Executive Portfolio: Councillor Jonathan Gray, Executive Councillor for Strategic Resources
Councillor Stephen Cawley, Executive Councillor for Transformation and Customers

Report by: Corporate Team Manager and Head of Resources

Ward(s) affected: All

Executive Summary:

The purpose of this report is to brief Members on progress against the Key Actions and Corporate Indicators listed in the Council's Corporate Plan for 2016-18 for the period 1 January 2017 to 31 March 2016. The report also incorporates progress reporting for current projects being undertaken and Financial Performance Monitoring Suite information at the end of the financial year. The Financial Monitoring Suite includes the Capital Programme outturn and proposals of rephrasing in to 2017/18.

An update on the Commercial Investment Strategy includes details of the investments to date and the level of returns these are expected to generate.

A progress report on achievement of the Peer Challenge action plan is now included following Cabinet approval of the action plan in November 2016.

Recommendations:

The Panel is invited to consider and comment on progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C.

The Panel is also invited to consider and comment 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, attached at Appendix G.

The Panel is invited to consider and comment on the Capital Programme rephrasing of some schemes in to 2017/18 as detailed in Appendix D.

1. PURPOSE

- 1.1 The purpose of this report is to present performance management information on the Council's Corporate Plan for 2016/17 and progress updates for current projects.

2. BACKGROUND

- 2.1 The Council's Corporate Plan 2016-18 was adopted as a two-year plan in 2016, setting out what the Council aims to achieve in addition to its core statutory services. The information in the summary at Appendix A and the performance report at Appendix B relates to the Key Actions and Corporate Indicators listed for 2016/17.
- 2.2 As recommended by the Project Management Select Committee, project updates are included in this performance report at Appendix C. There are currently 35 open, pending approval or pending closure projects and 3 closed projects logged on the SharePoint site across all programmes. This report covers all of these projects, including all Capital Projects.
- 2.3 This report also incorporates financial performance at the end of the financial year. Performance is summarised in sections 4-5 below and details are listed in the Financial Performance Monitoring Suite at Appendix D. A review of the position of Zero Based Budgeting (ZBB) savings to date has been carried out and a RAG (Red, Amber or Green) rating for each item is listed in the table at Appendix E.

3. PERFORMANCE MANAGEMENT

- 3.1 Members of the Overview and Scrutiny (Performance and Customers) Panel have an important role in the Council's Performance Management Framework and a process of regular review of performance data has been established. The focus is on the strategic priorities and associated objectives to enable Scrutiny to maintain a strategic overview. Their comments on performance in Quarter 4 will be included in the Cabinet report following their meeting.
- 3.2 Progress against Corporate Plan objectives is reported quarterly. The report at Appendix B includes performance data in the form of a narrative of achievement and a RAG (Red/Amber/Green) status against each Key Action in the Corporate Plan and results for each Corporate Indicator. Appendix C gives a breakdown of projects including the purpose of the project and comments from the Programme Office as to the current status of each project's SharePoint site as part of the new governance arrangements.
- 3.3 Performance Indicator data has been collected in accordance with standardised procedures. Targets for Corporate Indicators and target dates for Key Actions have been set by the relevant Head of Service after discussion with the appropriate Portfolio Holder.
- 3.4 The table below summarises Quarter 4 progress in delivering Key Actions for 2016/17:

Status of Key Actions	Number	%
Green (on track)	29	78%
Amber (within acceptable variance)	7	19%
Red (behind schedule)	1	3%
Awaiting progress update	0	0%
Not applicable	1	n/a

There is one 'Red' key action which is KA 30 'Maximise the income generating potential of One Leisure and all traded activities'. The total income for One Leisure in 2016/17 was £6.8m, which was down on both the previous year (£6.9m) and below the target (£7.1m). The main contributing factor was a downturn in Impressions linked activities (gym membership / fitness classes). Despite the downturn in income, One Leisure still had a trading surplus of £213k.

3.5 Quarter 4 results for 2016/17 Corporate Indicators are shown in the following table:

Corporate Indicator results	Number	%
Green (achieved)	28	67%
Amber (within acceptable variance)	6	14%
Red (below acceptable variance)	8	19%
Awaiting progress update	0	0%
Not applicable (annual/data unavailable)	4	n/a

Excluding the indicators where no results are available, the Council achieved two-thirds of its targets for the year. Targets were missed by more than acceptable levels of variance for eight indicators and explanations are listed below.

Our target to resolve 80% of grounds maintenance service requests within five working days (PI 3) was missed. While this is affected by back office systems which require improvement, extreme seasonal variations in quarter 1 that affected the team's ability to deliver services within target also impacted 2016/17 performance.

Although there are 'friends of' groups and volunteers at several of our Countryside sites, there are still no sites which are completely self-managed and there is no indication that any groups are willing to take over the running of any site (PI 5).

The outturn average time between the date of referral for a Disabled Facilities Grant (DFG) to practical completion for minor jobs up to £10,000 (PI 10) was longer than for the previous year – 35.8 weeks compared to 33.4 weeks for 2015/16. A total of 167 DFGs for minor works were completed during 2016/17. Of these, 58 (34.7%) were completed within the 28 week target. The shared Home Improvement Agency (HIA) service, provided by Cambridge City, has indicated that delays were caused by staff shortages, delays obtaining necessary approval from Luminus and time taken to approve grants. Some grant approvals were delayed due to the budget being overcommitted and staff trying to prevent the budget from being significantly overspent. The HIA has appointed a new interim manager and is undergoing a review of its procedures. A report on the Home Improvement Agency and the Disabled Facilities Grant budget will be presented to Overview & Scrutiny (Communities and Environment and/or Performance and Customers) in July 2017.

Following the implementation of new waste collection rounds on 27 February, crews have new routes to learn which resulted in the number of bins missed going up. Due to resources, the time taken to recollect these missed bins (PI 28) also increased. Figures for March 2017 show the number of missed bins recovered in 48 hours increasing and we are confident that this improvement will now be sustained.

These issues have also affected other indicators, with Customer Services conducting their call centre satisfaction survey (PI 41) after Operations changed collection rounds. The change resulted in an additional 1,500+ calls and 800 emails during March. The team coped with this challenge but some customers commented about the long wait times to get through. The satisfaction rate of 90% was still high but below the 95% target set for the year. Surveys will now be undertaken quarterly to achieve more balance across the year and allow regular performance monitoring.

The percentage of Stage 1 complaints resolved within time (PI 43) was also affected. 28 complaints about Operations services not resolved in the 20 working day target brought performance down from 89% last quarter to 78% at the year end. These complaints mostly related to the waste management service during the round re-configuration. The service collects 8,000 bins on a daily basis and, although the majority of changes were implemented successfully, a number of persistent cases of missed bins led to increased numbers of complaints. Given the focus of the management team to address staffing shortages and deliver

the changes, response times to complaints fell short of acceptable standards. This has also been addressed with new duty management arrangements.

The target to reduce energy used in Council buildings was missed (PI 29), with a 1% increase in energy used compared to the year before. Although total energy use increased, it is worth noting that a shift from electricity towards gas has resulted in lower energy costs and reduced carbon emissions as gas is a cheaper and less carbon intensive fuel. It is anticipated that measures included in the RE:FIT programme, delayed due to lease issues at One Leisure sites, should deliver a 6% reduction in energy demand. These are scheduled for completion by October 2017.

Although the staff sickness target was missed (PI 37), fewer working days were lost due to sickness than in 2015/16 and all cases are actively managed. Days lost per full-time employee fell from 11.7 to 10.7 – slightly higher than the local government average of 10.5 (Chartered Institute of Personnel and Development, 2016). 42% of employees had no time off due to sickness in 2016/17, up from 40% last year.

3.6 The status of corporate projects at the end of March is shown below:

Corporate project status	Number	%
Green (progress on track)	12	34%
Amber (progress behind schedule, project is recoverable)	8	23%
Red (significantly behind schedule, serious risks/issues)	5	14%
Pending closure	7	20%
Closed (completed)	3	9%
Awaiting progress update	0	0%

Three projects have recently been closed down following sign-off of close-down reports by the Project Management Governance Board, with another seven projects currently in the close-down stage. Business cases for a further three projects are awaiting approval by the Board.

Of the projects currently in the delivery stage, five were Red at the end of Quarter 4 as they were either significantly behind schedule, had serious risks or issues identified or had a lack of governance documentation. Four of these had been rated as Red at the end of December. The Leisure Invest to Save Opportunities project was previously Amber. Details of all Red projects can be found in Appendix C.

Two projects which were previously Red at the end of Quarter 3 had progressed to an Amber status by the end of Quarter 3. These were the Levellers Lane and Clifton Road roof replacement projects where it is anticipated that contracts will be awarded by the end of July once tenders have been evaluated.

4. FINANCIAL PERFORMANCE

4.1 Attached at **Appendix D** is the Quarter 4 Financial Performance Monitoring Suite (FPMS), which provides details on:

- **Revenue and Reserves 2016/17 provisional outturn** – the net expenditure of £17.2m which is an underspend of £0.59m, commentary on the variances and movements in the year for Earmarked Reserves.
- **Capital Programme 2016/17 provisional outturn** – expenditure of £7.7m which is an underspend of £4.5m and details of potential re-phasing of some schemes in to 2017/18.
- **Non Domestic Rates (NDR) and Council Tax Income** - shows the level of bills raised for NDR and Council Tax and the expected levels of collection.

- **Miscellaneous Debt** - shows the position of outstanding miscellaneous debt at £1.314m.
- **New Homes Bonus** - shows the position in relation to New Homes Bonus where 637 new homes completed in the reporting cycle.

4.2 ZBB Savings Progress

As part of the budget setting process for 2016/17 £2.3m of new ZBB savings were approved. A review of the position of these savings for the year has been carried out and a RAG (Red, Amber, Green) rating given.

Appendix E shows the RAG status for all individual projects and these are summarised in the table below:

	Achievement of Savings £'000	Achievement of Savings (%)	Achievement of Savings (Numbers)	Implementation	Implementation (%)
Red	524 [282]	23 [12]	9 [6]	9 [6]	19 [13]
Amber	178 [428]	8 [19]	3 [7]	3 [7]	7 [14]
Green	1,558 [1,550]	69 [69]	35 [35]	35 [35]	74 [73]

Figures in brackets are the 3rd quarter's comparators

5. UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY

5.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget, by 2021/22 it will have in part contributed in reducing this to £1.2m.

5.2 At the end of Quarter 4 the financial projections for the CIS are:

Budget Heading	Budget (£'000)	Forecast Outturn (£'000)	Variance (£'000)
CCLA Property Fund	0	(111)	(111)
Property Rental Income	(875)	(509)	366
Management Charge	144	0	(144)
MRP	885	0	(885)
Total	154	(606)	(760)

5.3 INVESTMENTS

Between April 2016 and March 2017, 75 properties have been investigated as potential CIS investment opportunities. The Council has invested in 2 of the properties and the details of these investments are shown below. The reasons for rejecting the other 57 properties are summarised in **Appendix F**.

Returns from the CCLA property fund have remained relatively stable throughout the year (circa 4.5%) despite slight fluctuations in the gross dividend price. Other investment vehicles such as bank deposits and money market fund have seen their returns fall sharply over the course of the year.

Property: 80 Wilbury Way, Hitchin.

- Property Type: Office Block
- Purchased on 8 July 2016

- Purchase Cost (excluding completion costs) £2.2m
- Modelled rate of return 7.4%
- Rent reserved £0.175m pa
- Earmarked reserves have been used to finance the purchase of this investment, which means there is no requirement for the council to set aside funds to provides for the future debt repayments (MRP)

Property: Shawlands Retail Park, Sudbury.

- Property Type: Retail Park
- Purchased on 13 September 2016
- Purchase Price (excluding completion costs) £6.5m
- Modelled rate of return 6.9%
- Rent reserved £0.483m pa
- Earmarked reserves have been used to finance the purchase of this investment, which means there is no requirement for the council to set aside funds to provides for the future debt repayments (MRP)

The approval for this purchase was in line with delegated powers.

- 5.4 To date all of the Council's investments have been funded from the earmarked reserves and no new borrowing has been required .The result of this is a saving in the 2016/17 Budget of MRP.

6. COMMENTS OF OVERVIEW & SCRUTINY PANELS

- 6.1 Comments from the Overview and Scrutiny (Performance and Customers) Panel meeting on 14 June 2017 will be included in the report to Cabinet.

7. RECOMMENDATIONS

- 7.1 The Panel is invited to consider and comment on progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C.
- 7.2 The Panel is also invited to consider and comment on financial performance at the end of March, as detailed in Appendices D and E.

8. LIST OF APPENDICES INCLUDED

Appendix A - Performance Summary Quarter 4, 2016/17
 Appendix B – Corporate Plan Performance Report
 Appendix C – Project Performance
 Appendix D – Financial Performance Monitoring Suite, March 2016
 Appendix E – ZBB Savings Agreed 2016/17 Budget Setting - RAG Status
 Appendix F – Reasons for rejecting CIS investment opportunities
 Appendix G – Peer Challenge Action Plan Progress Report

CONTACT OFFICERS

Corporate Plan Performance Monitoring (Appendices A and B)

Daniel Buckridge, Policy, Performance & Transformation Manager (Scrutiny) ☎ (01480) 388065

Projects and Peer Challenge Action Plan (Appendix C and G)

Adrian Dobbyne, Corporate Team Manager ☎ (01480) 388100

Financial Performance (Appendices D, E and F)

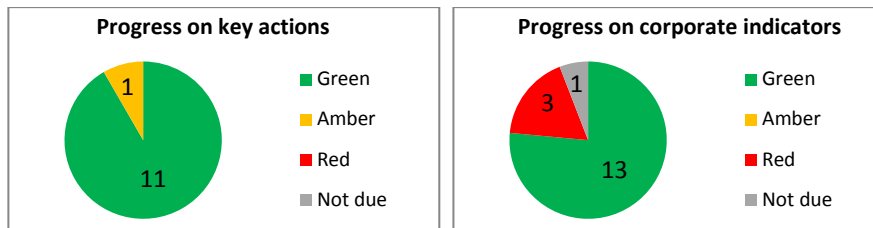
Adrian Forth, Finance Manager ☎ (01480) 388605

Appendix A

Performance Summary Quarter 4, 2016/17

Enabling communities

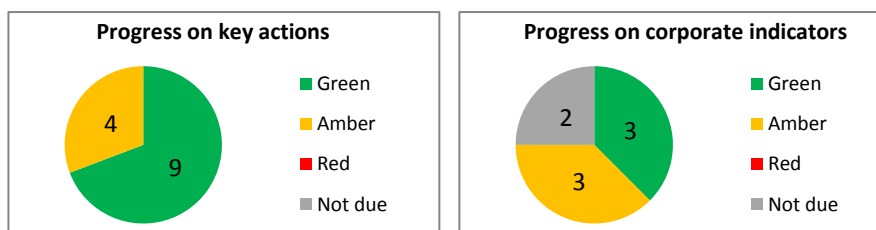
We want to make Huntingdonshire a better place to live, to improve health and well-being and for communities to get involved with local decision making



Highlights include the establishment of a community infrastructure organisation (CIO) to take on the day to day management of The Hub community centre at Little Paxton.

Delivering sustainable growth

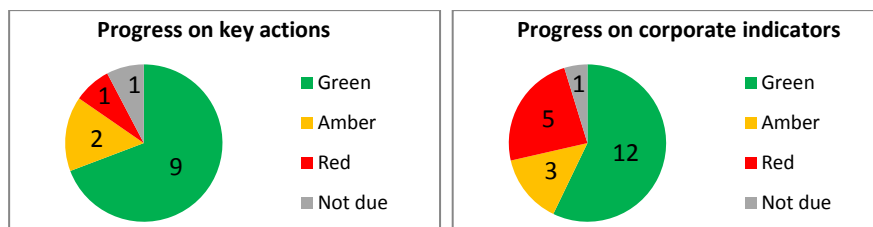
We want to make Huntingdonshire a better place to work and invest and we want to deliver new and appropriate housing



Highlights include 76% of major planning applications being processed on target despite an increase in the number submitted in 2016/17 compared to previous years.

Becoming a more efficient and effective council

We want to continue to deliver value for money services



Highlights include achieving the target of processing changes of circumstances for Housing Benefit and Council Tax Support within an average of 4 days. Performance was in line with the previous year despite reducing staffing levels, partly due to the introduction of an on-line change of circumstances form which had a take up of 78%.

CORPORATE PLAN – PERFORMANCE REPORT

Appendix B

STRATEGIC THEME – ENABLING COMMUNITIES

Period January to March 2017

Summary of progress for Key Actions

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

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

Summary of progress for Corporate Indicators

G	Performance is on track	A	Performance is within acceptable variance	R	Performance is below acceptable variance	?	Awaiting performance update	n/a	Not applicable to assess performance
	13		0		3		0		1

08

Performance Indicator	Full Year 2015/16 Performance	Annual 2016/17 Target	Outturn 2016/17 Performance	Outturn 2016/17 Status
PI 3. Percentage of grounds maintenance service requests resolved in five working days Aim to maximise	n/a (new measure)	Grounds maintenance- 80%	61%	R
Comments: (Operations) Issues with CRM data collection have continued to impact the accuracy of Grounds Maintenance figures throughout the year. A change in the CRM reporting process has now been implemented which should improve the accuracy of reporting but there are issues relating to Grounds Maintenance 'scheduled works' which directly impact on the service request 'resolved' date. A new back office system is required if we are to accurately report this indicator. Q1 was also subject to extreme seasonal variations which affected GM's ability to deliver services within target, impacting on overall 16/17 performance.				
PI 5. Percentage of HDC countryside sites self-managed by 'Friends of' groups Aim to maximise	Sites with 'Friends of' groups - 44.66% Self-managed – 0%	15%	Sites with 'Friends of' groups - 44.66% Self-managed – 0%	R
Comments: (Operations) Friends and volunteers groups continue to support HDC countryside team but no sites are completely self-managed. There is no indication that any of the Friends groups are willing to take over the running of any site.				

Performance Indicator	Full Year 2015/16 Performance	Annual 2016/17 Target	Outturn 2016/17 Performance	Outturn 2016/17 Status
PI 10. Average time between date of referral of Disabled Facilities Grants (DFGs) to practical completion for minor jobs up to £10,000 Aim to minimise	33.4 weeks	28 weeks	35.8 weeks	R
<p>Comments: (Development) The shared Home Improvement Agency (HIA) service is provided by Cambridge City. A total of 167 DFGs were completed during 2016/17 for minor works. Of these, 58 (34.7%) were completed within the 28 week target.</p> <p>The Cambs Home Improvement Agency who project manage the works on behalf of customers, for a fee, have indicated that the delays were caused by staff shortages, delays obtaining necessary approval from Luminus, and time taken by HDC in approving grants. HDC delayed some grant approvals due to the budget being overcommitted and staff trying to prevent the budget from being significantly overspent. HIA has appointed a new interim manager and is undergoing a review of its procedures. Overview & Scrutiny (Communities and Environment and/or Performance and Customers) will consider a report on the Home Improvement Agency Annual Report and Review, and Disabled Facilities Grant budget at its July 2017 meetings.</p>				

STRATEGIC THEME – DELIVERING SUSTAINABLE GROWTH

Period January to March 2017

Summary of progress for Key Actions

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
9		4		0		0		0	

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

Summary of progress for Corporate Indicators

G	Performance is on track	A	Performance is within acceptable variance	R	Performance is below acceptable variance	?	Awaiting performance update	n/a	Not applicable to assess performance
3		3		0		0		2	

STRATEGIC THEME – BECOMING A MORE EFFICIENT AND EFFECTIVE COUNCIL

Period January to March 2017

Summary of progress for Key Actions

G	Progress is on track	A	Progress is within acceptable variance	R	Progress is behind schedule	?	Awaiting progress update	n/a	Not applicable to state progress
9		2		1		0		1	

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

Status	Key Actions for 2016/17	Target date	Portfolio Holder	Head of Service	Progress Update – Q4 / end of year 2016/17
R	KA 30. Maximise the income generating potential of One Leisure and all traded activities	31/03/2017	Cllr Brown	Jayne Wisely	Total income for One Leisure out turned at £6.767M which was down £138K on the previous year and against a target of £7.090M. The major contributing factor to this was a downturn in the Impressions linked activities (gym memberships / fitness classes). This still represented a trading surplus of £213K.

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Summary of progress for Corporate Indicators

G	Performance is on track	A	Performance is within acceptable variance	R	Performance is below acceptable variance	?	Awaiting performance update	n/a	Not applicable to assess performance
12		3		5		0		1	

Performance Indicator	Full Year 2015/16 Performance	Annual 2016/17 Target	Outturn 2016/17 Performance	Outturn 2016/17 Status
PI 28. Percentage of missed bins recovered within 48 hours Aim to maximise	n/a (new measure)	90%	72%	R
Comments: (Operations) New indicator. Cumulative figure for the year. New rounds were implemented on 27 February. Crews have new routes to learn which resulted in the number of bins being missed increasing. Due to resources the time taken to recollect increased. The figures for March 2017 show the number of missed bins recovered in 48 hours increasing and we are confident that this improvement will now be sustained.				
PI 29. Total amount of energy used in Council buildings Aim to minimise	12,096,814 kWh	11,854,877.7 kWh 2% reduction	12,227,550 kWh 1.08% increase	R

Performance Indicator	Full Year 2015/16 Performance	Annual 2016/17 Target	Outturn 2016/17 Performance	Outturn 2016/17 Status
<p>Comments: (Operations) Leasing issues at One Leisure sites have resulted in delays to the RE:FIT programme but work is now underway and scheduled for completion by October 17. It is anticipated that the measures included in the programme should deliver a 6% reduction in energy demand. Although total energy use has increased this year, it is worth noting that there has been a shift in HDC's energy use, using more gas than electricity. This has resulted in lower energy costs and reduced carbon emissions this year as gas is a cheaper and less carbon intensive fuel.</p>				
PI 37. Staff sickness days lost per full time employee Aim to minimise	11.7 days/FTE	9.0 days/FTE	10.7 Days/FTE	R
<p>Comments: (Corporate Team) More robust management of sickness cases has seen the overall number of days per FTE reduce by 1.0 days per FTE (450 days), although it has fallen short of our target. All cases are actively managed and reported on monthly to the Managing Director which has ensured sickness absence remains a high priority for the organisation. 42% of employees had no time off due to sickness in 2016/17, up from 40% last year.</p>				
PI 41. Call Centre telephone satisfaction rate Aim to maximise	94.3%	95%	90%	R
<p>Comments: (Customer Services) Customer Services were able to achieve a high level of customer satisfaction in difficult circumstances. We conducted our survey after Operations changed collection rounds which resulted in an additional 1,500+ calls and 800 emails coming through during March. Our team coped with this challenge, although some customers commented about the long wait times to get through. In the next financial year we will be moving to quarterly satisfaction surveys, to achieve a more balanced figure and monitor performance more regularly. Performance of 90% was below the target set for the year but still indicates a high level of satisfaction.</p>				
PI 43. Percentage of Stage 1 complaints resolved within time Aim to maximise	n/a (new measure)	98%	78%	R
<p>Comments: (Corporate Team) New indicator. Poor Quarter 4 performance has brought the yearly total down from 89% to 78%. 51 Stage 1 complaints were recorded on the corporate complaints database in Quarter 4 and 28 of them were not resolved within the 20 working day target. All 28 related to Operations services. However, it is understood that many other complaints received by Operations have not been recorded on the database, most of which were also not dealt with within target.</p> <p>The waste management service received a large number of complaints during the round re-configuration. The service collects 8,000 bins on a daily basis and, although the majority of these changes were implemented successfully, a number of persistent cases of missed bins led to increased numbers of complaints. Improvement actions since Easter have continued to reduce missed bins from 40-50 to 30-40 daily (0.5%). Missed bin collections are now organised the next day from receipt of cases and collected within a maximum of 3 working days from 5 previously. Given the focus of the management team to address staffing shortages and deliver the changes, response times to complaints fell short of acceptable standards. This has also been addressed with new duty management arrangements.</p>				

Appendix C – Project Performance

Red = Project is significantly behind schedule, serious risks/issues have been identified or there is a lack of governance documentation	Amber = Progress is behind schedule, some risks/issues have been identified or some documentation is missing. The project may be recoverable	Green = Progress is on track with no impact to delivery	Pending Closure = In close-down stage	Pending Approval = Business Case to be approved	Closed = Project is closed. Closedown report approved by Project Board and Project Management Governance Board.
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OS	Title and purpose of project	Programme	PM	Target End Date	Expected End Date	Programme Office comments	RAG Status	Latest Update Date
	Phoenix Industrial Unit Roof Replace industrial roofs to address H & S and fulfil Council obligations.	Capital 2015/16	Golby, Jackie (Resources)	30/11/17	30/06/17	Building Surveyors appointed and initial investigations and project costs received showing anticipated costs over capital budget for this project. Tender process for works underway - in conjunction with other roof projects at Clifton Road and Levellers Lane to ensure any value is engineered through multiple projects/single tender approach. Tender returns for all three projects will be evaluated and projects will be re-worked to ensure most urgent work contracts are to be awarded by 30 July	Red	Within last month
	Implementation of Financial Management System To introduce a new Financial Management System across the council.	3C Shared Services	Buckell, Andrew (3C ICT)	31/05/17	31/10/17	The project status is red due to the Accounts Receivable module requiring further development by the supplier. The supplier has withdrawn a consultant until early August and the interface build and B-ETL build are behind schedule.	Red	Within last month
	Leisure Invest to Save Opportunities Explore further opportunities for invest to save schemes including the conversion of synthetic pitch at St Neots.	Facing the Future	Clarke, Jon (Leisure)	30/09/15	31/03/17	The Heads of Terms have now been agreed between HDC & St. Neots Learning Partnership. This should see the lease between the two parties signed before the end of January 2017. Once the lease has been signed, discussions can then take place with Sport England regarding the funding and timing of the project.	Red	Over 3 months ago

Red = Project is significantly behind schedule, serious risks/issues have been identified or there is a lack of governance documentation	Amber = Progress is behind schedule, some risks/issues have been identified or some documentation is missing. The project may be recoverable	Green = Progress is on track with no impact to delivery	Pending Closure = In close-down stage	Pending Approval = Business Case to be approved	Closed = Project is closed. Closedown report approved by Project Board and Project Management Governance Board.
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08

Title and purpose of project	Programme	PM	Target End Date	Expected End Date	Programme Office comments	RAG Status	Latest Update Date
					Ideally, site work would not commence before the clocks change so that the centre can maximise current facility booking revenues and work can then take place during the quietest time of the year and be completed prior to the start of the new soccer season.		
Door Access Card Reader Replacement The change to Proximity Card reader from Magnetic Readers at CCC and configure or replace Card Readers at SCDC and HDC. This will improve the security at CCC and provide one card access solution for the three council sites.	3C Shared Services	Solanki, Raj (3C ICT)	31/07/16	16/12/16	This is showing as red due to the length of time (over 18 months) it has taken to procure and then implement. The delays have come from both the supplier and the availability of Council staff to progress the project. The door readers at the Guildhall offices have been commissioned, 3C ICT has requested and been granted by MBSS a sponsor for this project.	Red	Within last month (Bitrix)
In Cab Systems The project will replace the existing manual process for logging waste collection issues and involve delivery of that information in a timely manner from the refuse collection vehicle to the call centre. This will involve the purchase of a new bespoke system including hardware devices for the refuse collection vehicles.	Capital 2016/17	Connor, Sharon (Operations)	31/01/17	31/10/17	Project has a RED status as classified by the PM due to significant delay arriving from the decision to take a wider corporate approach and consider provision as part of the existing 3C Shared Service. User requirements for operations back office and in-cab technology are currently being established by 3C IT across South Cambridgeshire, Cambridge City and Huntingdonshire District Council. Workshops are completed. HDC awaiting spec to be signed off by South Cambs and Cambridge City. Tony Allen is the Project Manager for in cab	Red	Within last month

Financial Performance Monitoring Suite March 2017 – Provisional Outturn 2016/17

Contents

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2.	Revenue and Reserves Provisional Outturn	2
3.	Earmarked Reserves	3
4.	Service Commentary	5
5.	Capital Programme	9
6.	Financial Dashboard	16

Prepared By:

Sue Martin, Principal Accountant

Oliver Colbert, Principal Accountant (Technical)

1. Financial Performance

Revenue The Provisional Outturn Net spend is £17.2m which is an underspend of £0.59m (£0.64m for February) compared to the Budget. Details by Service and funding are shown later in the report.

The details of the Earmarked Reserves is in the report showing the movement in the year.

Capital The Provisional Outturn on Capital spend is £7.7m and compared to the revised Budget of £12.2m there is an underspend of £4.5m (£3.0m for February). The Capital Programme by scheme, shows the potential rephrasing in to 2017/18.

Revenue and Reserves 2016/17 Provisional Outturn

Revenue Provisional Outturn	2015/16		2016/17				
	Outturn	Budget	Provisional Outturn (Gross)	Use of Reserves to Fund Exp	Contribution to Reserves	Net Service Financial Performance	Variation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000 %
Revenue by Service:							
Community	1,676	1,911	1,697	(2)	6	1,701	(214) -11.2
Customer Services	3,628	2,355	2,816	(213)	0	2,603	461 19.6
ICT Shared Service	494	1,796	1,972	(49)	93	2,016	176 9.8
Development	1,204	1,370	578	(43)	417	952	(792) -57.8
Leisure & Health	(141)	(270)	55	0	25	80	325 -120.4
Operations	4,173	3,968	4,292	(100)	0	4,192	324 8.2
Resources	4,153	4,492	3,221	0	66	3,287	(1,271) -28.3
Directors and Corporate	2,112	2,291	2,693	(350)	0	2,343	402 17.5
Technical Adjustments	(177)	0	0			0	0 0.0
Net Revenue Expenditure	17,122	17,913	17,324	(757)	607	17,174	(589) -3.3
Contributions from Earmarked Reserves	0	0	(757)				(757) 0.0
Contribution to Earmarked Reserves	0	0	607				607 0.0
Service Contribution to Reserves	2,555	2,276	3,015				739 32.5
Budget Requirement (Services)	19,677	20,189	20,189				
Financing:-							
NDR & Council Tax surplus	(2,750)	(3,933)	(7,108)				(3,175) 80.7
Government Grant (Non-specific)	(7,668)	(8,351)	(8,404)				(53) 0.6
Contribution to Collection Fund Adjustment Ac	(1,492)	0	3,214				
Contribution to Reserves			14				14 0.0
Council Tax for Huntingdonshire DC	(7,767)	(7,905)	(7,905)				

General Fund Reserve	2015/16		2016/17		
	Outturn	Budget	Provisional Outturn	Variation	
	£'000	£'000	£'000	£'000	%
Balance as at 1st April	9,287	2,537	2,537	0	0.0
Service Contribution to Reserves	2,555	2,276	3,029	753	33.1
Contribution to/(from) Collection Fund Reserv	(1,492)	0	0	0	0.0
Transfers to/from Earmarked Reserves	1,055	0	(150)	(150)	0.0
Transfer to NDR Reliefs Reserve	(300)	0	0	0	0.0
Transfer to Earmarked Reserve	(805)	(2,126)	(2,822)	(696)	32.7
Transfer to Commercial Investment Reserve	(7,763)	0	0	0	0.0
Outturn forecast as at 31 March (15% of Net Revenue Expenditure)	2,537	2,687	2,594	(93)	-3.5

Earmarked Reserves	2015/16		2016/17		Commentary
	Outturn	Addition	Deduction	Provisional Outturn	
	£'000	£'000	£'000	£'000	
S106 agreements	1,233	446	(602)	1,077	
Commuted S106 payments	1,725	5	(408)	1,322	
CIL Admin Reserve	0	282	0	282	
					Holds the difference between CIL admin receipts on an accounting and cash basis
Repairs and Renewals Funds	981	33	(5)	1,009	
Collection Fund	2,702	1,244	(1,984)	1,962	
Commercial Investment	12,390	584	(9,187)	3,787	
Budget Surplus	805		(730)	75	To be held to meet future years budget deficit
NDR Reliefs	300			300	
Special Reserve	2,325	195	(1,220)	1,300	£1m To Transformation Reserve
Transformation Reserve	0	1,250	(213)	1,037	From Special Reserve
Other Reserves	1,549	1,722	(322)	2,949	
Total Earmarked Reserves	24,010	5,761	(14,671)	15,100	

Definitions

2016/17 Budget
2015/16 Outturn

As approved by Council, February 2016
Final figures for 2015/16, so these may vary slightly to the Provisional Outturn figures reported to Cabinet in June 2016.

Earmarked Reserves showing movement in the year 2016/17

Earmarked Reserves Summary Sheet 2016/17								
Name of Earmarked Reserve	Service	Head of Service	Balance 1st April 2016	Additions 2016/17	Applied 2016/17	Transfers 2016/17	Balance 31 March 2017	Comment
			£'000	£'000	£'000	£'000	£'000	
S106 Agreements	Development	Andy Moffat	(1,233)	(446)	603	0	(1,076)	Subject to S.106 contractual restrictions
Commutted S106 Payments	Development	Andy Moffat	(1,725)	(5)	408	0	(1,322)	Subject to S.106 contractual restrictions
Chequers Court	Resources	Clive Mason	(500)	0	0	0	(500)	Reserve to meet potential shortfall in S.106 funding at Chequers Court.
One Leisure St Ives 3G Pitch	Leisure & Health	Jayne Wisely	(125)	(25)	0	(600)	(750)	Funding Agreement with Football Foundation requires £100,000 security (sinking fund). Still required to meet the Football foundation funding requirements.
Env Health Equpt Renewals Fund	Community	Chris Stopford	(62)	(7)	2	0	(67)	Phased reduction from 2016/17 to 2019/20.
Oak Tree Centre Renewals Fnd	Resources	Clive Mason	(277)	0	0	0	(277)	Fund to meet substantial repairs from "contracted" tenant service charges. Full property assessment to be undertaken during 2016/17 to determine extent of repairs required.
Commercial Investment Strategy	Resources	Clive Mason	(12,390)	0	9,187	(584)	(3,787)	Fund to meet future Commercial Investment Strategy acquisitions.
Budget Surplus	Resources	Clive Mason	(805)	0	86	644	(75)	This will have a balance at the year-end and will represent the amount of the General Fund that exceeds the 15% minimum threshold less any planned use of this reserve.
Special Reserve	Resources	Clive Mason	(2,325)	0	220	805	(1,300)	Fund to meet future costs of service transformation.
Silc Clubs Funding (2009 On)	Leisure & Health	Jayne Wisely	(1)	0	0	0	(1)	Reserves of a community group, now closed. HDC voluntarily agreed to use funds to assist other groups in hard-ship. Still required, review to be undertaken in 2017/18 (delayed from 2016/17 due to changes in personnel on site).
Housing Homeless Reserve	Customer	John Taylor	(92)	0	11	0	(81)	To meet "peaks-and-trough" in homelessness provision. However, with potential future changes in service provider, reserve to remain at this time.
Building Control Reserve	Development	Andy Moffat	(127)	0	0	0	(127)	Rolling Fund for Building Control surpluses, to be transferred to Cambridge City Council as part of the 3C's shared service arrangement.
Housing Association Footpaths	Development	Andy Moffat	(39)	0	39	0	0	In the spirit of the original external contribution, the entire reserve has been used during 2016/17 to support a residential development in Godmanchester.
LPSA	Development	Andy Moffat	(51)	0	0	0	(51)	Former LPSA monies, to be used in the EDGE partnership activity in respect of Apprenticeships.
Local Plan	Development	Andy Moffat	(500)	(133)	0	0	(633)	New reserve to fund the development of the Local Plan. Planned workflows in 2016/17 did not proceed as expected so contribution to reserve will allow this work to be completed in 2017/18.
TCA	Resources	Clive Mason	(63)	0	63	0	0	Balance of TCA Funding to be used by three partner councils. HDC accountable body.
Transformation Reserve	Resources	Clive Mason	0	0	213	(1,250)	(1,037)	£1m transferred from the Special Reserve to fund transformation programme expenditure
NDR Relief	Resources	Clive Mason	(300)	0	0	0	(300)	Additional S31 Grant relating to NDR Reliefs
Fraud Hub	Customer	John Taylor	(35)	0	35	0	0	External funding relating to HDC Anti-Fraud Activity. To be used with a range of partners. HDC is the accountable body. All remaining funds used in 2016/17
Cambridge Anti-Fraud Network	Customer	John Taylor	(99)	0	85	0	(14)	External funding relating to HDC Anti-Fraud Activity. To be used with a range of Cambridgeshire partners. HDC is the accountable body.
Call Centre Move	Customer	John Taylor	(40)	0	26	14	0	Identified in-service savings to fund Call Centre Relocation from St Ives to Pathfinder House. Move now complete, balance to be returned to general reserves
Operations Efficiency Reserve	Operations	Neil Sloper	(229)	0	0	0	(229)	
One Leisure Huntingdon Changing Room Project	Operations	Jayne Wisely	(11)	0	0	0	(11)	To contribute to the Project cost of the refurbishment of OLH changing room to meet SE financial requirements - still required
Commercial Property Maintenance Reserve	Resources	Clive Mason	(236)	0	0	(300)	(536)	

Name of Earmarked Reserve	Service	Head of Service	Balance 1st April 2016	Additions 2016/17	Applied 2016/17	Transfers 2016/17	Balance 31 March 2017	Comment
			£'000	£'000	£'000	£'000	£'000	
Mobile Home Park Renewals Fund	Resources	Andy Moffat	(12)	(2)	3	0	(11)	Rolling-Fund to meet "larger" maintenance costs that enhance the overall asset. The action proposed to reduce the balance will bring it to a minimum amount.
Env Imps Renewals Fund	Operations	Neil Sloper	(31)	0	0	0	(31)	50% of original Reserve to be held to fund some Parish off-road parking schemes, balance to be surrendered.
Collection Fund	Resources	Clive Mason	(2,702)	0	1,984	(1,244)	(1,962)	Technical reserve to meet costs relating to the Collection Fund; especially costs relating to previous years Collection Fund surplus/deficits.
New Reserves 2016/17								
CIL Admin Proportion not Received	Development	Andy Moffat	0	(282)	0	0	(282)	Reserve holds the difference between the admin proportion of CIL receipts calculated on a cash and an accruals basis. May not be able to retain all of these receipts if costs are below the 5% receipts figure based on actual amounts received.
New FMS Implementation Reserve	Resources	Clive Mason	0	(66)	0	(50)	(116)	2016/17 budget allocation for FMS implementation costs tranfered to reserve when project implementation was put back. Should be used in 2017/18
OL Huntingdon/Medway Centre Transfer	Resources	Clive Mason	0	0	0	(300)	(300)	Reserve set up from 2016/17 Budget Surplus to fund the asset transfer between HDC and HTC now due in 2017/18.
Huntingdonshire LATHC	Resources	Clive Mason	0	0	0	(100)	(100)	Reserve set up from 2016/17 Budget Surplus to cover the setting up of the new trading company.
Business Intelligence	Resources	Clive Mason	0	0	0	(80)	(80)	
ICT Shared Service Reserve	ICT Shared Service	Paul Sumpter	0	(92)	48	0	(44)	3C's Board decision not to distribute 2015/16 saving on ICT Shared Service - surplus put into reserve to cover future shared costs.
TOTAL Earmarked Reserves			(24,010)	(1,058)	13,013	(3,045)	(15,100)	
General Fund Reserve			(2,537)	(3,106)	0	3,045	(2,598)	

2. Service Commentary

The following table provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service.

Service Provisional Outturn as at 31st March 2017				
Service	2016/17 Updated Budget	2016/17 Provisional Outturn	Variance	Comments on Variance +/- £10,000
	£	£	£	
Head of Community				
Head Of Community	79,602	81,593	1,991	
Community Team	706,813	657,936	(48,877)	£48k vacant post in the team being recruited to as part of the Community restructure, £9.5k reduced costs for legal and enforcement action, additional costs of £15k for building rental and electricity
Commercial Team	349,121	277,062	(72,059)	£46k vacant post in the team being recruited to as part of the Community restructure, and £16k saving legal, laboratory fees and materials, transport savings of £6k from impact of vacant post and LEAN working, combined with additional income of £7k
Environmental Protection Team	411,550	345,044	(66,506)	£45k vacant post in the team being recruited to as part of the Community restructure, savings on transport £4k attributable to the vacant post, additional income of £17k,
Environmental Health Admin	143,779	107,637	(36,142)	£22k savings from vacant post in the team being recruited to as part of the Community restructure, combined with additional income of £10k from licensing
Projects And Assets	140,022	219,303	79,281	Covered from underspends across the Community service, further work being undertaken to reallocate budgets to new budget holder teams
C C T V	(71,000)	(77,050)	(6,050)	
C C T V Shared Service	212,244	232,498	20,254	Non shared service income moved to CCTV line above
Licencing	(161,246)	(237,152)	(75,906)	£71k additional income from increased demands on the licensing service giving higher than expected income at this point in the Year.
Corporate Health & Safety	100,608	94,086	(6,522)	
	1,911,493	1,700,957	(210,536)	
Head of Customer Services				
Head of Customer Services	96,477	100,844	4,367	
Local Tax Collection	140,286	147,559	7,273	
Housing Benefits	403,556	571,916	168,360	Higher than planned use of B&B to deal with homelessness has resulted in an overspend. Action on Overspend Working on options across the short, medium and long-term for homelessness - but in 16/17 an overspend has occurred
Council Tax Support	(122,950)	(164,087)	(41,137)	Grant funding provided by DCLG to HDC, amount not known at the time the budget is set. Forecasting a larger grant than originally expected
Housing Needs	777,737	832,269	54,532	Additional expenditure in year to maintain Coneygear Court temporary accommodation Action on Overspend This is an overspend at year-end - this site provides 30% of HDC Temporary Accommodation - the alternative is more costly B&B for homeless clients
Customer Services	829,302	845,176	15,874	Team was restructured in 16/17 and moved location, some of the resulting additional costs were funded from reserves. The restructure saves over £200k p.a. on an ongoing basis
Document Centre	230,803	269,979	39,176	Less income than forecast in MTFS and work looking at potential commercial partnership is progressing. Business case presented to Director & Portfolio Lead in Feb-17 - asked to continue. Action on Overspend Work looking at potential commercial partnership progressing, and new clients being sought
Information Management	0	0	0	
	2,355,211	2,603,656	248,445	

Service Provisional Outturn as at 31st March 2017

Service	2016/17 Updated Budget	2016/17 Provisional Outturn	Variance	Comments on Variance +/- £10,000
	£	£	£	
Head of ICT Shared Service				
ICT Shared Service	1,796,334	2,015,897	219,563	<p>This is a combined figure based on several budget codes, as such this needs multiple explanations.</p> <p>There has been accurate forecasting for budget code 240/248 however this forecast was based on incomplete budget information provided by one partner, once the correct budget details were understood we were able to adjust the forecast incurring a projected overspend.</p> <p>The budget code 203 for IT hardware has had several purchases made against it which are yet to be recharged to the purchasing partner. Most of the recharges have been actioned now but there are numbers still outstanding.</p> <p>Budget code 511 for maintenance has seen an increase due to maintenance on aging infrastructure and due to contract costs being higher due to USD/GBP fluctuations. There has been 50% of this component cost already identified as rechargeable and therefore following recharge the figure will reduce.</p> <p>Action on Overspend Work has always been in place to challenge and validate the budget figures on the original transferred budgets, unfortunately until a full year cycle has completed the full accurate picture was never going to show itself. This test and challenge continues but once the year end is out the full picture for 17/18 will be set. The process for recharge needs to be more robust as even small items that are unexpected capital expenditure should be recharged to the procuring partner. That work continues and more rigour is being put into the process. Process has been re-engineered and forward to relevant Finance for comment to commence in 17/18.</p> <p>When the budget was set and transferred (some items were inadvertently omitted) but it was never anticipated that anything other than basic inflation would impact the cost of maintenance and software. In the ICT world the Brexit fallout has impacted significantly many purchases and licencing prices in some cases to the tune of 20% uplift. We continue to work hard with suppliers and the market in general to demonstrate and receive best value for the authorities' purchases. The most significant proportion of the overspend is due to the continued reliance on Hired Staff. With the NPS Transition now underway budget is now available to permanently recruit staff which will mitigate this issue moving forward. Movement this month is largely due to unbudgeted Hired Staff.</p>
	1,796,334	2,015,897	219,563	
Head of Development				
Head of Development	77,802	80,865	3,063	
Building Control	91,600	83,125	(8,475)	
Economic Development	232,062	234,369	2,307	
Planning Policy	854,715	642,432	(212,283)	Mainly due to increased CIL income of £430K against budget, however £282K will be transferred to an earmarked reserve. £26K for S106 monitoring fees; £20k additional NP income. £36K staff savings resulting from time taken to fill vacancies following restructure & as staff leave.
Transportation Strategy	65,020	55,201	(9,819)	Balances to zero when adding variance to Public Transport
Public Transport	19,200	27,724	8,524	Balances to zero when adding variance to Transportation Strategy
Development Management	(192,510)	(379,463)	(186,953)	£172K variance is due to increase in planning application income. £80k overspend on consultants (St Ives West Legal and Wintringham Park Consultants) and £5605 credit budget against 799 taken out to reduce to zero, £8k overspend on postage, £8k overspend on photocopying and scanning. £4K overspend on software and £4K overspend on corporate subscriptions. £89K salary savings resulting from time taken to fill vacancies following restructure and as staff leave.
Housing Strategy	222,047	207,442	(14,605)	Expected relocation budget expenditure reduced by £12K in line with claims and expected expenditure. £2.5K is not going to be spent as a result of reduced annual cost of the SHMA. £8K increase in likely income from mobile home park.
	1,369,936	951,694	(418,242)	

Service Provisional Outturn as at 31st March 2017

Service	2016/17 Updated Budget	2016/17 Provisional Outturn	Variance	Comments on Variance +/- £10,000
	£	£	£	
Head of Leisure & Health				
Head of Leisure & Health	77,822	79,978	2,156	
One Leisure Active Lifestyles	222,879	213,497	(9,382)	Additional funding from Public Health
One Leisure	(570,764)	(212,898)	357,866	The One Leisure recovery plan for memberships is progressing with the introduction of the new (old) membership package from January this year. Challenging monthly targets have been virtually achieved in January and February this year. Work on retention continues and OL Impressions currently has a growing membership base i.e. more members are joining than leaving. The new membership package will support the attrition rate and the length of memberships. There has been a reduction in the forecast for the utility costs and employee costs to the end of year which has contributed to the improvement from last month to the end of year forecast. Action on Overspend - Employee costs are being managed well and the impact upon the introduction of the living wage and performance increments has been absorbed so costs stay within budget. This has been achieved through pro-actively managing rota's and recruitment of staff. All other expenditure is being pro-actively managed to maintain within budget.
	(270,063)	80,577	350,640	
Head of Operations				
Head of Operations	78,302	120,430	42,128	£35k HoS interim consultant; £7k Recruitment costs Action on Overspend - Covered by one off in year service savings
Environmental & Energy Mgt	97,332	52,393	(44,939)	(£26k) Sustainability advice for SCDC; (£14k) County one off energy efficiency grant
Street Cleansing	826,877	793,043	(33,834)	(£12k) Litter Bin saving; (£32k) Weed spraying contract saving; £8k Mini Sweepers
Green Spaces	1,071,021	1,077,229	6,208	(£122k) One off in year savings; £22k to recover hedge cutting to standard; £26k Underachievement of ZBB target for CCC income; £20k Play equipment (Paint ramps); £8k shortfall in County income for learning placement scheme; £8k reduction in café income. Commuted Sums income £51k lower than budgeted.
Public Conveniences	13,400	10,156	(3,244)	
Waste Management	2,104,683	2,346,747	242,064	£250k Start of round rescheduling reprofiled; (£20k) insurance settlement relating to 2015/16; (£16k) Recycling credits c/f from 2015/16; (£24k) Recycling credit increase; (£34k) Trade waste income increased; (£29k) one off in year saving; (£23k) fuel price maintained low; (£14k) increased 2nd Green Bin income; (£11k) pension saving; £53k Round config Communications Costs Action on Overspend - Introduction of the revised round schedule is anticipated on 01st March. Although delayed this will then start to realise the savings.
Operations Mangement	28,891	8,903	(19,988)	(£25k) One off in year savings
Facilities Management	1,041,289	979,032	(62,257)	(£9k) EFH rent to CAB; (£31k) rent top floor of PFH; (£12.8k) rent top floor for 2015/16; (£16k) NNDR saving; £35k NNDR new costs for subletting PFH; (£20k) Repairs to PFH delayed due to lack of resources; £5k trade waste recharge; (£12k) minor savings on other office running costs
Fleet Management	249,228	265,262	16,034	£20k for pressure washer Action on Overspend - Funded by savings from vehicle cleaning in other budgets
Markets	(47,885)	(61,026)	(13,141)	(£8k) increased Market income
Car Parks	(1,495,224)	(1,400,618)	94,606	£110k Fee increase abandoned ; £10k ZBB Free after 3 reintroduced; £30k Excess charge shortfall; £20k shortfall in season tickets; (£40k) increase in casual income volume; (£36k) lower payments re supermarket car parks. Action on Overspend - Introduction of revised fees and charges anticipated 1st Apr
	3,967,914	4,191,550	223,636	

Service Provisional Outturn as at 31st March 2017				
Service	2016/17 Updated Budget	2016/17 Provisional Outturn	Variance	Comments on Variance +/- £10,000
	£	£	£	
Head of Resources				
Head of Resources	88,022	92,860	4,838	
Corporate Finance	4,413,876	3,705,884	(707,992)	Apprentice Levy not required in 16/17 (73k), additional income from RSL investments (42k) and CIS investments (99k). Capital programme forecast underspend resulting in reduced MRP (180k) and less external borrowing (61k). Additional costs for external audit including NFI and uninsured claim +33k. Lower bad debt provision (£10k). Historic cash balance (£258k)
Legal	211,838	208,396	(3,442)	
Audit & Risk Management	611,141	568,319	(42,822)	Insurance retender lower premiums
Procurement	64,431	65,579	1,148	
Finance	658,934	761,767	102,833	Additional 2 interims, partly offset by vacancies (115k). Delay in the implementation of the new FMS (-66k); however, the saving on the FMS has been transferred to earmarked reserves and carried forward to 2017/18. Action on Overspend - The overspend on the Finance Manager interim appointment can be covered from reserves as it is budget development work. However, this is not being used as overall underspends within Resources are off-setting these overspends
Commercial Estates	(1,556,757)	(2,115,393)	(558,636)	Net saving of £50k for additional estate management costs (insurance, NDR expenditure, repairs and general management). Lost income from Voids and Rent Reviews £36k and as a consequence of not acquiring as many properties as planned but also not undertaking external finance to fund the acquisitions made, there is a net increase in the CIS surplus of £540k (MRP -885k less reduced income of £345k).
	4,491,485	3,287,412	(1,204,073)	
Corporate Team Manager				
Democratic & Elections	733,932	711,362	(22,570)	Final accounts reconciliation for PCC Elections showed more favourable variance than budgeted. Final accounts due next month on Referendum
Directors	468,855	529,862	61,007	£35k excess of AK over salary budget; £13k Recruitment costs; £187k Reinvigoration & Transformation; £20k Devolution. Action on Overspend - £20k Devolution and £187k Transformation to be funded from reserves
Corporate Team	1,087,688	1,101,448	13,760	£32k Tupe consultancy; £11k OH increase due to Sick policy; (£29k) general savings; £22k Resourcelink additional modules; Apprenticeships (£20k)
	2,290,475	2,342,672	52,197	
HDC Totals	17,912,785	17,174,416	(738,369)	

3. Capital Programme

3.1 Summary of Provisional Outturn

The table below shows the provisional outturn position on the Capital Programme as at 31 March 2017 of £7.662m (63% of budget). It shows an underspend and re-phase position this year of £4.525m.

The net spend on the Council's Capital Programme is financed via borrowing which has a revenue implication through the Minimum Revenue Provision (MRP). The MRP budget was set based on the period 9 forecast outturn, therefore further slippage will result in a higher budget for the 2018/19 MRP being set.

Budget Summary	Budget	Provisional Outturn	Variance (Budget to Prov OT)
	£000s	£000s	£000s
Services			
Community Services	330	0	(330)
Development Services	1,164	2,077	913
Leisure and Health	1,547	372	(1,175)
Resources	5,057	2,875	(2,182)
Customer Services	161	28	(133)
ICT	370	470	100
Operational Services	3,558	1,840	(1,718)
Total	12,187	7,662	(4,525)

The table below shows the Capital Programme in detail and includes the potential re-phasing in to 2017/18 of particular schemes.

3.2 Analysis of Capital Provisional Outturn by Scheme

Division	Scheme	Budget £	Provisional Outturn £	Variance £	Overspend £	Underspend £	Growth £	Potential Re- phase £	Comments From Budget Holder
Community	CCTV Camera Replacements	40,000	0	(40,000)		(10,000)		(30,000)	The CCTV schemes are to form part of the Commercialisation process, and will become part of the new Trading Company. As a result of this decisions on the form these schemes will take will be made after the new company is formed.
	CCTV Pathfinder House Resilience	20,000	0	(20,000)				(20,000)	
	CCTV Wi-Fi	250,000	0	(250,000)				(250,000)	
	Lone Worker Software	20,000	0	(20,000)				(20,000)	
Development	Huntingdon West Development	758,000	1,484,212	726,212			761,212	(35,000)	An increased amount of CIL has been paid to Cambridgeshire County Council, in order to pay down the balance more quickly. This will be funded from the CIL reserve.
	Disabled Facilities Grants	382,000	553,024	171,024	261,880	(90,856)			An increased demand for grants and the speed at which the HIA processes payments.
96	Housing Private Sector Grants	24,000	28,879	4,879			4,879		This scheme is now ended and the final payment has been made, which was slightly higher than estimated.
	Alconbury Weald Remediation	0	0	0				0	The Alconbury Weald Fund of £2.0m is still held in a reserve. A new form of scheme is being worked on.
	Homelink Software	0	10,602	10,602			10,602		This software will help Housing to make allocations more efficiently; it is being funded from a reserve.
Leisure	One Leisure Improvements	302,000	139,828	(162,172)		(105,672)		(56,500)	Underspends have resulted from approval of other schemes which will make the facility improvements, this includes the Refit project and the Burgess Hall refurbishment. Rephase to two schemes at One Leisure St Neots due to planning delays and One Leisure Huntingdon due to lease negotiations.
	One Leisure St Ives String Bowling System	42,000	47,100	5,100	5,100				This scheme is complete, with a small overspend due to selecting the lowest life-cost RFQ for the project. This will save maintenance expenditure in future years.
	One Leisure Huntingdon Changing Facilities	92,000	20,139	(71,861)				(71,861)	This scheme is now underway, with the design phase complete, but the majority of the works will be completed in 2017-18.

Division	Scheme	Budget £	Provisional Outturn £	Variance £	Overspend £	Underspend £	Growth £	Potential Re- phase £	Comments From Budget Holder
	One Leisure Huntingdon Development	811,000	1,312	(809,688)				(809,688)	This scheme has been delayed by lease negotiations, whilst the design has gone ahead the main works will commence in 2017-18.
	One Leisure St Neots Synthetic Pitch	115,700	101	(115,599)				(115,599)	This scheme has been delayed due to the site lease negotiations. This scheme will be undertaken in 2017-18.
	Replacement Fitness Equipment	183,800	163,805	(19,995)		(19,995)			This scheme was completed under budget.
Resources	Housing Association Loan	3,250,000	2,750,000	(500,000)		(500,000)			A loan facility was offered to Luminus to fund the construction of Langley Court Care Home. Whilst £5.5m was available only £5m was advanced
	Phoenix Court Lane Industrial Unit Roof Enhancement	197,000	0	(197,000)				(197,000)	A Building Surveyor has been appointed to manage this project. Tender exercises are underway to appoint the roofing contractors. Initial tenders suggest the cost may exceed the budget.
97	Levellers Lane Industrial Unit Roof Enhancement	78,000	0	(78,000)				(78,000)	A Building Surveyor has been appointed to manage this project. Tender exercises are underway to appoint the roofing contractors. Initial tenders suggest the cost may exceed the budget
	Clifton Road Industrial Unit Roof Enhancement	70,000	0	(70,000)				(70,000)	A Building Surveyor has been appointed to manage this project. Tender exercises are underway to appoint the roofing contractors. Initial tenders suggest the cost may exceed the budget.
	Octagon Improvements	30,000	30,042	42	42				The scheme to make the Octagon watertight is complete.
	Financial Management System Replacement	192,000	165,167	(26,833)				(26,833)	The go-live date for this project has been moved from April to October, the rephase represents the cost of the work that will now be completed in 2017-18.
	Capita Software Upgrade	17,000	16,289	(711)			23,000	(23,711)	The project to upgrade the cash receipting software is complete. An additional budget was allocated for work to upgrade the cash interfaces in conjunction with the new FMS. However as the FMS go-live has been delayed this project will commence in 2017-18.

Division	Scheme	Budget £	Provisional Outturn £	Variance £	Overspend £	Underspend £	Growth £	Potential Re- phase £	Comments From Budget Holder
	Land Sales	(84,200)	(97,960)	(13,760)		(13,760)			Land sales (Queens Gardens Eaton Socon, London Road St Ives) exceeded the expected sale value.
	VAT Exempt Capital	107,000	11,172	(95,828)		(7,000)		(88,828)	Delays to Phoenix Roof Improvements and One Leisure Synthetic Pitch have delayed the requirement for this budget as well.
	Capital Grant to Huntingdon Town Council	300,000	0	(300,000)	38,000			(338,000)	As the land lease negotiations have not completed, this payment has not been made.
	Loan Facility to Huntingdon Town Council	800,000	0	(800,000)				(800,000)	As the land lease negotiations have not completed, this loan has not been advanced.
	Investment in Company	100,000	0	(100,000)				(100,000)	The HDC Trading Company has not yet been formed so the expected investment has been delayed.
Customer Services	CRM System Upgrade	117,000	0	(117,000)		(117,000)			This scheme was cancelled as the plan is to look to purchase software which will work with SCDC and CCC.
	E-forms	44,000	28,041	(15,959)		(13,000)		(2,959)	This scheme cost less than expected, a small amount of work remains to be completed in 2017-18.
360 ICT	Flexible Working - 3CSS	50,000	9,308	(40,692)		(40,692)			This project was procured on a cost model that has higher revenue costs, which meant that less was paid for the software.
	Telephones - 3CSS	100,000	146,542	46,542			75,000	(28,458)	An extra £75,000 was allocated to this scheme, some work to replace cabling has not been completed, and this work is to be completed in 2017-18.
	Virtual Server - 3CSS	220,000	314,099	94,099			175,000	(80,901)	An additional budget of £175,000 was allocated to this scheme as this initial estimate was not sufficient. Most of the scheme has been completed, but some work remains to be completed in 2017-18.
Operations	Building Efficiencies (Salix)	74,000	19,706	(54,294)				(54,294)	Savings are being recycled at a lower rate than expected and therefore the capital expenditure was reduced for 2016-17. It is expected that this scheme will complete in 2017-18.
	Wheeled Bins	198,000	96,783	(101,217)		(101,217)			Income from developers has been higher than expected and in addition more bins have been reused and the round rescheduling has delayed the delivery of bins.

Division	Scheme	Budget £	Provisional Outturn £	Variance £	Overspend £	Underspend £	Growth £	Potential Re- phase £	Comments From Budget Holder
	Vehicle Fleet Replacement	2,207,100	1,540,945	(666,155)		(125,039)		(541,116)	There have been savings made against budget through the procurement process, and in addition the delivery of 15 vehicles has been delayed as a consequence of supplier issues relating to EU environmental legislation.
	In-Cab Technology	75,000	0	(75,000)				(75,000)	This will form part of a larger project to update the Operations back office in 2017-18.
	Play Equipment	25,000	20,040	(4,960)	9,350	(14,310)			The underspend was as a result of the need not to replace around £5,000 worth of equipment and an additional £9,000 of s106 funding, which was spent in full.
	Retro-Fitting Buildings	662,000	180,043	(481,957)				(481,957)	Prolonged contract negotiations have delayed expenditure, particularly negotiations relating to land leases at One Leisure Huntingdon and St Neots. In addition electrical network issues mean that PV Panel work at One Leisure Huntingdon is not possible.
66	Bridge Place Car Park Godmanchester	318,000	0	(318,000)				(318,000)	An extensive review of the requirement for this car park was undertaken, although this is now complete this meant that works could not commence in 2016-17, and will now start in 2017-18.
	Loves Farm Community Centre		(39,243)	(39,243)		(39,243)			Additional s106 funding has been received for this scheme that completed in 2015-16.
	Doorstep Greens and Neighbourhood Gardens		22,000	22,000			22,000		Additional funding was allocated for this scheme, to complete works on Neighbourhood Gardens at Oxmoor, which had not been completed as part of the Oxmoor Regeneration Scheme which completed in 2010.
	Civic Suite Audio Equipment		0	0			108,000	(108,000)	An additional budget was allocated to replace the equipment in the Civic Suite. However the size of the project now means it falls under the EJUAs regulations which have delayed the purchase of the equipment.
Total		12,187,400	7,661,976	(4,525,424)	314,372	(1,197,784)	1,179,693	(4,821,705)	

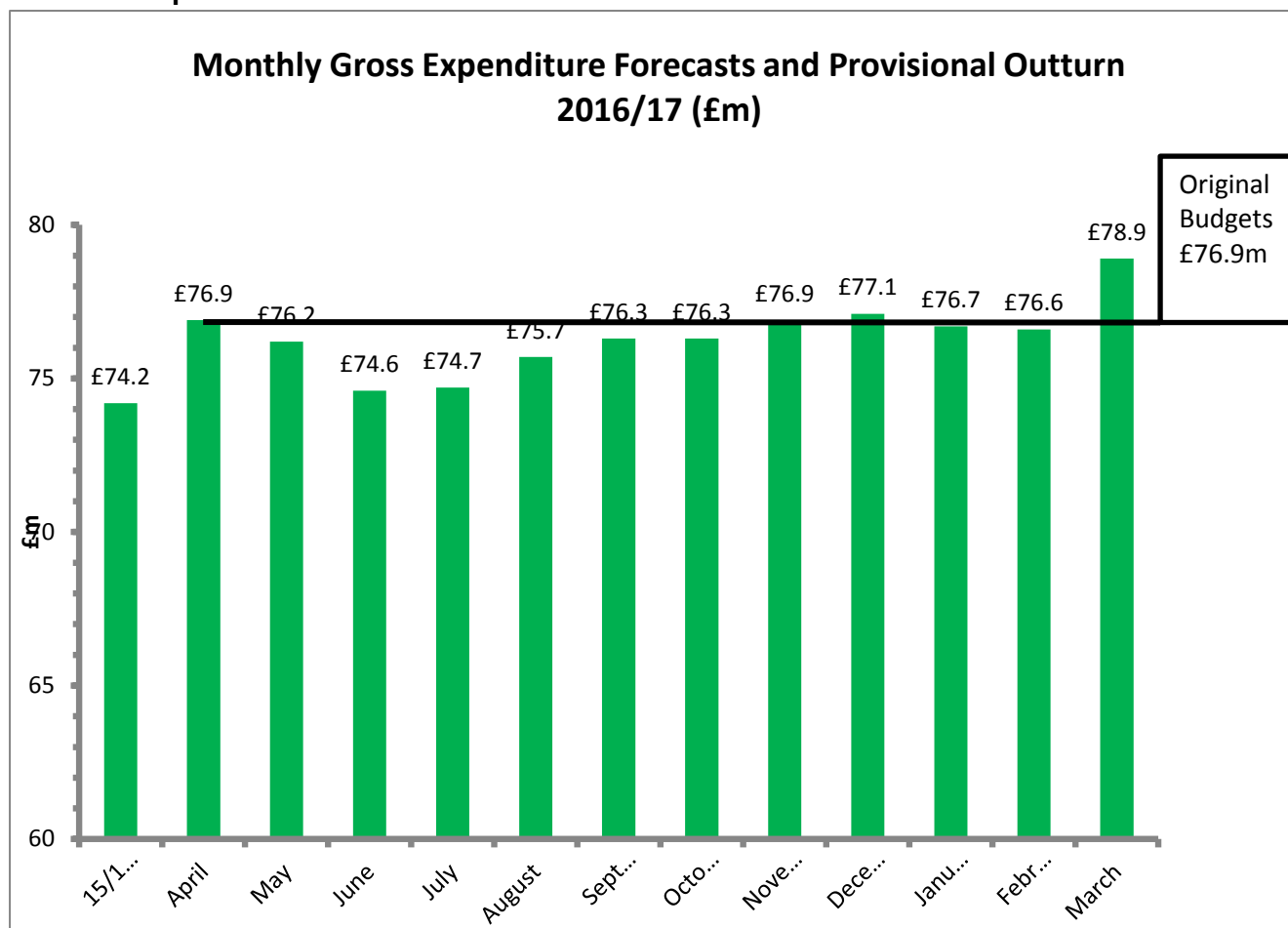
3.3 Re-phase of Budgets to 2017/18

At the Finance and Procurement Governance Board meeting on 16 May 2017, the requested budget re-phrasings were reviewed and the following table summarises the budgets that are recommended to be re-phased to 2017/18. The reasons for the re-phasing are detailed in the comments column on the above table.

Scheme	Potential Re-phase	Already Re-phased in MTFS	Re-phase to 2017-18	FPGB Comments
CCTV Camera Replacements	(30,000)	0	(30,000)	
CCTV Pathfinder House Resilience	(20,000)	(20,000)	0	
CCTV Wi-Fi	(250,000)	(250,000)	0	
Lone Worker Software	(20,000)	(20,000)	0	
Huntingdon West Development	(35,000)	0	(35,000)	
Alconbury Weald Remediation	0	0	0	Net Nil Budget
One Leisure Improvements	(56,500)	(96,000)	39,500	
One Leisure Huntingdon Changing Facilities	(71,861)	0	(71,861)	
One Leisure Huntingdon Development	(809,688)	(779,000)	(30,688)	
One Leisure St Neots Synthetic Pitch	(115,599)	0	(115,599)	
Phoenix Court Lane Industrial Unit Roof Enhancement	(197,000)	(157,000)	(40,000)	
Levellers Lane Industrial Unit Roof Enhancement	(78,000)	(56,000)	(22,000)	
Clifton Road Industrial Unit Roof Enhancement	(70,000)	(49,000)	(21,000)	
Financial Management System Replacement	(26,833)	0	(26,833)	
Capita Software Upgrade	(23,711)	0	(23,711)	
VAT Exempt Capital	(88,828)	(29,000)	(59,828)	
Capital Grant to Huntingdon Town Council	(338,000)	0	(338,000)	
Loan Facility to Huntingdon Town Council	(800,000)	0	(800,000)	
Investment in Company	(100,000)	0	(100,000)	
E-forms	(2,959)	0	(2,959)	
Telephones - 3CSS	(28,458)	0	(28,458)	
Virtual Server - 3CSS	(80,901)	0	(80,901)	
Building Efficiencies (Salix)	(54,294)	0	(54,294)	
Vehicle Fleet Replacement	(541,116)	(174,000)	(367,116)	
In-Cab Technology	(75,000)	(75,000)	0	FPGB decided this would not be rephased.
Retro-Fitting Buildings	(481,957)	0	(481,957)	
Bridge Place Car Park Godmanchester	(318,000)	(218,000)	(100,000)	
Civic Suite Audio Equipment	(108,000)	0	(108,000)	FPGB requirement require further detail before this project commences
Sub-Total	(4,821,705)	(1,923,000)	(2,898,705)	
In-Cab Technology	0	0	75,000	FPGB decided this would not be rephased.
Total	(4,821,705)	(1,923,000)	(2,823,705)	

Financial Dashboard

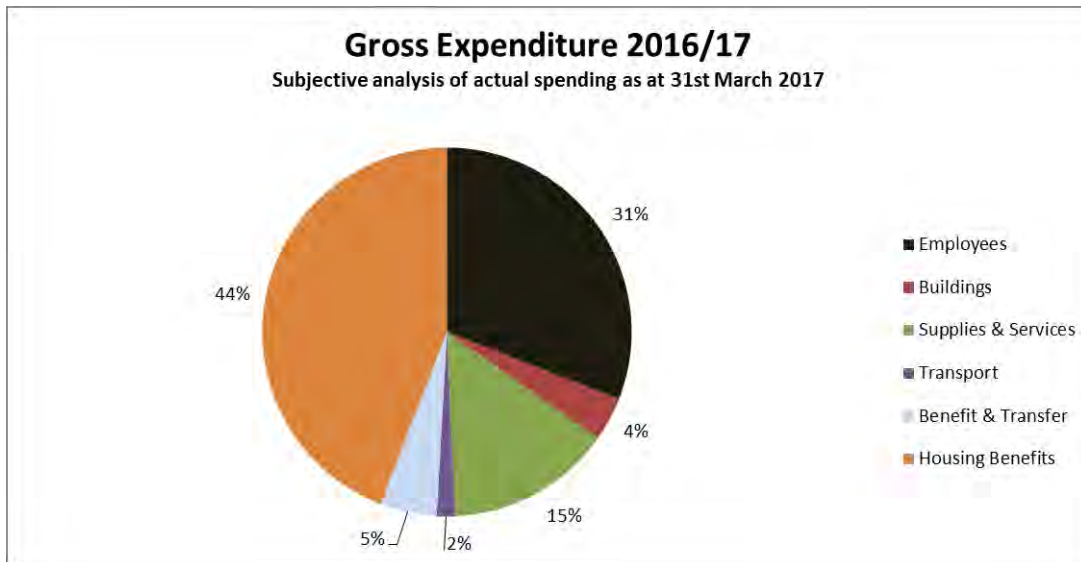
Revenue Expenditure



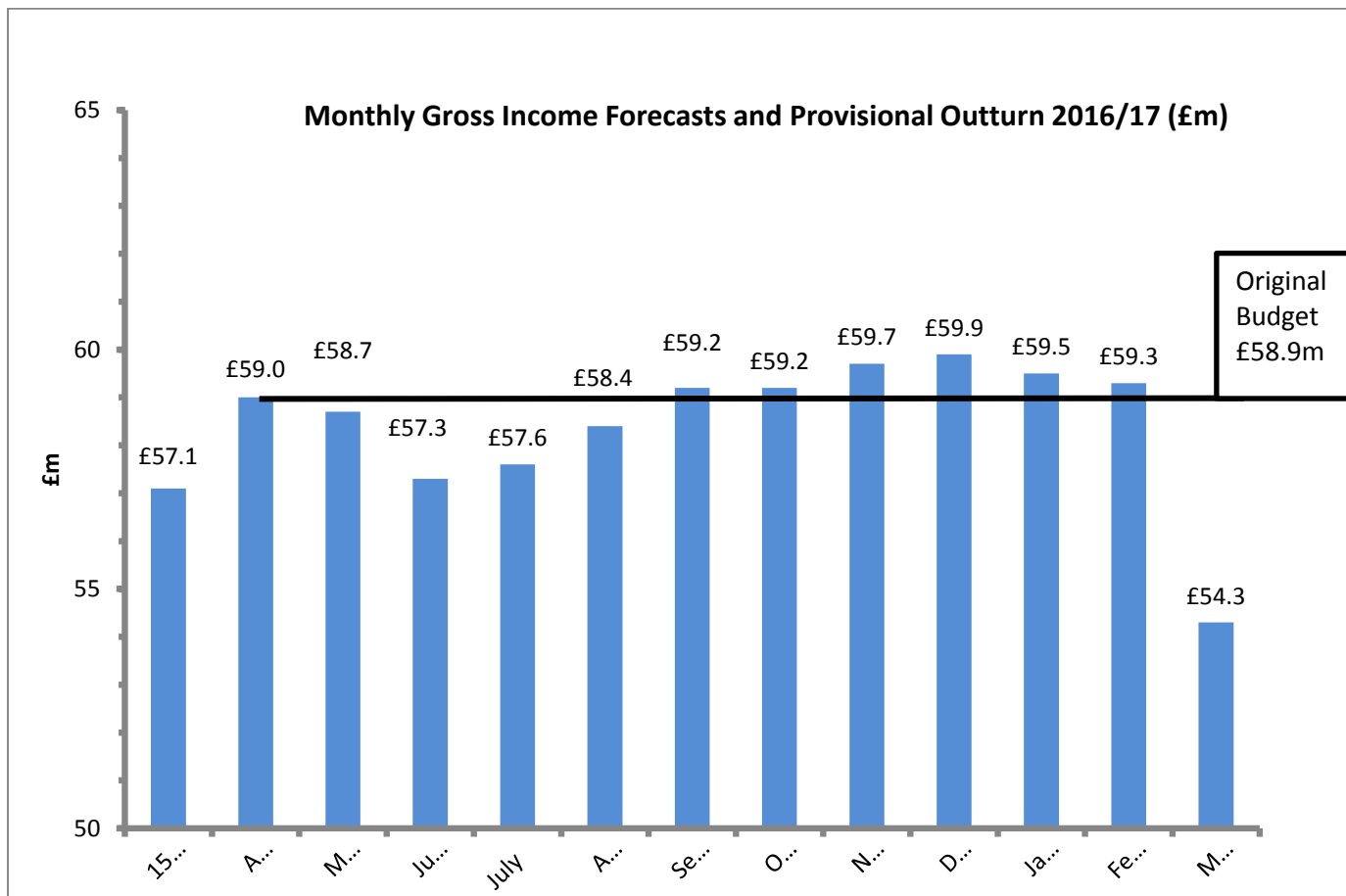
The 2016/17 gross revenue expenditure budget is £76.9m, which is £2.7m above the outturn for 2015/16. Most of this increase is explained by the impact of shared services, (HDC is hosting the ICT Shared Service which increases expenditure by £2.4m when compared to the 2015/16 outturn) and the budgeted increase to the Minimum Revenue Provision (£1m) mainly due to the Commercial Investment Strategy. These increases have been off-set by savings that services are expected to generate following service reviews.

Forecasting the ICT Shared Service expenditure has proved difficult throughout the year. Work is still being undertaken to identify on-going commitments and further fluctuations to their figures may arise over the next few months.

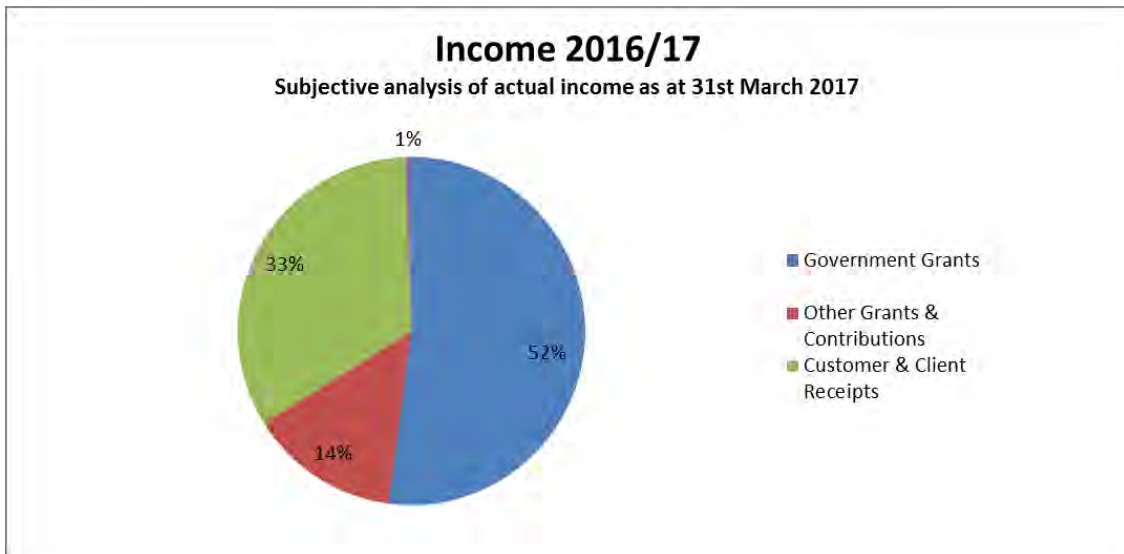
As shown below the main area of expenditure is Housing Benefits and employees.



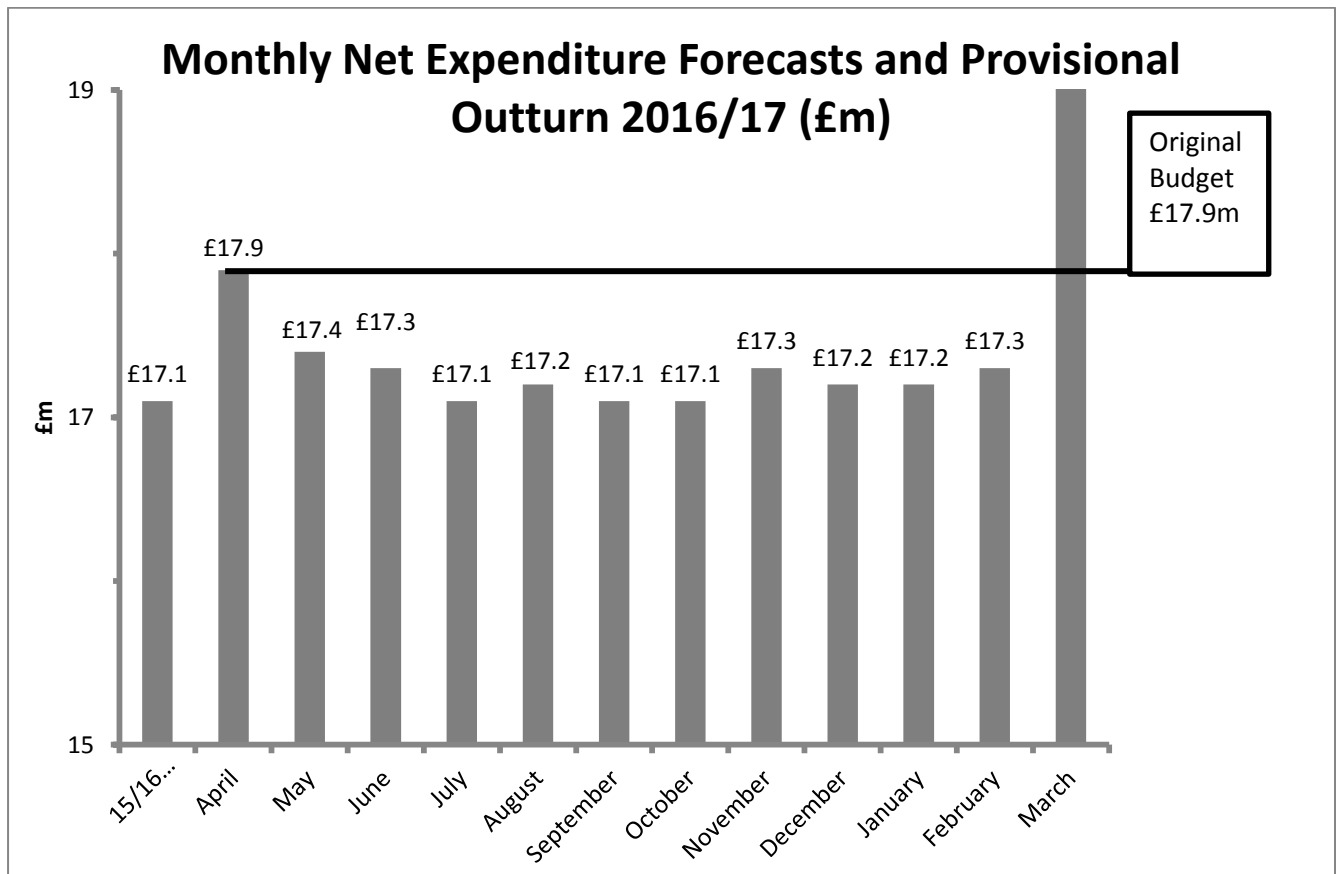
Revenue Income



The gross revenue income budget as approved in February 2016 is £58.9m, £1.8m above the outturn for 2015/16. The main reason for this increase is due to the impact of shared services, HDC will receive £2.4m for the ICT shared service but £0.3m of Building Control income will now go to Cambridge City Council. Additional Income will also be generated by the CIS acquisitions but some one-off income items in 2015/16 have not been budgeted for in 2016/17.



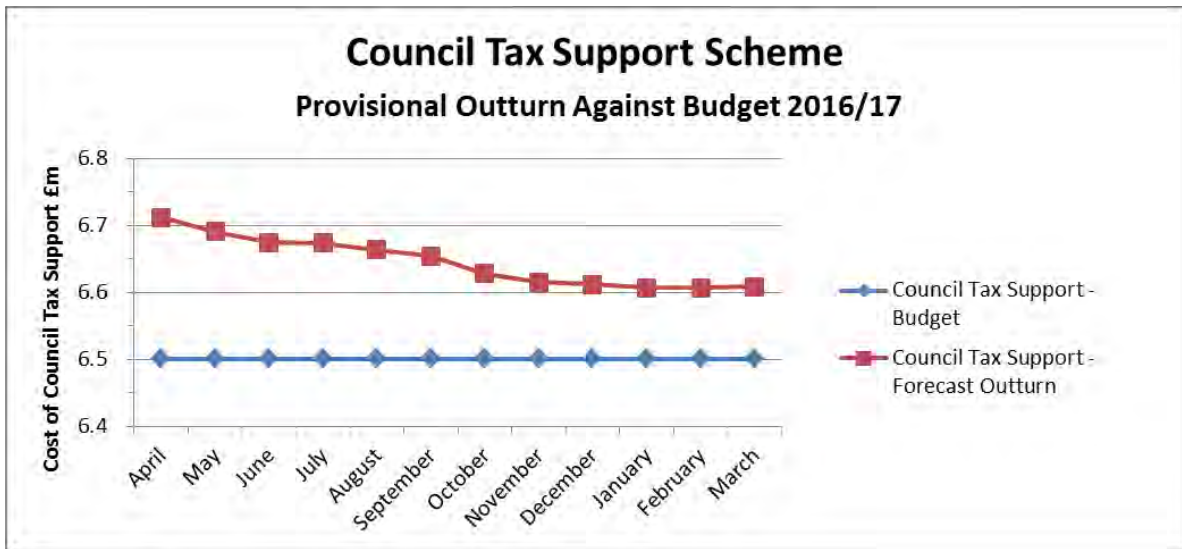
Revenue Net Position



At the end of March 2017 the actual net revenue expenditure is £17.3m, £0.6m below the net Budget of £17.9m.

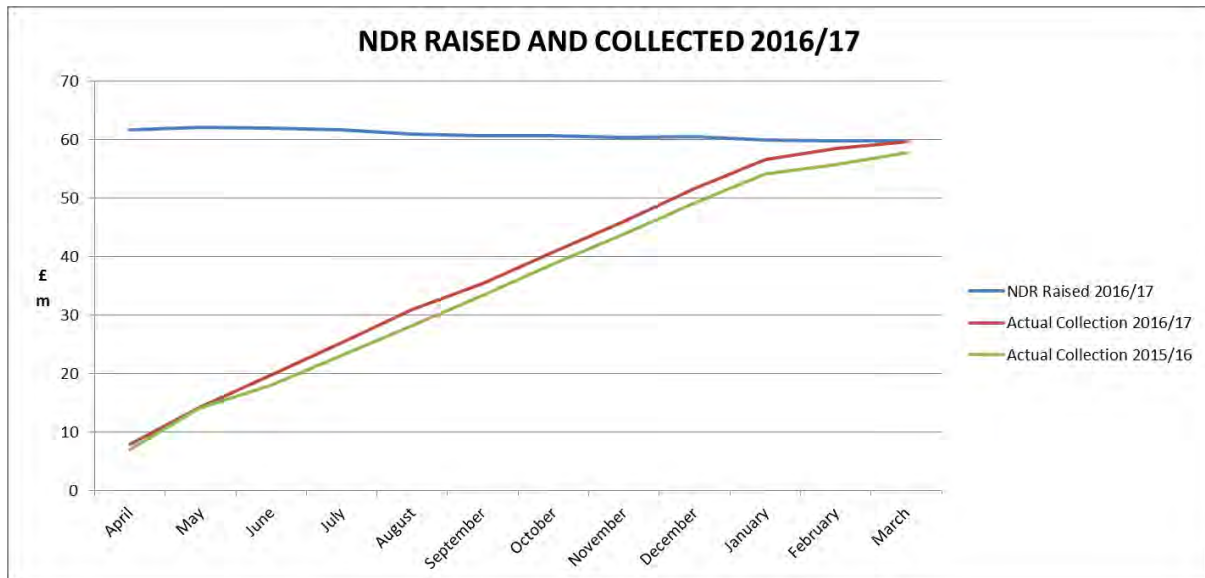
Council Tax Support Scheme

The actual take-up of Council Tax Support in 2016/17 was £0.1m above the budgeted £6.5m. This increase in Council Tax Support will impact in 2017/18.



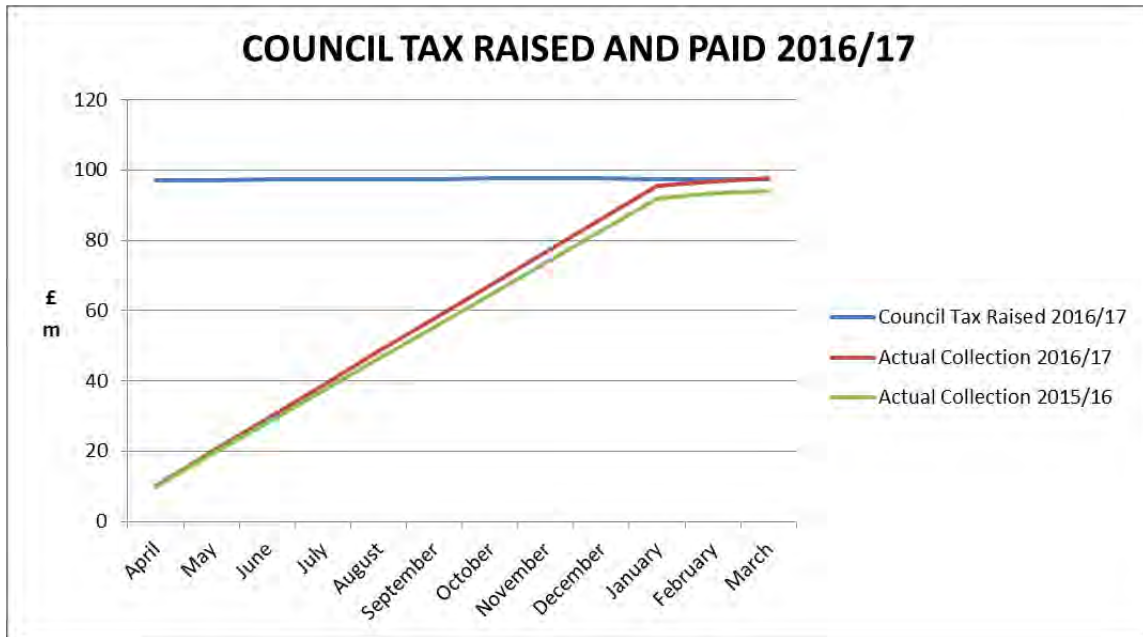
The impact of this increase on HDC will be proportionate to all Council Tax precepts (13.8% for HDC including parishes).

Collection of NDR



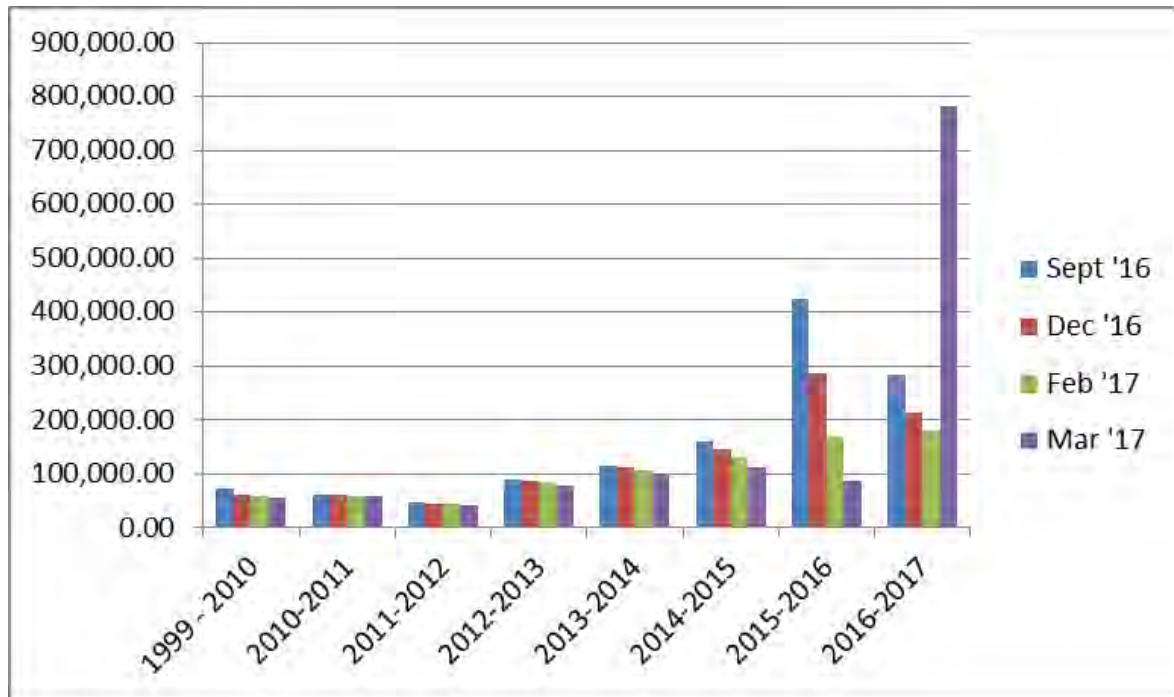
The graph above shows the total amount of NDR bills raised in 2016/17 and the actual receipts received up to end of March. The actual NDR raised is £59.82m (February forecast £59.82m).

Collection of Council Tax



The graph above shows the total amount of Council Tax bills raised in 2016/17 and the actual receipts received up to end of March. The actual Council Tax raised is £97.53m (February forecast £97.53m).

Miscellaneous Debt



The total outstanding debt as at 31 March 2017 is £1.314m (£0.834m February 2017) of which £0.531m is prior year debt (£0.654m February 2017), down from £1.797m as at 31 March 2016. The reason for the increase in March 2017 is mainly due to invoices raised for 2017/18.

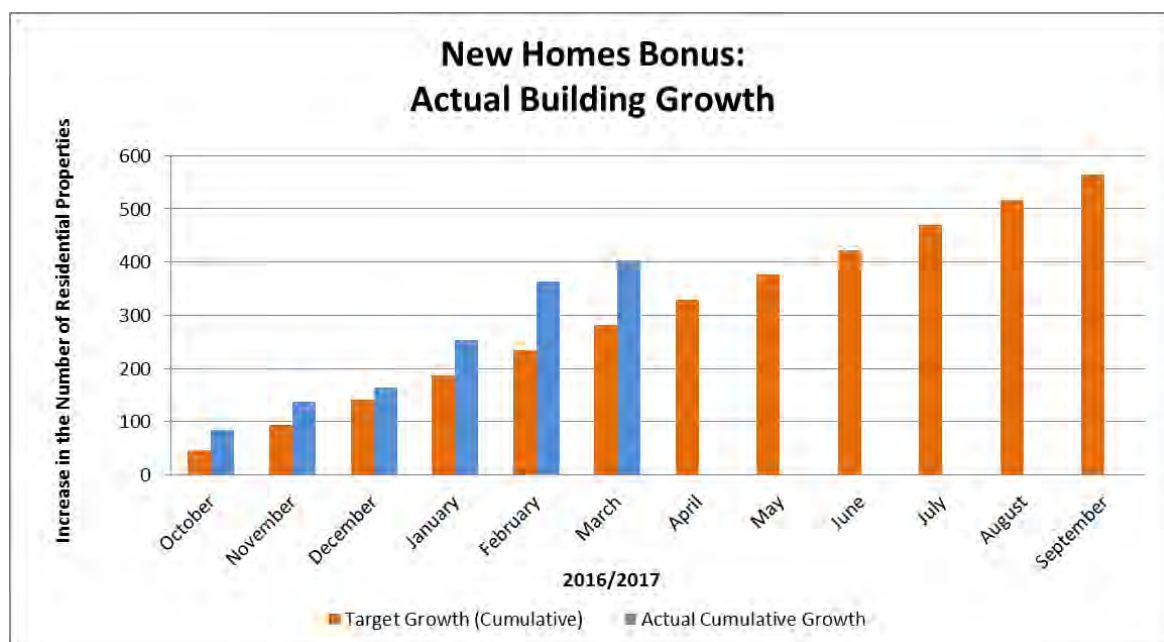
The graph shows the level of overdue miscellaneous income debt (debt is overdue when it is older than 21 days). Even though the 2015/16 debt position is currently showing a large outstanding amount the majority of this (£68k) is being collected via direct debit and will be paid by the end of the current financial year.

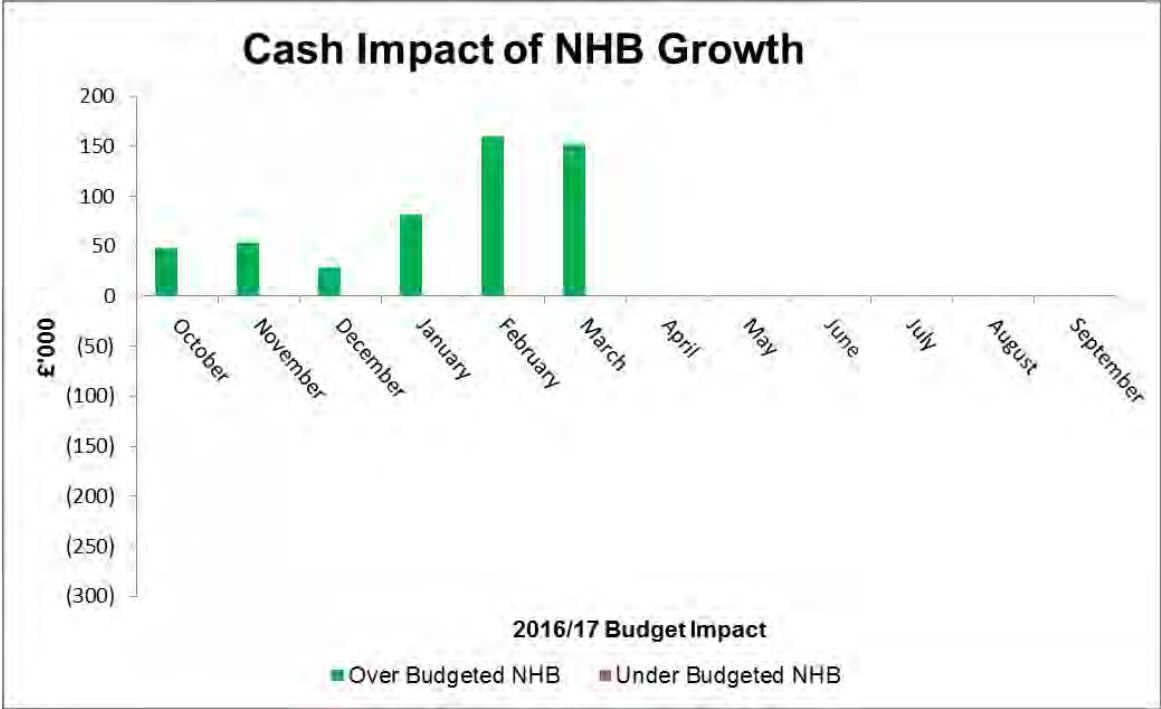
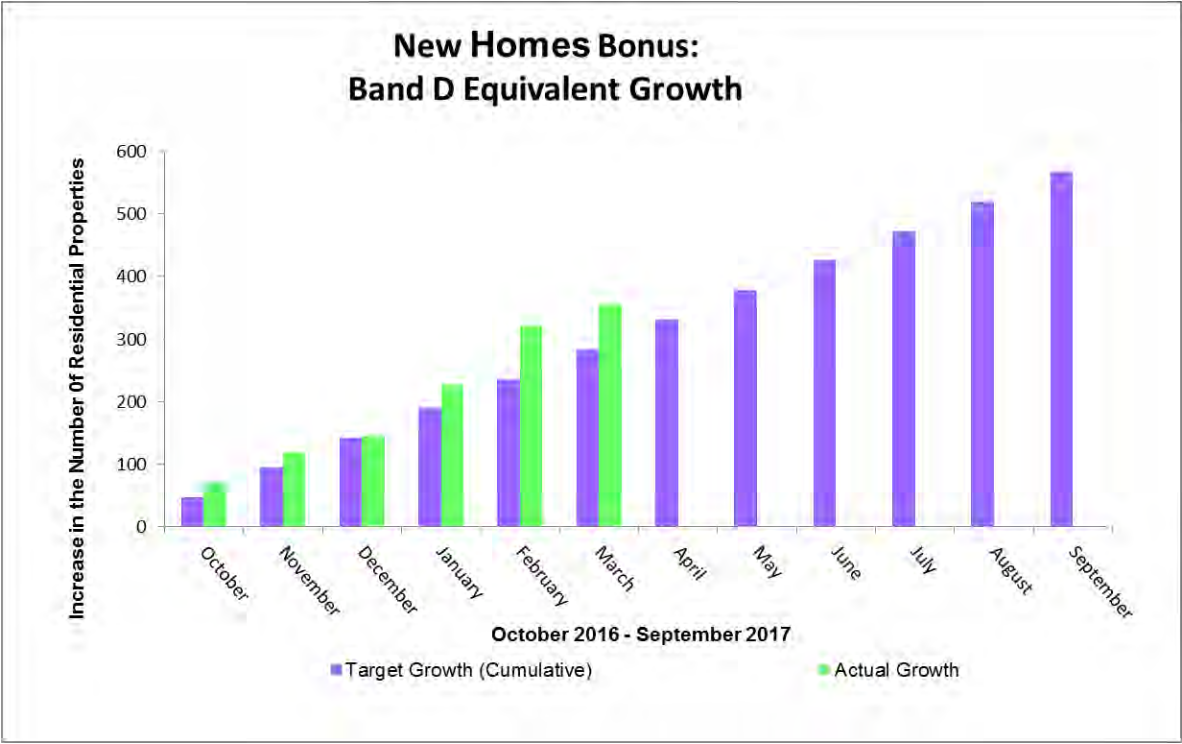
New Homes Bonus

The 2015/16 reporting cycle (October 2015 to September 2016) is now complete, and we were 96 units ahead of the target with 637 new homes completed compared to the target of 541. The impact of these additional units will come through in 2017/18 however any growth may be tempered by potential changes to the New Homes Bonus scheme that the Government will be introducing.

The new reporting cycle which started in October 2016 and the target number of completions for 2016/17 (October 2016 to September 2017) in the Planning Annual Monitoring Report (December 2015) was 940. The draft Planning Annual Monitoring Report (December 2016) is now showing a reduced completions target for 2016/17 of 567. This lower figure has been used to assess the impact actual completions will have on NHB receipts.

As part of the Local Government Financial Settlement 2016/17 issued in December 2016 the Government announced changes to the New Homes Bonus Scheme. The number of years over which NHB will be paid has reduced from six to four and a new 'deadweight' factor of 0.4% is now being applied meaning the first 0.4% growth above the base does not attract NHB. The impact of these new factors, particularly the deadweight, on the NHB receipts beyond 2017/18 is currently being assessed.





ZBB Savings Agreed 2016/17 Budget Setting - RAG Status

Appendix E

Service	Recommendation	2016/17 (£'000)	RAG Status (Savings)	RAG Status (Implementation)	Comments
Operational Services					
Waste Management	Reconfiguration of rounds for residual waste, green waste & recycling to bring about more efficient collection	(207)	RED	RED	Reprofiled implementation to ensure accuracy of new models of collection revised started in March but has not achieved savings yet.
Whole Service	Staff Restructuring	(300)	GREEN	GREEN	
Whole Service	- Parking Services - Increased Fees	(110)	RED	RED	Proposal withdrawn by Members.
	- Parking Services - Stop "Free after 3 at Xmas"	(10)	RED	RED	Proposal withdrawn by Members.
	- Parking Services - MSCP 3rd Flr Licence	(10)	RED	RED	The licence is in place but use levels are lower than estimated figure than in ZBB. £2k annual income is expected in the first year.
	- Parking Services - Increased ECN Productivity	(20)	RED	RED	Long term sickness has meant that this has been missed.
	- Trade Waste	(20)	GREEN	GREEN	Target over achieved in year one. Target for 2019/20 already achieved.
	- Grounds Maintenance - County - Grounds Maintenance - Luminus - Street Cleansing - County - Street Cleansing - Luminus - Street Cleansing - Regime change and fully charge services to Parishes - Countryside Service	(70) (30) (30)	RED GREEN AMBER	RED GREEN AMBER	Proposal withdrawn by Members. All OK. Income target achieved, however increased costs have reduced the net position to £12k in 2016/17.
Grounds Maintenance	Operational efficiencies in the provision of the grounds maintenance service	(50)	GREEN	GREEN	
Facilities	Additional income from external lettings at PFH and EFH	(3)	GREEN	GREEN	Muir in place £31,500, CAB in EFH £8,000, DWP 2017/18 £35,000, Interaction 2017/18 £30,000; currently only £20k short of 2019/20 target.
TOTAL OPERATIONAL SERVICES		(860)			
Customer Services					
Customer Services	Reductions in Service offer	(39)	GREEN	GREEN	
	Restructure of Customer Services and relocation of Call Centre to Pathfinder House	(183)	GREEN	GREEN	
Document Centre	Creation of Multi-Agency Customer Service HUB at Pathfinder House	(17)	GREEN	GREEN	
	Review the costs and benefits of the CSC's at Yaxley, St Neots & Ramsey	0	GREEN	GREEN	
	Re-procurement and rationalisation of print and postage services	(31)	GREEN	GREEN	
	Increased income generation from external customers	(60)	AMBER	AMBER	Work looking at potential commercial partnership progressing. MTFS is proposed for adjustment in the budget papers going to Members in Q4.
Housing Needs	Re-procurement of Information Technology Systems	(10)	GREEN	GREEN	
	Reduction in Homelessness Prevention Budget	(20)	GREEN	GREEN	
Local Taxation	Reduce Homelessness related Housing Benefits due to reduced use of temporary accommodation	(60)	RED	RED	2016/17 has seen an increase in homelessness and use of temporary accommodation. MTFS is proposed for adjustment in the budget papers going to Members in Q4.
	Changes to billing - single bills with HB and e-billing	(2)	GREEN	GREEN	
	Online self service for customers Changes to telephone answering standards	(21) (21)	GREEN GREEN	GREEN GREEN	
Housing Benefits & Fraud	Online self service for customers	(55)	GREEN	GREEN	
	Send single annual bill and benefit entitlement	(12)	GREEN	GREEN	
	Review of benefits surgery in St Ives Increased recovery of HB Overpayments	(5) (7)	GREEN GREEN	GREEN GREEN	
TOTAL CUSTOMER SERVICES		(543)			
Leisure & Health - Phase 3					
Sports & Leisure	Budget realignment of prior year budget error	(51)	GREEN	GREEN	
	Income generation from activities	(8)	GREEN	GREEN	
	Staffing efficiencies through better balance of permanent and casual staffing General efficiency savings and savings following ending of DAS project	(21) (22)	GREEN GREEN	GREEN GREEN	
TOTAL LEISURE & HEALTH SERVICES		(102)			
Community Services					
Strategic Assets & Projects	Restructuring	(88)	AMBER	AMBER	Amber - slippage in delivery, project completion 28th November 2016; £10k reserve to Development Management from 2016/17 (£5k) and 2017/18 (£5k); and 0.5 FTE Grade G permanent post being created in Operations (£18.5k).
	Reductions in Environmental Improvement Budgets	(10)	GREEN	GREEN	Green - £10k removed in 2016/17 budget compared to 2015/16 (£90); further £5k to be removed 2017/18 - but this is now under the control of Operations.
Licensing	Removal of vacant post	(12)	RED	RED	Red - this will not be delivered, £12k funded from elsewhere in Community salary budgets as part of restructure.

ZBB Savings Agreed 2016/17 Budget Setting - RAG Status

Appendix E

Service	Recommendation	2016/17 (£'000)	RAG Status (Savings)	RAG Status (Implementation)	Comments
	Wireless CCTV cameras	(25)	RED	RED	Delays in purchasing the equipment as linked to the commercialisation with setting up of the new Trading Company.
TOTAL COMMUNITY SERVICES		(135)			
Development Services					
Economic Development	Various Grants	(30)	GREEN	GREEN	
Development Management & Planning	Changes to working practices	(80)	GREEN	GREEN	
Policy	Pre-Planning Application fee increases	(10)	GREEN	GREEN	
	Reduction in Consultants budgets for redevelopment proposals	(140)	GREEN	GREEN	
Housing Strategy	Changes to working practices	(34)	GREEN	GREEN	
	Procurement Savings	(20)	GREEN	GREEN	
TOTAL DEVELOPMENT SERVICES		(314)			
Resources					
Estates	Reduced Repairs & Maintenance	(8)	GREEN	GREEN	
	Increased and new fees and charges	(77)	GREEN	GREEN	
TOTAL RESOURCES		(85)			
Corporate Services					
	Improved efficiencies within team, through deleting vacant posts and realignment of duties.	(127)	GREEN	GREEN	
	Miscellaneous savings across supplies and services	(30)	GREEN	GREEN	
	Review of LGSS Contract	(4)	GREEN	GREEN	
	Efficiencies through the centralisation of training across the Council.	(60)	GREEN	GREEN	
TOTAL CORPORATE SERVICES		(221)			
TOTAL SAVINGS		(2,260)			

Appendix F

CIS Investment Investigations

The following table is a summary of the reasons for rejecting investment opportunities that arose between April 2016 and March 2017:

Reason for rejecting:	Number:
Risk too high	13
Already under offer	10
Yield too low	9
Distance too great	8
Lack of diversity against current portfolio	8
Concerns about condition	5
Leasehold and not freehold	4
Too geographically diverse	4
Too management intensive	2
Concerns about tenant's business model	2
Already under offer	2
Concerns about flats above	1
Joint venture did not materialise	1
Out Bid	1
Other	7
Total	77

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
112 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

Recommendation	Actions	Deadline	Responsible Person	Key Contributors and Partners	Link to Policy and/or responsible Executive Member	RAG Status	Completed	Commentary
6. Retain the Council's focus on continued growth, including meeting the full range of housing need. Growth will be contingent upon increased housing.	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
	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 be 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 that 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		

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Debt Management Policy

Meeting/Date: Overview and Scrutiny Panel (Performance and Customers)
- 14th June 2017

Executive Portfolio: Resources: Councillor J A Gray

Report by: Finance Manager

Wards affected: All Wards

Executive Summary:

This is a new Debt Management Policy as there is currently not one in place. It will provide clear purpose to the Council's procedure in collection of miscellaneous debts. Research was carried out to look at best practice policies and these have been incorporated in to this new Policy.

The Council has a duty to recover outstanding debts and in doing so ensures that its processes are fair to everyone. The introduction of the Debt Management Policy will ensure that debt is minimised and rates of collection are maximised with a consistent approach.

The key aims of this policy is to maximise the level of income collected by the Council by accurate and timely billing, reducing the level of debt arising, effective and timely recovery processes and utilising the appropriate recovery method by debt type.

Recommendation(s):

It is recommended that the Panel reviews and comments on the new Debt Management Policy.

1. WHAT IS THIS REPORT ABOUT?

- 1.1 This is a new Debt Management Policy as there is currently not one in place. It will provide clear purpose to the Council's procedure in collection of miscellaneous debts. Research was carried out to look at best practice policies and these have been incorporated in to this new Policy.

2. BACKGROUND

- 2.1 The Council has a duty to recover outstanding debts and in doing so ensures that its processes are fair to everyone. The introduction of the Debt Management Policy will ensure that debt is minimised and rates of collection are maximised with a consistent approach.
- 2.2 The key aims of this policy is to maximise the level of income collected by the Council by accurate and timely billing, reducing the level of debt arising, effective and timely recovery processes and utilising the appropriate recovery method by debt type.
- 2.3 The Council is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.
- 2.4 This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.
- 2.5 The term 'miscellaneous debt' is used to represent any debt other than Council Tax or Business Rates. It covers the following services:
- One Leisure
 - Operations
 - Commercial Rents
 - Licensing
 - Housing
 - Environmental Health
 - Building Control
 - Other invoicing

3. ANALYSIS

- 3.1 This Policy documents the process of raising invoices and the collection of miscellaneous debts and details the standard payment terms and the days of first and final reminders. These timings are much shorter than are currently being used, but these should improve collection rates and will make Miscellaneous Debt recovery more commercialised.
- 3.2 The new Policy will expect debts to be paid in shortest time possible, improve customer contact, legal obligations to pursue outstanding debt and to collect debts in a fair and consistent manner

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

- 4.1 The Debt Management Policy, upon approval by Council, will be implemented by communicating to all Managers.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 Upon approval, this Policy will be implemented.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Debt Management Policy will come under the “Ensuring we are a customer focused and service led Council delivering value for money services” aspect of the Corporate Plan, and enabling the Council to “*Become more business-like and efficient in the way we deliver services*”.

7. LEGAL IMPLICATIONS

- 7.1 No legal implications are known at this time.

8. RESOURCE IMPLICATIONS

- 8.1 Resource implication are noted within the report.

9. OTHER IMPLICATIONS

- 9.1 No other implications are known at this time.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 It is recommended that Panel reviews and approves the Debt Management Policy to Cabinet.

APPENDICES


APPENDIX 1 – Debt Management Policy

BACKGROUND PAPERS

Working papers are held in Resources.

CONTACT OFFICER

Adrian Forth, Finance Manager

 01480 388605

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DEBT MANAGEMENT POLICY

1 INTRODUCTION

- 1.1 The Council has a duty to recover outstanding debts and in doing so ensures that its processes are fair to everyone. The introduction of the Debt Management Policy will ensure that debt is minimised and rates of collection are maximised with a consistent approach.
- 1.2 The key aims of this policy is to maximise the level of income collected by the Council by accurate and timely billing, reducing the level of debt arising, effective and timely recovery processes and utilising the appropriate recovery method by debt type.
- 1.3 The Council is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.
- 1.4 This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.
- 1.5 The term 'miscellaneous debt' is used to represent any debt other than Council Tax or Business Rates. It covers the following services:
- One Leisure
 - Operations
 - Commercial Rents
 - Licensing
 - Housing
 - Environmental Health
 - Building Control
 - Other invoicing

2 POLICY

- 2.1 Payment should be obtained as and when goods/services/facilities are provided wherever possible; in particular where the value of goods and services is relatively small, i.e. less than £30.
- 2.2 Where payment is not received in advance or at the time when the goods/services/facilities are delivered an invoice must be raised as soon as possible, but must be within 7 days of the goods/services/facilities being provided.
- 2.3 To ensure that payment is received in good time, it is important that the customer details have been set up correctly on the financial system:
- Correct address information, including postcode.
 - Contact details – telephone number (landline and mobile), email address.
 - Invoices should be checked prior to posting/printing to prevent unnecessary credits and delays in payment.
- 2.4 Invoices should state that the bill is due and payable at the invoice date. The standard payment terms are 21 days.
- 2.5 If no payment is received within 21 days from date of issue of the invoice, a reminder will be issued to the debtor on day 22. This first reminder will clearly state that full payment is required in the next 7 days.
- 2.6 If payment is not received after 10 days of issuing the first reminder, a second and (final) reminder will be sent out and clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder. The debtor is advised of potential

costs this will incur, including legal fees, future credit difficulties, bailiff action and County Court Judgments.

- 2.7 If there is no response from the debtor after the final reminder period, then attempts will be made to contact the debtor by phone or email and the use of tracing agencies if required. The debt will then be passed on to the Council’s Legal Team for action to be taken (debts over £300) or to a collections agency for debts under £300.
- 2.8 Where only part payment has been received, with no explanation of any query against the balance outstanding, a final reminder should be issued 10 days from the issue of the first letter. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder.
- 2.9 Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply, they must submit an application in which must not exceed 21 days from the date of issue of the invoice and explain the reasons for their inability to meet the original contract terms. The Income Manager and the Finance Manager will agree the revised terms.
- 2.10 If the debt is not settled within the terms set by the Income Manager and the Finance Manager then a final reminder should be issued to the debtor. The final reminder will clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder.
- 2.11 The total outstanding debt is reported each month to the Senior Management Team and Cabinet Members, and quarterly to the overview and Scrutiny (Performance and Customers) Panel and Cabinet.
- 2.12 Write off of debts may take place if all attempts to get the debt paid is unsuccessful. The Income Team are required to demonstrate to the Council’s S151 Officer that all reasonable attempts to collect outstanding debt have taken place prior to a write-off request.
- 2.13 A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the Council, which removes the debt from the records.
- 2.14 Individuals or organisations that have previously defaulted on payments to the Council are not allowed credit facilities.
- 2.15 Where a debtor’s payments are regularly or consistently paid outside the terms of supply the Council must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.
- 2.16 Collection of Council Tax and Business Rates - debts relating to Council Tax and Business Rates are collected in accordance with the legislation relating to those local taxes.
- 2.17 Collection of Housing Benefit Overpayment - debts relating to Housing Benefit Overpayment are collected in accordance with the Department for Work & Pensions - Good Practice Guide (V1 12 February 2015).

Person / Post Responsible	Finance Manager	
Date Approved / Adopted	SMT	XX XXX XXXX
Approved by	Council	XX XXXX XXXX

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Treasury Management Annual Report 2016/17
Meeting/Date:	Overview and Scrutiny Panel (Performance and Customers) – 14th June 2017
Executive Portfolio:	Executive Member for Strategic Resources, Councillor Jonathan Gray
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

The Council's 2016/17 Treasury Management Strategy, was approved by Council on the 24th February 2016.

CIPFA's Treasury Management code requires Councils to report on performance of the treasury management function twice a year; the first report being the mid-year review (reported to cabinet on the 17th November 2016) and the annual report after the financial year end.

The main purpose of the Treasury Management Strategy is to;

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

The key market Treasury Management issues though 2016/17 influencing the Council's decision-making were;

- A moderate improvement in the credit rating of financial institutions.
- Bail-in legislation (replaces bail-out) placing the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors including local authorities.
- A continuation of the Bank of England's policy of very low interest rates, with the result that market rates also remain very low. The Council's average investing rate was 0.32%.

The Council's response to the key issues in 2016/17 was;

- Where the Council has surplus funds to primarily make short term

investments (the majority on call on a daily basis) in liquidity accounts and money market funds.

- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing over a long period. The interest rate ranges from 2.18% to 3.91%.

Recommendation:

The Overview and Scrutiny Panel is invited to

- Comment on the contents of this report

1. PURPOSE OF THE REPORT

- 1.1 To report to members on the performance of the Treasury Management activity over the past financial year.

2. BACKGROUND

- 2.1 This report covers treasury activity and the associated monitoring and control of risk. The key areas to be addressed includes

- Economic Review
- Performance of Funds
- Risk Environment
- Risk Management
- Compliance with Regulations and Codes

- 2.2 The key points in the 2016/17 Strategy were:

- Ensuring the Council has sufficient cash to meet its day to day obligations.
- Borrowing when necessary to fund capital expenditure.
- Investing surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

3. ANALYSIS

Economic Review

- 3.1 An economic review of the year has been provided by our Treasury Management advisors, Arlingclose and is attached with an analysis of the local context implications in **Appendix A**. The main reliance to the Council is

- Interest rates are likely to remain low in the short-term, allowing the Council to borrow at low interest rates both for short-term cash flow purposes and for longer term borrowing, such as the borrowing used to fund the loans to Luminus
- However low rates mean few opportunities to make significant returns from investments. This requires the Council to use other investing opportunities which the Commercial Investment Strategy provides.
- Low inflationary increases are likely in the short-term, reducing pressure on Council budgets of price increases.
- Whilst wages growth has been low or negative in recent years, there is now evidence of increasing wage inflation, as a result of low unemployment rates and high employment rates.

Performance of Council Funds

- 3.2 The following table summarises the treasury management transactions undertaken during the 2016/17 financial year and the details of the investments and loans held as at 31st March 2017 are shown in detail in **Appendix B**.

	Principal Amount £m	Interest Rate %
Investments		
at 31 st March 2016	7.5	1.42
less matured in year	-225.8	
plus arranged in year	+227.1	
at 31 st March 2017	8.8	2.24
Average Investments (Annual)	19.7	1.30
Borrowing		
at 31 st March 2016	13.4	3.63
less repaid in year	-6.2	
plus arranged in year	+8.7	
at 31 st March 2017	15.9	3.46
Average Borrowing (Annual)	15.0	3.40
Note; Interest rates above are as at dated apart from averages, where these are the average for the whole year.		

Investments

- 3.3 The Council's strategy for 2016/17 was based on all investments being managed in-house. The investments were of three types:
- Time deposits, these are deposits with financial institutions that are of fixed term and mature on an agreed date. In the Council's case usually in 1 to 2 weeks.
 - Liquidity (call) accounts, these are accounts held with banks where there is no fixed term and the money can be deposited or withdrawn on the day.
 - Money Market Funds, these are funds where investor's deposits are aggregated together and invested across a large range of financial products, giving a high degree of diversification.
- 3.4 The average rate of interest on all investments was 1.30%, 1.12% above the 7 day LIBID (London Interbank Bid Rate) benchmark rate of 0.18%, this represents a return of over three times the bench-mark rate. This good performance was due to £1.080m of the investments being locked into higher rates before the year started together with the use of liquidity accounts with major banks and Money Market Funds which gave the added safety of instant access together with interest rates in excess of the benchmark.
- 3.5 When only short-term cash flow investment activity is considered, the rate of interest on investments was 0.32%, which is around 78% higher than the 7-day benchmark rate of 0.18%.

Borrowing

- 3.6 The Council's exposure to interest rate risk at the end of the year was:
- £15.9m long term borrowing from the PWLB, at a weighted average rate of 3.46%.
 - Short term borrowing at 31 March 2017 was nil.
- 3.7 The actual net investment interest payable (after deduction of interest receivable on loans) was £265,000 against a budget of £384,000. This is a saving of £119,000 against the original budget. This is due to delays in capital, CIS and revenue expenditure resulting in higher than estimated average cash balances which have been invested.
- 3.8 In September 2015 Cabinet agreed to make a loan of £5m to Luminus in order to finance part of the cost of constructing care facility at Langley Court St Ives. During the year the Council has advanced £2.750m (£2.250 was advanced in 2015/16) of funding to Luminus and the Council has in turn borrowed the same amount from the PWLB over a period of 31 years.
- 3.9 Short-term borrowing at 31 March 2017 was nil as the Council held sufficient cash balances to meet its obligations.

Risk Environment

- 3.10 The changes to the environment in which investing takes place are detailed in **Appendix C** the main points to note are;
- Bail in legislation requiring investors to contribute to bank losses has replaced government bail outs.
 - Slight improvements in the credit ratings of financial institutions.
 - Improvements in the financial strength of financial institutions as evidenced by the Bank of England stress tests.

Risk Management

- 3.11 The Council's primary objectives for the management of its investments are to give priority to the **security** and **liquidity** (how quickly cash can be accessed) of its funds before seeking the best rate of **return**.
- 3.12 The Council manages security by investing short-term with highly-rated banks and building societies, as well as investing with local authorities in the UK which are deemed to be intrinsically safe.
- 3.13 In addition to this the Council makes significant use of a number of Money Market Funds, where a large numbers of investors' funds, including the Council's, are aggregated and spread across a wide range of investments. The Council is therefore able to access a spread of investments across a number of funds not available if it were to invest on its own.
- 3.14 In order to manage liquidity the Council invests funds in call accounts or Money Market Funds, which provide instant access to funds.

- 3.15 The Council's priority has been security and liquidity, over the return on investments, which resulted in investments during 2016/17 generally being of short duration (the majority on call). The result of low interest rates across the market is that the margin gained from the benefit of investing for longer period does not out-weigh the potential costs of failure of the investment.

Compliance with Regulations and Codes

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

Prudential Management Indicators			
	2016/17 Estimate	2016/17 Actual	Impact on the Council
Net capital expenditure	£32.2m	£16.9m	Expenditure less than estimated as a result of rephasing asset schemes (£4.8m) and underspends (£1.2m). In addition the CIS did not spend the estimate of £20m.
Expenditure on interest and MRP (Minimum Revenue Provision)	14.9%	8.0%	As a result of underspends in 2015/16 the MRP is lower for 2016/17.
Capital Financing Requirement (CFR)	£65.5m	£38.8m	The CFR is lower due to reduced expenditure detailed above and increased capital receipts.
	31/03/16	31/03/17	
Long-term borrowing total	£13.4m	£15.9m	Borrowing has increased to fund the series of loans to Luminus
Treasury Management Indicators			
	2016/17 Limit	2016/17 Actual	
Authorised Limit for debt	£108.0m	£22.3m	The Council's debt has increased as a result of loans to finance the Luminus loan, but is still within the approved limits
Operational boundary for debt	£103.0m	£22.3m	
Borrowing fixed and variable interest	75%-100%	100%	All borrowing has been undertaken at a fixed rate to avoid the risk of interest rate increases in the future.
Borrowing repayment profile (10 years)	9%-100%	86%	The loan repayment profile has shortened from last year as the Luminus loans are repaid annually.
Investments longer than 364 days	£34.5m	£0m	Only short-term or instant access investments.

4. RISKS

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

5. WHAT ACTIONS WILL BE TAKEN

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

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

- 7.1 Treasury management activity is a corporate function of the Council and supports the achievement of the Councils three corporate priorities; consequently it is a key element in the budget setting and management process.

- 7.2 In addition, over the last year the Councils Treasury function directly contributed to the "Working with our communities" strategic theme (Corporate Plan 2014-2016) in that it provided loan finance to support an external partner (Luminus) to fund the construction of the Langley Court Extra Care Facility in St. Ives.

7. LEGAL IMPLICATIONS

- 7.1 No direct, legal implications arise out of this report

8. RESOURCE IMPLICATIONS

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

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 Text

10. LIST OF APPENDICES INCLUDED

- Appendix A – Economic review (Source: Arlingclose)
- Appendix B – Borrowing and Investments as at 31st March 2017
- Appendix C – Risk Environment 2016-17
- Appendix D – CIPFA Prudential Indicators
- Appendix E – Commercial Investment Strategy Indicators (Preliminary)

BACKGROUND PAPERS

Working papers in Resources; including investment and borrowing records, capital programme outturn, prudential indicator calculations.
CIPFA Treasury Management Code of Practice

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Economic Review of 2016/17	
Economic Growth	Local Context
Following the sharp decline in household, business and investor sentiment that was prompted by the unexpected outcome of the referendum on EU membership in Q2, the preliminary estimate of Q3 2016 GDP defied expectations as the economy grew 0.5% quarter-on-quarter, down only slightly from 0.7% in Q2 and year/year growth running at a healthy pace of 2.3%.	The rate of growth suggests that Council services that are based on consumer demand, such as Leisure and CIS are likely to experience a steady rate of growth over the short-term.
Inflation	Local Context
Economic data continued to challenge the current market expectations throughout the quarter. Consumer Price Inflation (CPI) fell to 0.9% in October but rose to 1.2% in November, both predominantly driven by clothing, fuel and hotel prices. The Office for National Statistics (ONS) pointed out that there was little evidence to link this rise to the decline in the value of sterling. With sterling having now fallen by around 20% with its impact on prices still to come, according to the ONS.	The low rate of inflation will reduce the pressure for inflationary increases in the short-term. However CPI has risen above the Bank of England's target of 2%, as the fall in the value of sterling (making imports more expensive), and whilst there seems to be no intent to raise interest rates, inflation could rise further. For the Councils' budget holders this could mean that in the medium term budgets start to be eroded by inflation, and increasing pressure to increase fees and charges.
Labour Market	Local Context
Labour market data also proved resilient, showing a small rise in the level of unemployment by 10,000, and average earnings dipping slightly, but at 2.3% still delivering real earnings growth although clearly under pressure from higher prices. The unemployment rate remained at 4.9%, its lowest level in 11 years.	With employment at a record high then recruiting is likely to become more difficult for the Council, as the number of candidates are likely to reduce. In addition wage growth is starting to pick up, and so whilst general inflation remains low but increasing, there is a potential for increased pressure to increase the Council's pay by greater percentage than in recent years.
Consumer Expenditure	Local Context
After a weak August, British consumers picked up the pace of their spending in Q3. UK retail sales growth surged to a 14-year high in October as consumers kept spending and colder weather boosted clothing sales. According to the British Retail Consortium (BRC), fears over Brexit are likely to weigh on sales in the period ahead.	Overall economic growth in the UK is strong and this has been largely driven by consumer spending. This augurs well for the services the Council provides, suggesting there is likely to be strong demand for services into the medium term.
Global Influences	Local Context
Uncertainty surrounds whether or not	Whilst the Council is insulated to some

<p>President Trump, will make good the fiscal, regulatory and policy initiatives and changes which were central to his campaign and, if so, their timing and size and their effect on growth, employment and inflation both domestic and globally. Following a strengthening labour market, in a move that was largely anticipated, at its meeting in December, the Federal Reserve's Open Market Committee (FOMC) increased the target range for official interest rates for just the second time in the last decade. The range was increased to between 0.5% and 0.75%, from 0.25% and 0.5%. In the accompanying statement, FOMC Chair Janet Yellen also highlighted the expectation of three further rate hikes in 2017, followed by three hikes in each of 2018 and 2019.</p>	<p>extent from global fluctuations, the depreciating pound will make imported goods more expensive, so could have an impact on items such as IT equipment that are purchased from abroad or equipment which contain components purchased from abroad.</p>
<p>UK Monetary Policy</p> <p>At its August meeting, the Bank of England's Monetary Policy Committee (MPC) had stated that the majority of members expected to support a further cut in Bank Rate at one of the MPC's forthcoming meetings during the course of the year. However, in the final calendar quarter of 2016/17 the MPC kept Bank Rate unchanged at 0.25% and asset purchases at £435bn.</p>	<p>Local Context</p> <p>The economy's low growth rates and low inflation have resulted in the Bank of England's reluctance to increase interest rates. The main ramification of this for the Council is that the investments that it makes in financial instruments, for example money market funds and call accounts will continue to offer very low rates of return.</p> <p>The continuing expansion Commercial Investment Strategy offers an opportunity to achieve higher returns (yields) but still with a high degree of security. The security is as a result of the ownership of an asset (property) or and investment in assets (Property Funds). An attempt to achieve higher returns using financial investments would result in the taking on of more risky investments.</p>
<p>Market Reaction</p>	<p>Local Context</p>

<p>Following the referendum result, gilt yields had fallen sharply across various maturities on the view that Bank Rate would remain extremely low for the foreseeable future. Since September there has been a reversal in longer dated gilt yields which have moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, which is almost back at pre-Brexit levels of 1.37% on 23rd June. 20- and 50-year gilt yields have also risen considerably in the third quarter to 1.76% and 1.7% respectively, and are nearly back up to pre-Brexit levels.</p> <p>After recovering from an initial sharp drop in Quarter 2, equity markets appear to have continued their rally, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7142.83 and 3873.22 respectively on 30th December, up 3.5% and 3.1% over the quarter.</p> <p>Money market rates for very short-dated periods (overnight to 1 month) have largely started recovering from a noticeable fall in the previous quarter.</p>	<p>PWLB borrowing rates are based on gilt yields. As a result when the Council needs to borrow the rates on offer are low by historic standards but the direction of travel is for increases but at a moderate rate.</p> <p>The majority of the Council's cash balances are kept in Money Market Funds or instant access accounts. Whilst rates on instant access accounts have fallen, the recovery of overnight rates may push up rates offered by Money Market Accounts. The rates on Money Market Accounts fluctuate and are therefore more likely to increase than bank accounts, which tend to change rate less often.</p>
<p><i>Source of Data: Arlingclose Ltd</i></p>	

APPENDIX B

BORROWING AND INVESTMENTS AT 31 MARCH 2017

	Short-term Rating		Date Invested/ Borrowed	Amount		Interest Rate	Year of Maturity
	Fitch	Moody's		£m	£m		
Borrowing							
Short-term							
NIL							
Long-term							
PWLB			19/12/08	5.000		3.91%	2057/58
PWLB			19/12/08	5.000		3.90%	2058/59
PWLB			07/08/13	1.013		2.24%	2023/24
PWLB			25/11/15	0.736		3.28%	2046/47
PWLB			19/01/16	0.980		3.10%	2046/47
PWLB			21/03/16	0.490		2.91%	2046/47
PWLB			29/04/16	0.396		3.10%	2047/48
PWLB			02/06/16	0.322		2.92%	2047/48
PWLB			29/07/16	0.643		2.31%	2047/48
PWLB			23/09/16	0.494		2.18%	2047/48
PWLB			06/01/17	0.875		2.67%	2047/48
					15.949		
Total Borrowing					15.949		
Investments In-House Investments							
NatWest Current	F2	P2		0.028		0.00%	On-call
NatWest Liquidity	F2	P2		0.647		0.05%	On-call
Cambridge Building Society	Not rated			0.100		0.15%	On-call
Santander	F1	P1		0.650		0.25%	On-call
Blackrock	AAAmf			0.400		0.25%	On-call
Federated	AAAmf			0.300		0.22%	On-call
Legal and General	AAAmf			0.400		0.25%	On-call
PSDF	AAAmf			0.200		0.25%	On-call
Total Investments					2.725		
Loans							
Huntingdon Regional College	Not rated			1.030		3.34%	2023/24
Huntingdon Gym	Not rated			0.049		5.13%	2023/24
Luminus	Not rated			0.750		4.78%	2047/48
Luminus	Not rated			1.000		4.60%	2047/48
Luminus	Not rated			0.500		4.41%	2047/48
Luminus	Not rated			0.400		4.60%	2047/48
Luminus	Not rated			0.325		4.42%	2047/48
Luminus	Not rated			0.650		3.81%	2047/48
Luminus	Not rated			0.500		3.68%	2047/48
Luminus	Not rated			0.875		4.17%	2047/48

Total Loans					6.079	
Total Investments					8.804	
Net Borrowing					7.145	

Definition of Credit Ratings

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

APPENDIX C

Risk Environment 2016/17	
Bail In	Local Context
During the banking crisis the government, invested large sums of public money into banks in order that they remained solvent, and these are still being paid back by the banks. Legislation over the last year has moved the risk to investors in banks, and due to various exemptions for, for instance retail deposits, risks for public bodies have increased.	Whilst some public bodies will carry higher levels of long-term cash and as a result have a need to invest long term, the Council generally has cash that will be needed in the short-term and as a result places funds where they are accessible in the short-term and generally on the day.
Credit Ratings	Local Context
Changes to long-term credit ratings over the quarter included Moody's upgrades to rating of both Barclays Bank and Credit Suisse to A1 and to Santander UK plc's rating to Aa3 from A1. S&P upgraded the long-term rating of Goldman Sachs International Bank to A+ from A.	The Council receives monthly updates from its advisors on changes to credit ratings. Whilst the Council maintains deposits on a short-term or available instant basis the risk is reduced from failures, as the Council will be able to withdraw funds as soon as there is an indication of a credit problem. Whereas other investors with longer term fixed investments will not be able to.
Stress Tests	Local Context
At the end of November, the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies (Barclays, HSBC, Lloyds/Bank of Scotland, Santander UK, HSBC, RBS/Natwest and Nationwide BS). The 2016 stress tests were more challenging and designed under a new Bank of England framework, which tested the resilience of banks to tail risk events. Royal Bank of Scotland, Barclays and Standard Chartered Bank were found to be the weakest performers.	The RBS group includes Natwest the Council's transactional banker. Advice from Arlingclose on the way in which the Council uses Natwest for holding funds is being followed. The Council only maintains balances with of less than £1m, which is instantly accessible.

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

PRUDENTIAL MANAGEMENT INDICATORS

1. Actual and Estimated Capital Expenditure.

	2016/17 Estimate £m	2016/17 Actual £m
Asset and Loans		
Gross	15.6	9.0
Net	12.2	7.7
Commercial Investment Strategy (CIS)		
Gross	20.0	9.2
Net	20.0	9.2
Net Total	32.2	16.9

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

2016/17 Estimate	2016/17 Actual
14.9%	8.0%

3. The impact of schemes with capital expenditure on the level of council tax.

This item is only provided to demonstrate affordability at budget setting and has already been superseded by the equivalent figure in the 2016/17 Treasury Management Strategy indicators.

4. The capital financing requirement.

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

	2016/17 Estimate £m	2016/17 Actual £m
Assets and Loans	46.4	38.8
CIS	19.1	0
Total	65.5	38.8

5. Net borrowing and the capital financing requirement.

Net external borrowing as at the 31st March 2017, was £15.9m; this is £22.9m less than the capital financing requirement. Thereby confirming that the council has not borrowed for revenue purposes other than in the short-term for cash flow purposes.

**6. The actual external long-term borrowing at 31 March 2017
£15.9m**

7. Adoption of the CIPFA Code

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

TREASURY MANAGEMENT INDICATORS

8. The authorised limit for external debt.

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

	2016/17 Limit £m	2016/17 Actual £m
Short-Term	20.0	0.0
Long Term	47.0	15.9
Other long-term liabilities (leases)	6.0	0.5
Total	73.0	16.4
Long-term for loans to organisations	15.0	5.9
Total	88.0	22.3

9. The operational boundary for external debt.

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

	2016/17 Limit £m	2016/17 Actual £m
Short-Term	15.0	0.0
Long Term	47.0	15.9
Other long-term liabilities (leases)	6.0	0.5
Total	68.0	16.4
Long-term for loans to organisations	15.0	5.9
Total	83.0	22.3

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

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

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

		Limits		Actual
		Max.	Min.	As at 31.3.17
Borrowing:				
longer than 1 year	Fixed	100%	75%	100%
	Variable	25%	0%	0%
Investments:				
longer than 1 year	Fixed	100%	100%	100%
	Variable	0%	0%	0%

11. Borrowing Repayment Profile

The proportion of 2016/17 borrowing that matured in successive periods.

Borrowing	Upper limit	Lower limit	Actual As at 31.3.17
Under 12 months	91%	0%	2%
12 months and within 24 months	91%	0%	2%
24 months and within 5 years	91%	0%	5%
5 years and within 10 years	92%	1%	5%
10 years and above	100%	8%	86%

12. Investment Repayment Profile

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

	Limit £m	Actual £m
Limit on principal invested beyond year end (31 March 2017)	34.5	0

Commercial Investment Strategy Indicators

The Treasury Management Strategy for 2016/17 includes three indicators specific to the Commercial Investment Strategy (CIS);

- Investment cover ratio
- Loan to value ratio
- Target income returns

It is at this stage too early to in the lifecycle of the CIS to report on these indicators; however the basis metrics are;

	Purchase Cost £000	Income £000
2015-16 Purchases		
CCLA Property Shares	2,500	(112)
Unit 3 Stonehill, Huntingdon	1,358	(125)
2016-17 Purchases		
CCLA Property Shares	1,500	(68)
Wilbury Way, Hitchin	2,313	(170)
Shawlands Retail Park, Sudbury	6,890	(483)
Note: The income shown is full year this may not be the actual rent received in the first year of purchase, where the Council has only held the asset for a part year. CCLA Property Share income is assumed at 4.5% yield		

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Panel	Study	Date	Status	Action	Date for Future Action
Performance & Customers	Cambridgeshire County Council Budget Scrutiny	05/12/16	Representatives from Cambridgeshire County Council were in attendance to present the County Council's Budget for 2017-22 and answer Members' questions.	Democratic Services Officer (Scrutiny) drafted a response to the budget proposals based on the points raised by Members at the budget scrutiny. The response to the budget proposals has been approved by the Chairman and was sent to Cambridgeshire County Council in December 2016.	
Performance & Customers	Social Value In Procurement	01/02/17	The Chairman informed the Panel that there will be a task and finish group investigating social value in procurement.	Officers are working on a scoping document.	
Communities & Environment	Future of Hinchingsbrooke Country Park, Paxton Pits, Godmanchester Nursery and Public Rights of Way	01/11/16 07/03/17	The Panel received an exempt report on the contractual arrangements and potential improvement programme of Hinchingsbrooke Country Park. The Cabinet received the same report but including the Panel's comments at its meeting in November 2016. Cambridgeshire County Council's Highways Maintenance Manager, Mr Jonathan Clarke, was in attendance to update Members on the maintenance of Huntingdonshire's Public Rights of Way.	The Cabinet made a decision on the report. The decision remains confidential whilst negotiations are taking place.	

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Panel	Study	Date	Status	Action	Date for Future Action
Communities & Environment	Waste Round Reconfiguration	12/07/16	A report was presented to the Panel informing Members that the Operations Division was undertaking a Waste Round Reconfiguration. Update reports were presented at the Panel meetings in September, October and February.	A final post implementation report is to be presented at the Panel meeting in June 2017.	13/06/17
		07/03/17	The Head of Operations gave the Panel a verbal update on the implementation of the waste round reconfiguration.		
Communities & Environment 2012	Community Resilience Plan including relationships with Parish and Town Councils and the County Council	06/10/16	Members agreed to keep the topic on the work programme however before appointing task and finish group, Members would like to invite the relevant Executive Councillor responsible to a future Panel meeting to update the Panel on what work has been done so far.	The Portfolio Holder has agreed to attend the Panel meeting in July to update Members on the work carried out to date.	04/07/17
Communities & Environment	Reports Due and Regular Items Representatives on External Organisations	Annual	Selected Members represent the Council on various External Organisations. The Panel received updates at its meetings in November 2016 and March 2017.	Next report is due at the Panel meeting in December 2017.	05/12/17

Panel	Study	Date	Status	Action	Date for Future Action
203	Huntingdonshire Community Safety Partnership	04/10/16	Annual review of the work of the Partnership. The 2016/17 report is scheduled to be presented to the Panel in October 2017.	A six month update report is due at a future meeting of the Panel.	13/06/17
	Corporate Enforcement Policy including Graffiti/Fly Tipping Policy	06/12/16		The Panel are to consider a report at its meeting in September.	05/09/17
	Cambridgeshire and Peterborough Clinical Commissioning Group	12/10/16	A report on the performance of the CCG was presented to the Panel at its special meeting in October 2016. The CCG agreed to return to the Panel to inform Members of the System Transformation Programme (STP).	The Sustainability and Transformation Programme (STP) is to be presented to a future meeting of the Panel. At the Panel meeting in March 2016, Mr Weller agreed to attend a future Panel meeting and update Members on the Urgent and Emergency Care Vanguard Programme.	To be decided. 04/07/17
	Redesign of Mental Health Services	07/07/15	The Panel received an update report on the Children and Adolescent Mental Health Service (CAMHS).	The Panel requested further updates at future meetings.	04/07/17
Economy & Growth	Strategic Review of Car Parking	06/10/16	The Panel received the Review of Fees and Charges – Car Parks report. Members decided that a task and finish group should be established to review all the options for car park fees.		
		03/11/16	The Panel discussed the Strategic Review of Car Parking Task and Finish Group following Cabinet's agreement to the establishment of the		

Panel	Study	Date	Status	Action	Date for Future Action
204		06/04/17	group. The Panel appointed Councillors D B Dew, R Fuller, I D Gardener and T D Sanderson to the group. A project overview and scoping document was presented to the Overview and Scrutiny Panel.	It was agreed that the Task and Finish Group will not be led by Overview and Scrutiny; however the Panel will be responsible for the scrutiny of the Task and Finish Group's work.	
	30/05/17	A meeting of the Task and Finish Group was held. Members agreed the future meeting dates, discussed the reporting dates, carried out a stakeholder analysis and discussed in what form public participation should take. In addition the Group reviewed the scoping document.	It was agreed that the Democratic Services Officer (Scrutiny) is to arrange meetings for July, August, September, October and November 2017.		
Economy & Growth	Local Plan To 2036	06/10/16	Members agreed to keep the Local Plan to 2036 on the work programme. A task and finish group has not be established however the Panel have agreed that the Chairman should become the Panel expert on the topic.		
		08/12/16	The Panel received and discussed the Local Plan and Infrastructure Planning Update.		
		06/04/17	The Panel received a Local Plan and Infrastructure Planning update.	The Panel is to receive the Huntingdonshire Local Plan to 2036 at its meeting in June.	15/06/17

Panel	Study	Date	Status	Action	Date for Future Action
Economy & Growth	Devolution	06/10/16	Members agreed to keep Devolution on the work programme however before appointing a Panel expert, Members would like to invite the relevant Executive Councillor responsible to a future Panel meeting to update the Panel on what work has been done so far.	The Panel agreed to invite the Executive Leader to update Members after the election of the Combined Authority Mayor.	
		03/11/16	The Panel received an update on Devolution from the Executive Leader.		
2015 Economy & Growth	Housing Working Group	06/10/16	Members agreed that a Housing Working Group (formally known as the Affordable Housing Working Group and the Registered Social Providers Working Group) should be resurrected to review housing policy as and when required.	Officers are working on a scoping document for consultation with the Panel.	To be decided.
		03/11/16	The Panel decided to reconstitute the Housing Working Group with Councillors D B Dew, R Fuller and T D Sanderson appointed to the group.		
		05/01/17	Councillor R Fuller has been appointed to the Cabinet and therefore can no longer be a Member of the Working Group. The Panel will have to appoint a replacement.	The Panel are expecting the Housing Strategy at its meeting in June 2017.	08/06/17
		09/03/17	The Panel appointed Councillor I D Gardener to the Housing Working Group.	The Head of Development and the Executive Councillor for Housing and Regulatory Services will work with the group on the Housing Strategy before it is presented to the Panel and Cabinet in	

Panel	Study	Date	Status	Action	Date for Future Action
				June 2017.	
206	Economy & Growth				
	Reports Due and Regular Items				
	Representatives on External Organisations	Annual	Selected Members represent the Council on various External Organisations. The Panel received updates at its meetings in November 2016 and February 2017.	Next report is due at the Panel meeting in December 2017.	07/12/17
	Marketing Strategy Work Programme	Annual	The Panel have requested annual updates on the work programme.	Report was presented in July 2016 and the next one is due at the Panel meeting in July.	06/07/17