

A meeting of the **OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND GROWTH)** will be held in **CIVIC SUITE 0.1B, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 14TH JUNE 2018** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 5 - 8)

To approve as a correct record the Minutes of the Overview and Scrutiny Panel (Economy and Growth) meeting held on 8th March 2018 and the Minutes of the Overview and Scrutiny Panel (Performance and Growth) meeting held on 23rd May 2018.

**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 9 - 12)

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

**M Stimpson
388007**

4. AUTHORISATION OF MODIFICATIONS TO THE HUNTINGDONSHIRE LOCAL PLAN TO 2036 (Pages 13 - 20)

The Panel are to receive the Authorisation of Modifications to the Huntingdonshire Local Plan to 2036 report.

**C Kerr
388430**

5. INTEGRATED PERFORMANCE REPORT 2017/18 - QUARTER 4 (Pages 21 - 62)

The Integrated Performance Report 2017/18 – Quarter 4 is to be presented to the Panel.

**D Buckridge
388065**

6. TREASURY MANAGEMENT ANNUAL REPORT 2017/18 (Pages 63 - 88)

The Treasury Management Annual Report 2017/18 is to be received by the Panel.

**O Colbert
388067**

7. FORWARD WORK PROGRAMME - AGREEING THE AGENDA

The Panel is to have a discussion about possible work programme topics before agreeing the Panel's work programme for the Municipal Year.

**A Green
388008**

Dated this 6th day of June 2018

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.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMY AND GROWTH) held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, Cambs, PE29 3TN on Thursday, 8th March 2018.

PRESENT: Councillor D B Dew – Chairman.

Councillors E R Butler, Mrs S Conboy,
I D Gardener, B Hyland, Mrs J Tavener,
D R Underwood and K D Wainwright.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors D J Mead and T D Sanderson.

IN ATTENDANCE: Councillor R Fuller.

45. MINUTES

The Minutes of the meeting held on 16th January 2018 were approved as a correct record and signed by the Chairman.

46. MEMBERS' INTERESTS

No declarations of interest were received.

47. 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 2018 to 30th June 2018.

Members stated that they would like to be notified if an item comes forward that affects their ward.

(At 7.01pm, during the consideration of this item, Councillor K D Wainwright entered the meeting.)

48. GROWTH AND INFRASTRUCTURE PLANNING UPDATE

With the aid of a report by the Planning Service Manager (Growth) (a copy of which is appended in the Minute Book), the Growth and Infrastructure Planning Update was presented to the Panel.

In introducing the report, the Executive Councillor for Housing and Planning informed Members that the Growth and Infrastructure Group has been reconstituted and met for the first time on 5th February 2018. The group agreed that they will identify their infrastructure priorities for the coming financial years and make recommendations on how to spend Community Infrastructure Levy (CIL) funding.

A Member raised a concern that the Council could agree to work with

a partner who won't have the resources to identify and then secure the necessary infrastructure. The example given was the Bearscoft development in Godmanchester where the NHS has now confirmed that a medical centre is not required on site, with the Town Council being told that this due to the NHS lacking the resources to adequately staff it.

The Panel raised the issue of the East to West Rail Link and the possibility of the Council lobbying Network Rail to move the passenger interchange closer to St Neots. The Executive Councillor informed Members that the Council is already making the case for an interchange nearer to Huntingdonshire.

A Member stated that residents in the Offords are concerned that the level crossings in the area are to be closed. It was clarified that the Network Rail plan was to close the level crossings and replace them with bridges. The Executive Councillor stated that the Council are already making those representations and will continue to do so.

The Executive Councillor informed the Panel that the Council have been discussing with Town and Parish Councils regarding pooling CIL money in order to spend on strategic infrastructure projects. The Council have started discussions with town clerks at the Town Councils listed in the report and that every six months the Council are required to forward CIL receipts received onto Town and Parish Councils.

Members stated that they would like to receive the CIL spreadsheet.

49. 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 work programmes for all Overview and Scrutiny Panels since the last meeting.

Chairman

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (PERFORMANCE AND GROWTH) held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 23rd May 2018.

PRESENT: Councillors L A Besley, J C Cooper-Marsh, S J Corney, D B Dew, Dr P L R Gaskin, D A Giles, M S Grice, K P Gulson, J Neish, S Wakeford and D J Wells.

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

1. ELECTION OF CHAIRMAN

RESOLVED

that Councillor D B Dew be elected Chairman of the Panel for the ensuing Municipal Year.

Councillor D B Dew in the Chair.

2. MEMBERS' INTERESTS

No declarations of interest were received.

3. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

that Councillor J Neish 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 G J Bull, Executive Leader of the Council
Date of Publication: 23rd May 2018
For Period: 1st June 2018 to 30th September 2018

Membership of the Cabinet is as follows:-

Councillor G J Bull	Executive Leader of the Council	Councillor J M Palmer	Executive Councillor for Partnerships and Well-Being
Councillor R Fuller	Deputy Executive Leader and Executive Councillor for Growth	Councillor D M Tysoe	Executive Councillor for Digital and Customer
Councillor J A Gray	Executive Councillor for Resources	Councillor J White	Executive Councillor for Regulation and Operations

6
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.

10	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
	Car Parking Strategy Task and Finish Group Update	Cabinet	21 Jun 2018		Neil Sloper, Head of Operations Tel No. 01480 388635 or email: neil.sloper@huntingdonshire.gov.uk		J White	Performance and Growth
	Local Plan ***	Cabinet	21 Jun 2018		Clara Kerr, Planning Services Manager Tel No. 01480 388430 or e-mail Clara.Kerr@huntingdonshire.gov.uk		R Fuller	Performance and Growth
	The Avenue, Godmanchester ##***	Cabinet	21 Jun 2018		Colin Luscombe, Estates Strategic Assessment Tel No. 01480 388728 or email: colin.luscombe@huntingdonshire.gov.uk		J A Gray	Performance and Growth
	Community Chest Grant Aid Awards 2018/19 ***	Grants	2 Jul 2018		Chris Stopford, Head of Community Tel No. 01480 388280 or email: Chris.Stopford@huntingdonshire.gov.uk		J Gray J Palmer	Customers and Partnerships

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Commercial Investment Strategy: Business Plan Phase 1	Cabinet	19 Jul 2018		Clive Mason, Head of Resources Tel No. 01480 388157 or email: clive.mason@huntingdonshire.gov.uk		J A Gray	Performance and Growth
Document Centre Commercialisation Business Case ##***	Cabinet	19 Jul 2018		Chris Stopford, Head of Community Tel No. 01480 388280 or email: chris.stopford@huntingdonshire.gov.uk		D Tysoe	Performance and Growth
Asset Review##***	Cabinet	19 Jul 2018		Clive Mason, Head of Resources Tel No 01480 388157 or email clive.mason@huntingdonshire.gov.uk		J A Gray	Performance and Growth
Godmanchester N nursery Update##*** →	Cabinet	20 Sep 2018		Neil Sloper, Head of Operations Tel No. 01480 388635 or email: neil.sloper@huntingdonshire.gov.uk		J Palmer	Customers and Partnerships
Hinchingbrooke Country Park Long Term Business Plan##***	Cabinet	20 Sep 2018		Neil Sloper, Head of Operations Tel No. 01480 388635 or email: neil.sloper@huntingdonshire.gov.uk		J Palmer	Customers and Partnerships
Paxton Pits Long Term Business Plan##***	Cabinet	20 Sep 2018		Neil Sloper, Head of Operations Tel No. 01480 388635 or email: neil.sloper@huntingdonshire.gov.uk		J Palmer	Customers and Partnerships

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Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Authorisation of Modifications to the Huntingdonshire Local Plan to 2036

Meeting/Date: Overview and Scrutiny Panel (Performance and Growth) – 7th June 2018

Executive Portfolio: Executive Councillor for Growth

Report by: Planning Service Manager (Policy, Implementation and Strategic Development)

Wards affected: All

Recommendation

The Overview and Scrutiny Panel is invited to comment and advise on the decision-making procedure for modifications to the Huntingdonshire Local Plan to 2036, supplementary documents and evidence that may be required as part of the Local Plan examination process from the Cabinet report attached at Appendix A.

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Authorisation of Modifications to the Huntingdonshire Local Plan to 2036
Meeting/Date:	Cabinet – 21st June 2018 Council – 27th June 2018
Executive Portfolio:	Executive Councillor for Growth
Report by:	Planning Service Manager (Policy, Implementation and Strategic Development)
Ward(s) affected:	All

Executive Summary:

The Huntingdonshire Local Plan to 2036: Proposed Submission and its supporting documents were submitted for independent examination to the Secretary of State for Communities and Local Government (via the Planning Inspectorate) on 29 March 2018.

The Secretary of State has appointed Kevin Ward from the Planning Inspectorate to carry out the examination of the Local Plan. His task will be to establish whether the Huntingdonshire Local Plan is 'sound' (see section 5 for further information).

This report proposes a decision-making procedure regarding any future proposed main and additional modifications to the Huntingdonshire Local Plan to 2036 and supplementary documents and evidence that may be required as part of the Local Plan examination process. The procedure would facilitate efficient progress of the plan through the examination period enabling the expedition of decisions regarding the Local Plan during the course of its examination. This is a procedural aspect of the Local Plan process and allows for positive dialogue to be held with the Inspector through the Examination process.

The report recommends that delegated authority to approve proposed modifications and supporting documents to the Huntingdonshire Local Plan to 2036 are undertaken by the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation & Strategic Development), or Planning Policy Team Leader except where changes would be of such significance as to substantially alter the meaning of a policy or allocation. Significant changes would be delegated to the Managing Director and Executive Leader in consultation with the Housing and Planning Portfolio Holder and Chair of the Development Plans Advisory Group.

Recommendations:

Cabinet are recommended to:

- Comment and advise on the decision-making procedure for modifications to the Huntingdonshire Local Plan to 2036, supplementary documents and evidence that may be required as part of the Local Plan examination process.

Members of Full Council are recommended to:

- Agree that the Head of Development can formally write to the Planning Inspector to invite him to recommend any main modifications necessary to the Plan in order for the Inspector to find it legally compliant and sound.
- Endorse the proposed decision-making procedure for main and additional modifications to the Huntingdonshire Local Plan to 2036 as follows:
 - That where changes would be of such significance as to substantially alter the meaning of a policy or allocation in the opinion of the Head of Development (with the benefit of legal advice as appropriate) **proposed main modifications** will be agreed by the Managing Director and Executive Leader, in consultation with the Head of Development, Housing and Planning Portfolio Holder and the Chair of the Development Plans Advisory Group. Significant changes would include, but are not limited to issues regarding objectively assessed housing need, the addition or removal of a site allocation etc. Such matters would generally also be subject to further public consultation.
 - Delegated authority be given to the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation and Strategic Development), Planning Policy Team Leader to undertake appropriate negotiations and make/agree any **other proposed main modifications** to the Huntingdonshire Local Plan to 2036 if it is appropriate and necessary to do so to facilitate efficient progress of the plan through the examination period. Such matters would generally also be subject to further public consultation.
 - Delegated authority be given to the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation & Strategic Development), Planning Policy Team Leader to undertake appropriate negotiations and make/agree **any additional modifications** to the Huntingdonshire Local Plan to 2036 if it is appropriate and necessary to do so to facilitate efficient progress of the plan through the examination period.
 - That the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation & Strategic Development), or Planning Policy Team Leader is authorised to prepare and submit reports, including proofs of evidence, technical papers, matter statements, statements of common ground, sustainability appraisals, a schedule of modifications and other such documents required in the presentation of the Local Plan through the examination process and to take such other steps as are conducive or incidental to the examination of the local plan;

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the options available to the Council in order to progress the Huntingdonshire Local Plan to 2036 through the Local Plan examination stages. The report specifically addresses the decision-making process regarding the agreement of any future proposed modifications to the Local Plan and the production and agreement of supplementary documents and evidence that may normally be required as part of the Local Plan examination process.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 On 13 December 2017 Full Council endorsed the Huntingdonshire Local Plan 2036 and associated documents for consultation, delegated authority for inconsequential changes to the Plan and its subsequent submission to the Secretary of State for Housing, Communities and Local Government.
- 2.2 The Huntingdonshire Local Plan to 2036: Proposed Submission and its supporting documents were submitted for independent examination to the Secretary of State for Housing, Communities and Local Government (via the Planning Inspectorate) on 29 March 2018.
- 2.3 The Secretary of State has appointed Kevin Ward from the Planning Inspectorate to carry out the examination of the Local Plan. His task will be to assess whether the Local Plan has been prepared in line with the relevant legal requirements (including the duty to cooperate) and whether it meets the tests of 'soundness' contained in the National Planning Policy Framework (see section 5 for further information).
- 2.4 At the point of submission the Council produced a schedule of minor corrections providing clarification, updates and addressing typographical errors. This document (CORE/12 in the Council's Core Documents Library) and the submitted Local Plan will be the starting point for the examination.
- 2.5 During the Local Plan examination only the Inspector has the formal power to recommend main modifications to the submitted Plan. **Main modifications** are changes that the Inspector considers are necessary to ensure that the Plan complies with procedural requirements and is sound. For the Inspector to exercise this power, he has to be invited to do so by the Council in accordance with section 20(7C) of the Planning & Compulsory Purchase Act 2004. This report recommends that such an invitation is made, so that if the Inspector does have concerns that could prevent the Plan from being recommended for adoption, he has the power to resolve those concerns by recommending main modifications to overcome them. The Council is therefore asked to authorise the Head of Development to issue such an invitation to the Inspector.
- 2.6 In practice, it is relatively unusual for an Inspector to recommend main modifications without there having been prior discussion of the need for potential or proposed main modifications at the examination. Depending on their nature there may also be a need for consultation with interested persons and sustainability appraisal of the changes before the Inspector is prepared to recommend them as main modifications. Typically, the Council and other interested parties will have the opportunity to put forward suggested changes to the submitted Local Plan in response to the matters and issues identified by the Inspector. This is common practice during Local Plan Examinations. These changes may be required to address matters of soundness or legal compliance – criteria which would be necessary to ensure the adoption of the

Local Plan. In such cases it would prudent that a degree of authority is delegated to each of the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation & Strategic Development), or Planning Policy Team Leader to agree, or negotiate these changes on behalf of the Council as they arise (except where changes would be of such significance as to substantially alter the meaning of a policy or allocation). It is possible that changes to the Plan could be negotiated at short notice and therefore it would be impractical for such changes to be agreed by Full Council and potentially delay the progress of the Local Plan through the examination stage.

- 2.7 Where changes would be of such significance as to substantially alter the meaning of a policy or allocation in the opinion of the Head of Development (with the benefit of legal advice as appropriate) proposed modifications will be agreed by the Managing Director and Executive Leader, in consultation with the Head of Development, Housing and Planning Portfolio Holder and the Chair of the Development Plans Advisory Group. Significant changes would include, but are not limited to issues regarding objectively assessed housing need, the addition or removal of a site allocation etc. Such matters would generally also be subject to further public consultation and sustainability appraisal.
- 2.8 In addition to the question of main modifications (which are formally matters for the Inspector but subject to discussion at the examination as outlined above), the Council prior to adopting the Plan is empowered by section 23(2) and (3) of the Planning & Compulsory Purchase Act 2004 to make other changes known as **additional modifications**, provided only that they do not materially affect the policies in the Plan (either as originally submitted or as it would be if changed only by the Inspector's main modifications). These additional modifications may be to correct minor errors, or to respond to representations made, or to provide updating in relation to any new circumstances that have arisen since the submission Local Plan was prepared, provided that in each case they do not materially affect the policies in the Plan. The Inspector will not formally examine such additional modifications but it is good practice to make him and other Plan participants aware of them (and the reasons for them). Since such additional modifications do not concern matters of legal compliance or soundness, there is generally no need for consultation or sustainability appraisal. Since such additional modifications are concerned with minor matters, this report recommends that the power to make them is delegated to each of the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy Implementation & Strategic Development), and Planning Policy Team Leader.
- 2.9 At the request of the Inspector, officers may also need to prepare a number of documents including proofs of evidence, technical papers, matter statements, statements of common ground, sustainability appraisals and a schedule of modifications which support the plan. If such a requirement arises it would also be recommended that the authority to 'sign off' these documents on behalf of the Council is delegated to each of the Head of Development, Corporate Director (Delivery), Planning Service Manager (Policy, Implementation & Strategic Development), or Planning Policy Team Leader in order to expedite the examination process and ensure timely adoption of the Local Plan.
- 2.10 Following the examination of the Local Plan and agreement of the aforementioned documents and modifications to the Plan, a further round of public consultation will be held on the main modifications and associated sustainability appraisal at the request

of the Inspector. The responses to this consultation will then be put before the Planning Inspector for consideration. The Inspector will then decide whether any further hearings are necessary, or any issues need to be revisited.

- 2.11 At the end of the examination process the Inspector will present his final conclusion on the Local Plan in the form of a report. If the plan is found 'sound', with any necessary modifications, it can then be formally adopted by the Council through the committee process with final adoption being a matter for full Council.
- 2.12 It should be noted that the timing of the Local Plan hearing sessions and any subsequent examination stages are controlled by the Planning Inspector. Updates on the progress of the Local Plan through its examination will be provided as appropriate. Further information on the Local Plan can also be found at: <http://www.huntingdonshire.gov.uk/planning/new-local-plan-to-2036/>.

3 KEY IMPACTS / RISKS / OPTIONS

- 3.1 The key risk to a Local Plan is that it is found 'unsound' – see details under Legal Implications heading below. Officers will represent the Council at the Local Plan examination and provide further evidence where necessary to justify the soundness and legal compliance of the Huntingdonshire Local Plan to 2036.

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

- 4.1 The production of the Huntingdonshire Local Plan to 2036 and associated evidence relates to the strategic priority of Delivering Sustainable Growth and specifically two associated strategic objectives.
- 4.2 The first objective under the strategic priority is as follows:

“To improve the supply of new and affordable housing, jobs and community facilities to meet future need.”

Our work programme includes:

- *“ensuring an adequate supply of housing to meet objectively assessed needs;*
- *planning and delivering the provision of decent market and affordable housing for current and future needs;*
- *ensuring that there are the right community facilities to accommodate the housing growth.”*

- 4.3 The relevant key actions for 2017/18 are:
- prepare the submission draft of the Local Plan;
 - facilitate delivery of new housing on the large strategic sites at:
 - St Neots
 - Alconbury Weald
 - maintain a 5 year housing supply position

- 4.4 The second related objective under the strategic priority is as follows:
“Support development of infrastructure to enable growth”
Our work programme includes:

- *influencing the development of the Highways and Transport Infrastructure Strategy; and*
- *facilitating the delivery of infrastructure to support housing growth.*

5 LEGAL IMPLICATIONS

5.1 Paragraph 004 Reference ID: 12-004-20160519 of the Planning Practice Guidance (PPG) highlights that during the examination a planning Inspector will assess whether the Local Plan has been prepared in line with the relevant legal requirements (including the duty to cooperate) and whether it meets the tests of ‘soundness’ contained in the National Planning Policy Framework.

5.2 Paragraph 182 of the NPPF sets out the test of ‘soundness’, namely , the plan is:

- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development
- Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence
- Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities
- Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework

6 RESOURCE IMPLICATIONS

6.1 A single Planning Policy earmarked reserve was agreed at the Cabinet meeting of 17 March 2016 enabling money to be drawn down to support production of the evidence base.

7 REASONS FOR THE RECOMMENDED DECISIONS

7.1 To ensure the expeditious running of the examination of the Huntingdonshire Local Plan to 2036 and its timely adoption.

BACKGROUND PAPERS

[Planning and Compulsory Purchase Act 2004](#)

[Huntingdonshire Local Plan to 2036](#)

CORE/12: Local Plan Corrections (in the Council’s Core Documents Library)

[Full Council 13 December 2017 - Minutes](#)

APPENDICES:

N/A

CONTACT OFFICER

Name/Job Title: Frances Schulz, Senior Planning Policy Officer

Tel No: 01480 388432

Email: frances.schulz@huntingdonshire.gov.uk

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Integrated Performance Report 2017/18 – Quarter 4

Meeting/Date: Overview and Scrutiny Panel (Performance and Growth) – 14th June 2018

Executive Portfolio: Executive Councillor for Resources – Councillor Jonathan Gray and Executive Councillor for Digital and Customer – Councillor Darren Tysoe

Report by: Corporate Team Manager and Finance Manager

Wards affected: All

Recommendation

The Overview and Scrutiny Panel is invited to comment on details of delivery of Corporate Plan key actions and corporate indicators, current projects and financial performance information from the Cabinet report attached.

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Integrated Performance Report, 2017/18 Quarter 4
Meeting/Date:	Cabinet, 21 June 2018
Executive Portfolio:	Councillor Jonathan Gray, Executive Councillor for Resources Councillor Darren Tysoe, Executive Councillor for Digital and Customer
Report by:	Corporate Team Manager and Finance Manager
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 to 31 March 2018 and on current projects being undertaken. 'Red' indicators where variance from the target is not acceptable include some where performance results are skewed by short periods of particularly poor performance, e.g. impacts from Quarter 1 and/or 2. These continue to affect results throughout the year even where subsequent performance has exceeded targets. Scheduled performance clinics focus on delivering continuous improvements in all services.

The report also incorporates Financial Performance Monitoring Suite information setting out the financial position at 31 March 2018. It provides outturn figures for revenue and the capital programme. Headlines are:

Revenue – the provisional outturn shows an overspend of £0.5m.

Capital programme – the provisional outturn shows an underspend of £3.1m.

An update on the Commercial Investment Strategy includes details of investments to date and the level of returns these are expected to generate, with information on potential investment opportunities reviewed in Quarter 4 attached at Appendix E.

Recommendations:

The Cabinet 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 Cabinet is also invited to consider and comment on financial performance at the end of March, as detailed in Appendices D, and the register of reviews of Commercial Investment Strategy propositions at Appendix E.

1. PURPOSE

- 1.1 The purpose of this report is to present details of delivery of the Corporate Plan for 2016-18, and project delivery, in the context of the Council's financial performance.

2. BACKGROUND

- 2.1 The Council's Corporate Plan 2016-18 was refreshed for 2017/18 in March 2017 and sets out what the Council aims to achieve in addition to its core statutory services. The information in the summary at **Appendix A** relates to Key Actions and Corporate Indicators listed for 2017/18 and the performance report at **Appendix B** details those with a 'Red' status at the year end.
- 2.2 As recommended by the Project Management Select Committee, updates for projects with a 'Red' status based on latest approved end dates are included at **Appendix C**. Across all programmes there are currently 23 projects which are open, pending approval or pending closure, one project which is on hold and four projects logged which have recently closed.
- 2.3 This report also incorporates financial performance to the end of March. Performance as detailed in sections 4-6 below. Further details are listed in **Appendix D**. A review of the position of Zero Based Budgeting (ZBB) and Line by Line Review savings to date has been carried out and a RAG (Red, Amber or Green) rating for each item is listed at 4.5. Commercial investment propositions reviewed are 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 circulated to Cabinet following their meeting on 6 June.
- 3.2 Progress against Corporate Plan objectives is reported quarterly. The report at **Appendix B** includes details of all Key Actions and Corporate Indicators which had a 'Red' status at the end of Quarter 3. **Appendix C** provides information about projects with a 'Red' status, 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 following table summarises final outturn progress in delivering Key Actions for 2017/18:

Status of Key Actions	Number	Percentage
Green (on track)	37	86%
Amber (within acceptable variance)	6	14%
Red (behind schedule)	0	0%
Awaiting progress update	0	0%
Not applicable	0	0%

Nearly nine out of ten Key Actions were on track at the year end, with none significantly behind schedule.

- 3.5 Final outturn results for 2017/18 Corporate Indicators are shown in the following table:

Corporate Indicator results	Number	Percentage
Green (achieved)	28	55%
Amber (within acceptable variance)	16	31%
Red (below acceptable variance)	7	14%
Awaiting progress update	0	0%
Not applicable (annual/data unavailable)	0	0%

The Council achieved the majority of its targets in 2017/18. Seven indicators missed targets by more than acceptable variance and details of these are shown below. Performance clinics are being held monthly to focus on delivering continuous improvements in all services.

1. The average length of stay of all households placed in B&B accommodation was 7 weeks against a target of 6 weeks. Performance is affected by our ability to move households into alternative forms of temporary accommodation and ultimately into a more settled home – directly influenced by the number of social rented properties becoming available. Alternative sources of temporary accommodation continue to be brought on-line with two suppliers now offering nightly paid self-contained accommodation as an alternative to B&B. The main objective remains to prevent homelessness in the first place thereby avoiding the need to place households into temporary accommodation.
2. The average time between referral of Disabled Facilities Grants (DFGs) to practical completion for minor jobs up to £10,000 was 40.6 weeks against a target of 28 weeks. The new Cambs Home Improvement Agency manager has introduced a performance plan to improve the time taken to complete DFGs and presented the plan to the Overview & Scrutiny Panel (Communities and Environment) in December 2017. The service is improving with time taken in Quarter 4 reduced to 30.9 weeks on average. This demonstrates a marked improvement in speed which is expected to continue.
3. Only £1.1m of the £1.5m planned net budget reductions were achieved in 2017/18, with some savings not achieved, some partially achieved and some foregone as a result of prior savings decisions being overturned during the year.
4. 2017/18 outturn performance showed 1.06 bins were missed per 1,000 household collections against a target of 0.75. Quarter 4 performance was improved at 0.8 per 1,000 household collections, with a considerable decrease in the number of bins missed in March 2018 at 0.59 compared to 2.7 in April 2017 following implementation of new waste rounds. Missed bins also had a significant impact on performance against the next three indicators.
5. While there are concerns with how Stage 1 complaints have been recorded on the corporate system, the high volume of complaints about missed bins in Quarter 1 (prompting more than five times as many formal complaints as in Quarter 1 in 2016/17) contributed to poor performance in resolving promptly (just 74 out of 280 received were responded to within 20 working days in Quarter 1). It was not possible to recover from that position as these complaints outstripped numbers received throughout the rest of the year.
6. Stage 2 complaints also had a poor start in Quarter 1 but the final position was exacerbated by Operations responding late to another two complaints during Quarter 4. Full year performance was below target with 5 out of 23 dealt with late (4 related to Operations services and 1 related to Development).
7. The percentage of calls to Call Centre answered in 2017/18 was 79% against a target of 90%. This was also affected by the number of missed bins with performance lowest between April and September when calls about these were highest. An average answer rate of 86% was achieved in Quarter 4 and the Council is investigating options for an online customer portal and further changes to business process to improve the service level in the coming year.

3.6 The status of corporate projects at the end of March is shown in the following table:

Corporate project status	Number	Percentage
Green (progress on track)	6	38%
Amber (progress behind schedule, project is recoverable)	6	38%
Red (significantly behind schedule, serious risks/issues)	4	25%
Pending closure	3	
Closed (completed)	4	

Four projects have recently been completed with a close-down report signed off and three other projects are currently in the close-down stage. Business cases for a further four projects have not yet been approved and one other project is currently on hold.

Of the projects currently in the delivery stage, four were Red at the end of Quarter 4 and three of those were joint partnership or shared service projects. The Project Management Governance Board has held one-to-one meetings with project managers and has identified that unrealistic timeframes were a common theme for amber/red flags, as well as a lack of up to date governance documentation. Lessons learned are captured through closedown reports and are being shared with all project managers. Details of all Red projects can be found in **Appendix C**.

4. FINANCIAL PERFORMANCE

4.1 Financial Performance Headlines

The Management Accounts include the provisional outturn position for the current financial year and the impact of variations will be incorporated within MTFS. Revenue statements show gross expenditure by service and where some costs are funded by reserves this is shown to provide the net position.

Revenue The approved Budget is £17.2m with the provisional outturn being £17.7m which is an overspend of £0.5m. This represents a reduction of £0.2m from last month's forecast overspend and the main reasons are shown on the next page. Action is still needed to be taken to address this level of the forecast overspend.

MTFS The MTFS has been updated as part of the 2018/19 Budget setting process and any 2017/18 outturn variations that have an impact on future years will be incorporated into future MTFS.

Capital The approved Budget is £9.3m plus the re-phasing of £3.1m giving a revised total Capital Programme of £12.4m (£8.8m net, after taking account specific grants and contributions). The net provisional outturn is £5.7m giving an underspend of £3.1. The reasons for these variances are detailed in paragraph 5.6.

The Financial Dashboard at **Appendix D, Annex E** presents information on take-up of Council Tax Support, NDR and Council Tax collection, miscellaneous debt and New Homes Bonus funding.

4.2 Summary Revenue Forecast variances by Service

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

	Budget £000	Provisional outturn gross £000	Transfers to / (from) reserves £000	Provisional outturn net £000	Forecast (underspend) / overspend £000	Main reasons for variance
Community	1,953	1,837	7	1,844	(109)	<ul style="list-style-type: none"> Restructure and the impact of staffing vacancies during recruitment produced staff savings The fire at Eastfield House resulted in additional costs due to the need to maintain service delivery via outsourcing of printing activity Better than expected income to the service from fees and charges
Customer Services	2,396	2,504	14	2,518	122	<ul style="list-style-type: none"> Additional costs relating to higher volume of homelessness applications Customer service satellite offices remaining open The Housing Benefits budget can have significant variation within each year with the cycle of payments which total c £33m annually – in year variation is common.
ICT	1,721	1,735	0	1,735	14	<ul style="list-style-type: none"> Unplanned work as part of networking/firewall changes
Development	1,132	1,080	(125)	955	(177)	<ul style="list-style-type: none"> Lower Planning Application fee income was off set by additional CIL administration income and other income sources. Delays in recruitment to the new structure produced salary savings
Leisure and Health	(160)	127	(12)	115	275	<ul style="list-style-type: none"> Burgess Hall/Bar (£55k) and Impressions (222k) are the 2 main areas where despite efforts to attract more customers/members, the income did not achieve the budget target. Revenue impacts of delays in delivering the capital programme for OSLN 3G and swimming pool/changing room refurbishment and OLH dryside projects. Education income down on previous years especially at OL Sawtry by (£20) In general terms income is down £646k, but this has been mitigated in parts by savings on employee costs of £269k and building costs of £96k
Operations	4,035	4,832	75	4,907	872	<ul style="list-style-type: none"> Complexity of waste management rounds rescheduling has meant savings have not been achieved in order to ensure delivery of service. Contamination rates are affecting recycling credits and gate fees – this is a country wide issue that is being addressed. S106 funding is drying up. Ageing fleet (although replaced in Nov 17) contributed to higher transport costs
Resources	4,423	4,291	(91)	4,200	(223)	<ul style="list-style-type: none"> Higher insurance premium costs CIS acquisitions behind schedule (i.e. reduced income) but compensated due to reduced MRP costs Additional grant and property fund MRP saving and higher income from existing commercial properties is off-setting the items above
Directors and Corporate	1711	2052	(607)	1,445	(266)	<ul style="list-style-type: none"> Balance from Mayoral, County, PCC and EU Referendum Elections Saving from having no district elections this year Staff savings due to some seconded officers not being backfilled and other vacancies held Reduced income from Land Charges
Total	17,211	18,458	(739)	17,719	508	

4.3 Further analysis of the revenue variance and service commentary are at **Appendix D**. This provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the overspend.

4.4 ZBB Savings Foregone

The table below provides the impact of the ZBB savings on the forecast outturn which have subsequently been overturned.

Forecast outturn	£000	£000
2017/18 Forecast outturn		707
ZBB savings reversed:		
- Closure of Customer Services Centres	(23)	
- Document Centre (income foregone)	(67)	
- Car parks (income foregone and rationalisation)	(208)	
- Grass cutting (income foregone)	(70)	
- CCTV (income foregone)	(25)	(453)
2017/18 Forecast outturn – if ZBB proposals had not been reversed		254

4.5 ZBB and Line by Line Review Savings Progress

As part of the budget setting process for 2017/18, £1.9m of ZBB and Line by Line Review 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.

	ZBB		Line by Line	
	Savings target	Achieved by category	Savings target	Achieved by category
	£000	%	£000	%
Red	95	0	263	0
Amber	149	61	146	82
Green	591	100	292	100
Total	835	82	701	59

Red – savings not achieved

Amber – savings have not been fully achieved yet at this time

Green – savings have been achieved or will be achieved in year

4.6 Medium Term Financial Strategy

The provisional outturn for 2017/18 shows an overspend of £0.5m and will have some impact on the MTFs. Future MTFs will be updated where the outturn has an impact over the new MTFs period (2019/20 to 2022/23).

5. CAPITAL PROGRAMME

5.1 The approved gross Capital Programme 2017/18 is £9.3m plus the re-phasing of £3.1m giving a revised total Capital Programme for 2017/18 of £12.4m.

5.2 The provisional gross expenditure outturn is £8.5m (69% of budget for the year). The Capital Programme has a net underspend of £3.1m for 2017/18, this includes underspends, re-phasings and other variations.

Variation Commentary Summary		£000s
	Overspend	
	Development – DFGs The overspend is based on the current level of demand from clients. This is partly offset by private donations which are forecast to exceed the budget by £0.119m, this is a net overspend of £0.631m.	777
	Development One Leisure St Ives Payment of retention for the scheme that was completed in 2012.	49
	One Leisure Development Huntingdon During the development the opportunity has been taken to upgrade associated facilities, whilst this had lead to extra cost the customer experience will be enhanced.	27
	Audio Visual Equipment This equipment has now been replaced in the Civic Suite with the best tedered price exceeding the cost allocation.	10
	New FMS Due to the extended implementation period expenditure has increased.	80
	One Leisure Changing Facilities This small amount will be funded from an earmarked reserve.	6
	Operations – Play Equipment Extra equipment purchases.	1
	Virtual Server Expenditure on the changes to the server network has exceeded the budget because of extra consultancy work required during the upgrade (This is HDC's share)	39
	Underspend	
	Operations – Vehicle Fleet Replacement A saving has resulted from actual prices of vehicles being less than that estimated at the procurement stage.	(98)
	One Leisure St Ives – Burgess Hall Bar shutters were included in the original estimate, but SMT decided that these should not be fitted.	(44)
	Resources – Clifton Road Industrial Unit and Levellers Lanes The roofing schemes are now complete for Levellers Lane and Phoenix Court, the Clifton Road scheme is now complete.	(20)
	3CS ICT - Telephones The scheme is complete with the tender price marginally under the allocation	(1)
	Huntingdon West Development Payments relating to the CPO are still on-going	(20)
	Wheeled Bins The number of bins required is less than expected due to the use of bins in stock	(25)
	Rephase	
	Transformation The projects committed to from this budget, in the main Council Anywhere have not commenced in 2017/18, and it is expected that these projects will be completed in early 2018/19.	(1,000)
	Flexible Working Improvements to mobile phone and mobile phones management have cost less than expected	(15)
	Operations – Salix The budget available has been reduced based on the amount of work that was completed in previous years.	(55)
	One Leisure Improvements A scheme for works at St Neots Pool has not been completed in the year, and this is now subject to rephase to complete in early 2018/19.	(40)
	Resources – FMS Archive and cash Receipting With the delay of the Technology One project this work has also been delayed	(16)

Variation Commentary Summary		£000s
	Resources – Loan to Huntingdon Town Council, Medway Replacement Draft drawings have been completed with a Pre-App meeting already held, from which the architect is now completing final drawing ready for submission for Planning Permission during this month. There is a 13 week planning period and 6 week tender period, the anticipated draw down is programmed for June 2018. There is no MRP on this scheme.	(800)
	Resources – Investment in HDC Ventures The Council's company will not now be incorporated until 2018/19	(100)
	Community – CCTV Wi-Fi and Cameras HDC Ventures will not be commencing operation until 2018/19. Once partnership arrangements have been sorted out this budget will be allocated	(510)
	Operations – Back Office This scheme has been moved to 2018/19 while options have been considered	(135)
	Resources – Bridge Place Car Park This scheme has been delayed while Secretary of State approval is sought to use common land to park on	(304)
	Leisure – Astroturf Pitch and Pool St Neots One Leisure Lease negotiations between HDC & St. Neots Learning Partnership has now been successfully concluded, with the main sticking point over the Security of Tenure having been resolved. The school has now forwarded the Lease Agreement to the Dept of Education for the authorisation to release the land. The Draft Lease was sent to the Dept of Education in Nov. 2017 and an outcome is anticipated in early 2018. The goal is for the pool works to be completed prior to the 2018 summer holidays and the 3G pitch to be completed in time for the start of the new academic year in Sept. 2018.	(394)
	Operations – Refit Projects Following the finalisation of the lease at One Leisure St Neots, the refit improvements to that centre has now been put back into the programme. Work on the boilers at St Ives and building engineering management at each site has also been rephased.	(477)
	Printing Equipment The purchase of printing has been paused at the tender selection stage whilst the implications of HDC Ventures are thought through.	(176)
	Pathfinder House Works are still ongoing and it expected that the payment from DWP will be received in 2018/19, and that the project will come in on budget	158
	VAT Partial Exemption This budget will be rephased to meet VAT costs	(33)
	Total	(3,116)

5.3 The net spend on the Council's Capital Programme is financed via borrowing which has a revenue implication through the Minimum Revenue Provision (MRP).

5.4 Appendix D, Annexes C and D provide the following information:

Annex C provides details by scheme with proposed rephasing, expenditure to date and forecast outturn.

Annex D details the financing of the Capital Programme showing the funding from grants and contributions, capital receipts, use of earmarked and capital reserves and internal borrowing

6. UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY

6.1 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.

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

CIS Investments	Budget (£'000)	Outturn (£'000)	Variance (£'000)
Cash Investments			
CCLA Property Fund	(162)	(177)	(15)
Total Cash Investments	(162)	(177)	(15)
Property Investments			
Property Rental Income	(5,038)	(3,285)	1,753
MRP	1,896	0	(1,896)
Net Direct Property Income	(3,142)	(3,285)	(143)
Management Charge	144	2	(142)
Total Property Investments	(2,998)	(3,283)	(285)
TOTAL	(3,160)	(3,460)	(300)

6.3 Investments

Between January 2018 and end March 2018, 32 properties have been investigated as potential CIS investment opportunities. Significant work has been undertaken on a number of local investment opportunities. Our bid on property in Hinchingsbrooke was unfruitful as the owner ultimately decided not to sell due to lack of alternative investment opportunities open to them. A current bid in St Neots on a leisure property has just been accepted and subject to Cabinet approval. Further local opportunities (retail and distribution) are awaiting leases to be completed before being offered for sale and we are in an early bidder position for these. A summary of opportunities is included in **Appendix E**.

Returns from the CCLA property fund have remained at the 2016/17 level (circa 4.5%). Other investment vehicles such as bank deposits and money market funds interest rates continue to be low.

To date the majority of the Council's investments have been funded from earmarked reserves or cash balances with a £5m loan from PWLB secured for the acquisition at Fareham, the balance of the purchase price and acquisition costs was met from earmarked reserves.

7. COMMENTS OF OVERVIEW & SCRUTINY PANELS

7.1 Comments from the Overview and Scrutiny (Performance and Customers) Panel will be circulated separately to Cabinet following the Panel's meeting on 14 June 2018.

8. RECOMMENDATIONS

8.1 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**.

8.2 The Panel is also invited to consider and comment on financial performance at the end of March, as detailed in section 4 and in **Appendix D**, and the register of reviews of Commercial Investment Strategy propositions at **Appendix E**.

9. LIST OF APPENDICES INCLUDED

Appendix A – Performance Summary, Quarter 4, 2017/18

Appendix B – Corporate Plan Performance Report ('Red' status), Quarter 4, 2017/18

Appendix C – Project Performance ('Red' status), March 2018

Appendix D – Financial Performance Monitoring Suite (FPMS) including:

Annex A – Revenue Provisional Outturn and Service Commentary March 2018

Annex B – Movements to Earmarked Reserves 2017/18
Annex C – Capital Programme Provisional Outturn, March 2018
Annex D – Capital Programme Funding 2017/18
Annex E – Financial Dashboard, March 2018

Appendix E – Register of reviews of CIS investment propositions 2017/18

CONTACT OFFICERS

Corporate Plan Performance Monitoring (Appendices A and B)

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

Project Performance (Appendix C)

Adrian Dobbyne, Corporate Team Manager ☎ (01480) 388100

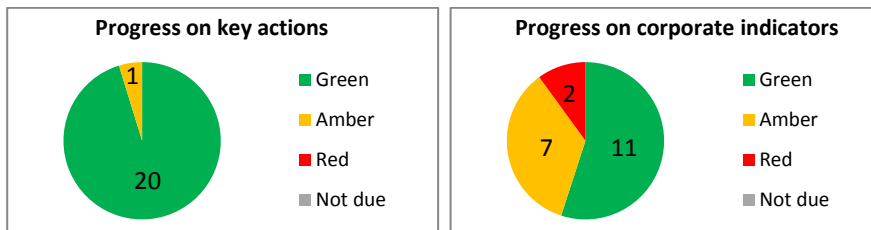
Financial Performance (Appendices D and E)

Paul Loveday, Interim Finance Manager ☎ (01480) 388605

Performance Summary Quarter 4, 2017/18

Enabling communities

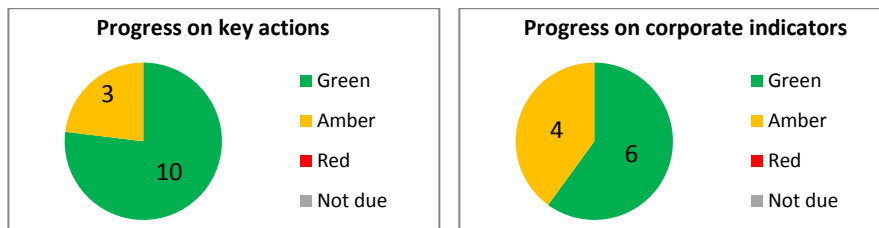
We want to make Huntingdonshire a better place to live, to improve health and well-being and for communities to get involved with local decision making



Highlights include an increase in the number of fines issued for littering from a vehicle.

Delivering sustainable growth

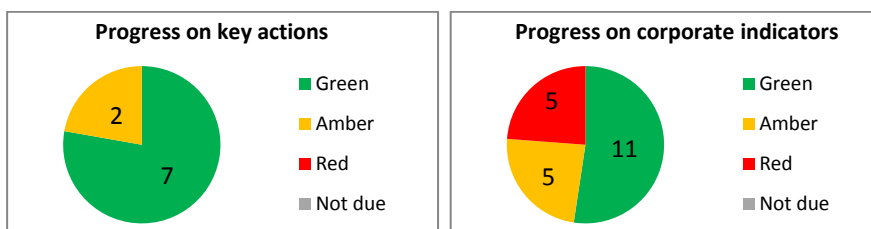
We want to make Huntingdonshire a better place to work and invest and we want to deliver new and appropriate housing



Highlights include the Local Plan to 2036 being submitted in March 2018.

Becoming a more efficient and effective council

We want to continue to deliver value for money services



Highlights include receiving £3.3m in Commercial Estate rental and Property Fund income (net of MRP - Minimum Revenue Provision), with income growth leveraged through new lettings and renewal of existing leases.

STRATEGIC THEME – ENABLING COMMUNITIES

Period January to March 2018

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
	20		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
	11		7		2		0		0

Corporate Performance and Contextual Indicators

Performance Indicator	Full Year 2016/17 Performance	Annual 2017/18 Target	Outturn 2017/18 Performance	Outturn 2017/18 Status
PI 6. Average length of stay of all households placed in B&B accommodation Aim to minimise	5.1 weeks	6 weeks	7 weeks	R
Comments: (Customer Services) This is affected by our ability to move households into alternative forms of temporary accommodation and ultimately into a more settled home – directly influenced by the number of social rented properties becoming available. Successful preventions also play an important part in preventing people hitting a crisis point and requiring a placement into temporary accommodation. Alternative sources of temporary accommodation continue to be brought on-line with two suppliers now offering nightly paid self-contained accommodation as an alternative to B&B. There are c.30 units of this type in use as well as c.20 households placed in B&B. It provides a better quality and more cost effective option than B&B but the main objective remains to prevent homelessness in the first place thereby avoiding the need to place households into temporary accommodation.				

Performance Indicator	Full Year 2016/17 Performance	Annual 2017/18 Target	Outturn 2017/18 Performance	Outturn 2017/18 Status
PI 8. Average time between date of referral of Disabled Facilities Grants (DFGs) to practical completion for minor jobs up to £10,000 Aim to minimise	35.8 weeks	28 weeks	40.6 weeks	R
Comments: (Development) The Cambs Home Improvement Agency recruited a new manager in Summer 2017. The new manager has introduced a performance plan to improve the time taken to complete DFGs and presented the plan at the December 2017 Overview & Scrutiny Panel (Communities and Environment) meeting. Although time taken to complete a DFG is still much longer than the target, the service is improving: time taken between referral and completion in Q1 = 44.7 weeks, Q2 = 44.4 weeks, Q3 = 41.1 weeks and Q4 = 30.9 weeks. This demonstrates a marked improvement in the speed of providing DFGs which is expected to continue.				

STRATEGIC THEME – DELIVERING SUSTAINABLE GROWTH

Period January to March 2018

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
	10		3		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
	6		4		0		0		0

STRATEGIC THEME – BECOMING A MORE EFFICIENT AND EFFECTIVE COUNCIL

Period January to March 2018

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
7		2		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
11		5		5		0		0	

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Corporate Performance and Contextual Indicators

Performance Indicator	Full Year 2016/17 Performance	Annual 2017/18 Target	Outturn 2017/18 Performance	Outturn 2017/18 Status
PI 24. Number of missed bins per 1,000 household collections Aim to minimise	N/A	0.75	1.06	R
Comments: (Operations) March saw a considerable decrease in the number of bins missed with 0.59 missed per 1,000 collections, giving Q4 performance of 0.80 and an annual performance of 1.06.				
PI 34. Planned net budget reductions achieved Aim to maximise	£1.9m	£1.5m	£1.1m (provisional)	R
Comments: (Resources) Some savings were not achieved, some were partially achieved and some were foregone as a result of prior savings decisions being overturned during the year. Further details are provided at section 4.3 and 4.4 of the Integrated Performance Report.				
PI 38a. Percentage of stage 1 complaints resolved within time Aim to maximise	78%	98%	n/a	R

Performance Indicator	Full Year 2016/17 Performance	Annual 2017/18 Target	Outturn 2017/18 Performance	Outturn 2017/18 Status
Comments: (Corporate Team) Concerns about the lack of stage 1 complaints recorded on the corporate system (only 5 in Q2 compared to 61 last year and 280 in Q1) are unresolved so we are unable to report accurately on this indicator. However, the high volume of late responses in Q1 (when 206 complaints were dealt with late, mostly relating to missed bin collections) means that overall performance for the year would have been well below target.				
PI 38b. Percentage of stage 2 complaints resolved within time Aim to maximise	89%	98%	78%	R
Comments: (Corporate Team) 60% of Stage 2 complaints received in Q4 were responded to on time but Operations were late in responding to both of their complaints. Cumulative year to date performance was below target with 5 out of 23 dealt with late (4 relating to Operations and 1 to Development).				
PI 40. Percentage of calls to Call Centre answered Aim to maximise	n/a	90%	79%	R
Comments: (Customer Services) In the last quarter an average answer rate of 86% was achieved. The yearly figure is influenced by lower performance between April and September. HDC is investigating options for an online customer portal and further changes to business process to improve our service level in the coming year.				

Appendix C: Project Performance, End of Financial Year 2017/18

Red = Project is significantly behind schedule, seriously over budget, serious risks/issues have been identified or there is a lack of governance documentation	Amber = Progress is behind schedule, over budget, 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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Projects relating to Huntingdonshire District Council services/facilities only:

Title / Purpose of Project / Programme / Project Manager / Sponsor	Original End Date (as PID)	RAG Status to Original Date	Revised End Date (approved Project Board)	Expected End Date (as Project Status)	Status Update / Programme Office comments	RAG Status	Latest Update Date
Leisure Invest to Save Opportunities Explore further opportunities for invest to save schemes including the conversion of synthetic pitch at St Neots. Programme: Facing the Future Project Manager: Jon Clarke (Leisure) Project Sponsor: <i>Previously Cllr Daryl Brown</i>	30/09/15	Red Historical delays due to legal issues with the lease.	02/09/18	02/09/18	A revised tender report was received on 09/03/18 identifying the same company as the most suitable to be appointed, however prices have increased by approx. 13-15% since March 2016. This increase is a result of increases in material costs but also surface performance changes introduced by FIFA, and adopted by Sport England. Consideration will need to be given to the scope of the work or seeking additional funding. It is anticipated that work could start at the end of May 2018 for completion by the end of August 2018.	Red	21-Mar-18

3C IT Projects where Huntingdonshire District Council is a customer

Title / Purpose of Project / Programme / Project Manager / Sponsor	Original End Date (as PID)	RAG Status to Original Date	Revised End Date (approved Project Board)	Expected End Date (as Project Status)	Status Update (In Flight) / Programme Office comments	RAG Status to Revised End Date	Latest Update Date
Mobile Phone Contract Procurement The current HDC contract ended in May 2017; CCC and SCDC are both out of contract. Programme: 3C Shared Services Project Manager: Caroline Huggon (3C ICT) Project Sponsor: Emma Alterton	TBC	TBC	31/03/2018	31/03/2018	The rollout of smart phones is now well underway at both SCDC and HDC. The pre-requisite work is due to start for CCC in the middle of March. We are currently working on populating the corporate App Store so new iPhone users will start to see more applications available to download in due course.	Red	12-Mar-18

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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Title / Purpose of Project / Programme / Project Manager / Sponsor	Original End Date (as PID)	RAG Status to Original Date	Revised End Date (approved Project Board)	Expected End Date (as Project Status)	Status Update (In Flight) / Programme Office comments	RAG Status to Revised End Date	Latest Update Date
Server Room Consolidation Project To consolidate the three council's server rooms which will in turn improve flexibility and growth options, mitigate the current risks of out of support and aging hardware, leverage financial benefits and improve operation services. Programme: 3C Shared Services Project Manager: Martin Steadman (3C ICT) Project Sponsor: Fiona Bryant	TBC	TBC	31/03/2018	31/03/2018	Work is progressing with this project but unfortunately issues are being experienced with 3rd party suppliers, which has had an impact on timescales. These are currently being discussed with the Project Team.	Red	12-Mar-18

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Other Shared Service Projects where Huntingdonshire District Council is a customer

Title / Purpose of Project / Programme / Project Manager / Sponsor	Original End Date (as PID)	RAG Status to Revised End Date	Revised End Date (approved Project Board)	Expected End Date (as Project Status)	Status Update (In Flight) / Programme Office comments	RAG Status to Original Date	Latest Update Date
Implementation of Financial Management System To introduce a new Financial Management System across the council. Programme: 3C Shared Services Project Manager: Andrew Buckell (3C ICT)	TBC	Red	31/10/17	31/10/17	Capita have agreed to a new sign off of 26/1 and implement 6/2 however still 9 items with Capita. Go cash reconciliation to be fully tested. AR data migration issues being addressed and AR fixes arriving 5/2 which is late for UAT to complete 28/2. Programme Office: Lack of updates will be raised at SMT.	Red	15-Jan-18 (Via Bitrix Highlight Report)

Financial Performance Monitoring Suite, March 2018 Provisional Outturn 2017/18

Executive Summary

This report sets out the provisional financial position at 31 March 2018. The actual outturn position cannot be confirmed until after the final accounts have been audited. The headlines are:

Revenue - the provisional outturn shows an overspend of £0.5m, this is £0.2m below the £0.7m overspend forecast in February 2018. The spread of this net figure over the Heads of Service has changed since the February forecast and is shown in the table at 2.1.

Reserves - The expected surplus for the year to be transferred to reserves is £3.6m. The bulk of this, £2.2m, will transfer to the budget surplus reserve to off-set future budget deficits. Some will remain in the General Fund reserve to maintain the 15% minimum level of reserves required. The remaining additional balance will be allocated:-

- £0.5m to the Market Towns Investment Fund
- £0.25m to the Transformation Reserve
- £0.25m to the Commercial Investment Fund
- £0.35m to the Collection Fund Reserve

The movements on useable reserves are shown in Annex B.

Capital programme – The provisional outturn shows an underspend of £3.1m. This was previously forecast to be an underspend of £1.7m in February 2018.

1. Financial Performance Headlines

This financial year the monthly management accounts show the gross expenditure by service. Where costs are funded by reserves, this is shown to provide the net position.

Revenue The approved Budget is £17.2m and the Provisional Outturn is £17.7m which is an over spend of £0.5m. This is a reduction of £0.2m on the forecast at the end of February. However, there have been some large variations at service level when compared to last month's forecast. The main reasons for the service variations are shown on the next page. Action still needs to be taken to address this level of forecast overspend.

Capital The approved Budget is £9.3m plus the re-phasing of £3.1m giving a revised total Capital Programme of £12.4m (£8.8m net, after taking account specific grants and contributions). The net provisional outturn is £5.7m giving an under spend of £3.1m compared to last month's Forecast underspend of £1.7m. The reasons for this variation are detailed at 5.

2. Summary Revenue Forecast variances by Service

2.1 The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

Service	Budget	Provisional Outturn - gross	Transfers to / (from) reserves	Provisional Outturn - net	Variance (underspend) / overspend	Change to Previous Month's Forecast Outturn	Main reasons for variance
	£000	£000	£000	£000	£000	£000	
Community	1,953	1,837	7	1,844	(109)	(47)	<ul style="list-style-type: none"> Restructure and the impact of staffing vacancies during recruitment produced staff savings The fire at Eastfield House result in additional costs due to the need to maintain service delivery via outsourcing of printing activity Better than expected income to the service from fees and charges
Customer Services	2,396	2,504	14	2,518	122	(20)	<ul style="list-style-type: none"> Additional costs relating to higher volume of homelessness applications Customer service satellite offices remaining open. The Housing Benefits budget can have significant variation within each year with the cycle of payments which total c£33 million annually – meaning some in year variation is common.
ICT	1,721	1,735	0	1,735	14	(160)	<ul style="list-style-type: none"> Unplanned work as part of networking/firewall changes.
Development	1,132	1,080	(125)	955	(177)	(121)	<ul style="list-style-type: none"> Lower Planning Application fee income was off set by additional CIL administration income and other income sources Delays in recruitment to the new structure produced salary savings
Leisure and Health	(160)	127	(12)	115	275	20	<ul style="list-style-type: none"> Burgess Hall / Bar (£55K) and Impressions (£222K) are the two main areas where, despite efforts to attract more customers / members, the income did not achieve the budget target. Revenue impacts of delays in delivering the capital programme for OSLN 3G and swimming pool / changing room refurbishment and OLH dryside projects. Education income down on previous years especially at OL Sawtry by (£20K). In general terms Income is down £646K, but this has been mitigated in parts by savings on employee costs of £269K and building costs of £96K.
Operations	4,035	4,832	75	4,907	872	170	<ul style="list-style-type: none"> Complexity of waste management rounds rescheduling has meant savings have not been achieved this year, in order to ensure delivery of service. Contamination rates are affecting recycling credits and gate fees - this is a county wide issue that is being addressed. S106 Funding drying up. Ageing fleet (although replaced in Nov-17) contributed to higher transport costs.
Resources	4,423	4,291	(91)	4,200	(223)	(44)	<ul style="list-style-type: none"> Higher insurance premium costs CIS acquisitions behind schedule (i.e. reduced income) but compensated due to reduced MRP costs Additional grant and property fund MRP saving and higher income from existing commercial properties is off-setting the items above
Directors & Corporate	1,711	2,052	(607)	1,445	(266)	43	<ul style="list-style-type: none"> Balance from Mayoral, County, PCC and EU Referendum Elections Saving from having no District elections this year Staff savings due to some seconded officers not being backfilled and other vacancies held Reduced income from Land Charges
Total	17,211	18,458	(739)	17,719	508	(159)	

2.2 Further analysis of the variance and service commentary are at **Annex A**. This provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the over spend.

2.3 ZBB Savings Foregone

The table below provides the impact of the ZBB savings on the forecast outturn which have subsequently been overturned.

Forecast outturn	£000	
2017/18 Forecast outturn		707
ZBB savings reversed:		
- Closure of Customer Services Centres	(23)	
- Document Centre (income foregone)	(67)	
- Car parks (income foregone and rationalisation)	(268)	
- Grass cutting (income foregone)	(70)	
- CCTV (income foregone)	(25)	(453)
2017/18 Forecast outturn – if ZBB proposals had not been reversed		254

3. Medium Term Financial Strategy

The provisional outturn for 2017/18 shows an overspend of £0.5m. The new MTFS period (2019/20 to 2022/23) incorporated adjustments for 2017/18 variances that were likely to impact later years. Now that the final position for 2017/18 is known these assumptions will be revisited in 2018/19 monitoring to see if there is likely to be an additional impact over the MTFS period.

4. Financial Dashboard

The Financial Dashboard is attached as **Annex D**. It provides information on the Council Tax Support scheme, NDR and Council Tax collection rates and a New Homes Bonus forecast.

5. Capital Programme

The approved gross Capital Programme 2017/18 is £9.3m. As part of the Quarter 4 Integrated Performance Suite, Cabinet (22/06/17) approved the rephasing of schemes from 2016/17 to 2017/18 totalling £3.1m, to give the total Capital Programme for 2017/18 of £12.4m.

The gross expenditure to date is £8.5m (68% of Budget) and the Capital Programme is forecast to have a net underspend of £3.1m, this includes underspends, rephasings and other variations. The forecast overspend on DFGs is partly funded from additional grants,

Variation Commentary Summary		£000s
<u>Overspend</u>		
Development – DFGs		777
The overspend is based on the current level of demand from clients. This is partly offset by private donations which are forecast to exceed the budget by £0.119m, this is a net overspend of £0.631m.		
Development One Leisure St Ives		49
Payment of retention for the scheme that was completed in 2012.		
One Leisure Development Huntingdon		27
During the development the opportunity has been taken to upgrade associated facilities, whilst this had lead to extra cost the customer experience will be enhanced.		
Audio Visual Equipment		10
This equipment has now been replaced in the Civic Suite with the best tendered price exceeding the cost allocation.		
New FMS		80
Due to the extended implementation period expenditure has increased.		
One Leisure Changing Facilities		6
This small amount will be funded from an earmarked reserve.		
Operations – Play Equipment		1
Extra equipment purchases.		
Virtual Server		39
Expenditure on the changes to the server network has exceeded the budget because of extra consultancy work required during the upgrade (This is HDC's share)		
<u>Underspend</u>		
Operations – Vehicle Fleet Replacement		(98)
A saving has resulted from actual prices of vehicles being less than that estimated at the procurement stage.		
One Leisure St Ives – Burgess Hall		(44)
Bar shutters were included in the original estimate, but SMT decided that these should not be fitted.		
Resources – Clifton Road Industrial Unit and Levellers Lanes		(20)
The roofing schemes are now complete for Levellers Lane and Phoenix Court, the Clifton Road scheme is now complete.		
3CS ICT - Telephones		(1)
This scheme is complete with the tender price being marginally under the allocation.		
Huntingdon West Development		(20)
Payments relating to the CPO are still on-going		
Wheeled Bins		(25)
The number of bins required is less than expected due to the use of bins in stock		
<u>Rephase</u>		
Transformation		(1,000)
The projects committed to from this budget, in the main Council Anywhere have not commenced in 2017/18, and it is expected that these projects will be completed in early 2018/19.		
Flexible Working		(15)
Improvements to mobile phone and mobile phones management have cost less than expected		
Operations – Salix		(55)
The budget available has been reduced based on the amount of work completed in previous years.		

Variation Commentary Summary		£000s
One Leisure Improvements A scheme for works at St Neots Pool has not been completed in the year, and this is now subject to rephase to complete in early 2018/19.		(40)
Resources – FMS Archive and cash Receipting With the delay of the Technology One project this work has also been delayed		(16)
Resources – Loan to Huntingdon Town Council, Medway Replacement Draft drawings have been completed with a Pre-App meeting already held, from which the architect is now completing final drawing ready for submission for Planning Permission during this month. There is a 13 week planning period and 6 week tender period, the anticipated draw down is programmed for June 2018. There is no MRP on this scheme.		(800)
Resources – Investment in HDC Ventures The Council's company will not now be incorporated until 2018/19		(100)
Community – CCTV Wi-Fi and Cameras HDC Ventures will not be commencing operation until 2018/19. Once partnership arrangements have been sorted out this budget will be allocated		(510)
Operations – Back Office This scheme has been moved to 2018/19 while options have been considered		(135)
Resources – Bridge Place Car Park This scheme has been delayed while Secretary of State approval is sought to use common land to park on		(304)
Leisure – Astroturf Pitch and Pool St Neots One Leisure Lease negotiations between HDC & St. Neots Learning Partnership has now been successfully concluded, with the main sticking point over the Security of Tenure having been resolved. The school has now forwarded the Lease Agreement to the Dept of Education for the authorisation to release the land. The Draft Lease was sent to the Dept of Education in Nov. 2017 and an outcome is anticipated in early 2018. The goal is for the pool works to be completed prior to the 2018 summer holidays and the 3G pitch to be completed in time for the start of the new academic year in Sept. 2018.		(394)
Operations – Refit Projects Following the finalisation of the lease at One Leisure St Neots, the refit improvements to that centre has now been put back into the programme. Work on the boilers at St Ives and building engineering management at each site has also been rephased.		(477)
Printing Equipment The purchase of printing has been paused at the tender selection stage whilst the implications of HDC Ventures are thought through.		(176)
Pathfinder House Works are still ongoing and it expected that the payment from DWP will be received in 2018/19, and that the project will come in on budget		158
VAT Partial Exemption This budget will be rephased to meet VAT costs		(33)
Total		(3,116)

This process of managing under/over spends on the programme is managed by the Finance and Performance Governance Board. Factors such as preliminary work and planning, unexpected resource issues and others can lead to variations.

The net spend on the Council's Capital Programme is financed via borrowing which has a revenue implication through the Minimum Revenue Provision (MRP).

Annexes C and D provide the following information:

Annex C – the Capital Programme by scheme with proposed rephasing, expenditure to date and forecast outturn.

Annex D – the financing of the Capital Programme showing the funding from grants and contributions, capital receipts, use of earmarked and capital reserves and internal borrowing.

Service Commentary

Annex A

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. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the overspend.

Revenue Forecast Outturn	2017/18 Draft Provisional Outturn						
	Budget	Provisional Outturn (Gross)	Use of Reserves to Fund Exp	Contribution to Reserves	Net Service Provisional Outturn	Net Variation	
	£'000	£'000	£'000	£'000	£'000	£'000	%
Revenue by Service:							
Community	1,953	1,837		7	1,844	(109)	-5.6
Customer Services	2,396	2,504	(13)	27	2,518	122	5.1
ICT Shared Service	1,721	1,735			1,735	14	0.8
Development	1,132	1,080	(342)	217	955	(177)	-15.6
Leisure & Health	(160)	127	(37)	25	115	275	171.9
Operations	4,035	4,832	(168)	243	4,907	872	21.6
Resources	4,423	4,291	(181)	90	4,200	(223)	-5.0
Directors and Corporate	1,711	2,052	(607)		1,445	(266)	-15.5
Net Revenue Expenditure	17,211	18,458	(1,348)	609	17,719	508	3.0
Contributions to/(from) Earmarked Reserves	0	(739)				(739)	0.0
Service Contribution to Reserves	2,966	2,458				(508)	-17.1
Budget Requirement (Services)	20,177	20,177					
Financing:-							
Taxation & Government Grants	(10,477)	(11,025)				(548)	5.2
Contribution to/(from) Reserves	(1,534)	(986)				548	-35.7
Council Tax for Huntingdonshire DC	(8,166)	(8,166)					

Note:

Red – over spend by 2% or more

Amber – underspend by more than 4%

Green – overspend up to 2% and underspend up to 4%

Service Provisional Outturn as at 31st March 2018

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Provisional Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Provisional Outturn (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of Community						
4,300	Head Of Community Total	89,875	87,714	6,612	94,326	4,451	
11,063	C C T V Total	(70,393)	(59,330)	0	(59,330)	11,063	Review of income recognised error in invoicing, error corrected resulted in in-year refund of overpayments Action on Overspend - To be recovered in service
(7,102)	C C T V Shared Service Total	256,389	244,649	0	244,649	(11,740)	Savings due to vacant posts within the year and better than expected income from the year, overset by high than expected costs for the maintenance of the camera network
24,095	Commercial Team Total	293,803	311,601	0	311,601	17,798	Savings from the delayed recruitment to posts vacated during the restructure of the service, offset by redundancy costs charged to service, lower than expected income from traded activities including training and primary authority Action on Overspend - The redundancy costs are one-off and can be covered by savings within the division.
(6,890)	Corporate Health & Safety	102,622	96,208	0	96,208	(6,414)	
(21,671)	Licensing	(137,464)	(182,448)	0	(182,448)	(44,984)	Predicting higher than expected income on licensing at this point in the year, particularly from Licensing Act 2003 licensed premises, and in increase in the number of licensed Hackney Carriage and Private Hire vehicles. Budget process impacted by process changes including direct payment for DBS checks by the applicants , and increased costs for vehicle inspections
(31,813)	Community Team	624,632	573,569	0	573,569	(51,063)	Promotion of the Council's pest control service during 2017/18 seeks to increase income along with increased Environmental Enforcement activity resulting from the Community restructure. Savings predicted from the salaries budget due to part-time working within a number of the Community team posts. Impacted by costs of implementation for the Public Space Protection Order for Dog Control, including the purchase of replacement PSPO signage, and higher than expected rental costs
(38,745)	Environmental Protection Team	379,555	330,798	0	330,798	(48,757)	Savings from the recruitment to posts arising from the restructure of the Community service combined with better than expected income, offset by higher than budgetted supplies and services
5,884	Emergency Planning	11,575	5,906	0	5,906	(5,669)	
(4,859)	Environmental Health Admin	139,140	133,624	0	133,624	(5,516)	
3,431	Document Centre	263,426	294,928	0	294,928	31,502	Impact of outsourcing of printing activities during the recovery from the fire at Eastfield House. Action on Overspend - recovery of costs from the insurance claim, costs recovered in service.
(62,306)		1,953,160	1,837,221	6,612	1,843,833	(109,327)	

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of Customer Services						
(182)	Head of Customer Services	97,080	63,378	27,039	90,417	(6,663)	
1,744	Local Tax Collection	(226,770)	(226,059)	0	(226,059)	711	
49,004	Housing Benefits - Homeless	281,996	359,065	0	359,065	77,069	Reflects higher numbers of homeless placed in Bed & Breakfast accommodation. This is the net cost to HDC after taking into account customers income and Government subsidy. Use of B&B is necessary as no alternatives are available. Longer term solutions are being pursued. The 2018/19 MTFB budget was increased as this higher level of expenditure is expected to continue in the short term.
115,997	Housing Benefits - Other	637,731	764,055	(12,779)	751,276	113,545	Additional contribution to bad debt provision of £26k was required. Net £35k increase on benefits payments - this is a very large budget with £33million in benefit payments moving in/out of it annually, a variation of this amount is not uncommon. Of the remaining variation, £19k extra was spent on staff, summons cost recovered were £23k lower than expected and £13k of project related expenditure will be covered by reserves. These variations are not likely to continue into future years.
(22,277)	Council Tax Support	(134,894)	(156,193)	0	(156,193)	(21,299)	(£20k) of old Council Tax Benefits overpayments recovered.
(9,896)	Housing Needs	917,332	863,797	0	863,797	(53,535)	New Burdens grant for Homeless Act implementation (£56k). Higher bad debt provision £18k. Staff savings on vacant posts (£32k). Higher expenditure on homeless families £19k
8,010	Customer Services	823,404	836,200	0	836,200	12,796	Staff savings in the main CSC are helping to off-set the additional costs of keeping the satellite offices open. The 2018/19 MTFB budget was increased to cover the continuing cost of the satellite offices.
142,400		2,395,879	2,504,242	14,260	2,518,502	122,623	

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of ICT Shared Service						
173,722	ICT Shared Service	1,721,333	1,735,067	0	1,735,067	13,734	Over the past 3 months a considerable amount of work has been conducted to critically review all 3C ICT transactions against the original business case, verify with partners forecast costs and ensure partners were recharged appropriately for items not included in the original transferred budgets. Many of the issues are due to a member of staff who is no longer with the service and poor accounting processes within 3C ICT. With over 2000 transactions to cross correlate again the FMS and original budgets this has taken considerable time and also required partner review. The net effect is that there has been a large number of forecast transactions removed/updated, moved to the correct partner cost centres and considerable recharging activity resulting in a positive movement in the budgets for HDC. The swing in February occurred when partners accepted the charges. Moving forward processes to control this have been established with additional restructuring in the FMS. Transactions/recharges will be reviewed on a monthly basis with improved transactional review. Overall performance against budget is favourable, the final outturn figure is largely due to increased VMB charges for unplanned work as part of networking/firewall changes.
173,722		1,721,333	1,735,067	0	1,735,067	13,734	

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of Development						
2,076	Head of Development	81,516	83,628	0	83,628	2,112	
(275)	Building Control	147,670	227,862	(126,577)	101,285	(46,385)	HDC receiving (£30K) recharge for office accommodation costs, (£6K) recharge for costs incurred on behalf of 3CBC and (£10K) reduced costs of HDC share of non-fee earning costs.
(74,395)	Economic Development	253,389	169,834	0	169,834	(83,555)	(£71K) saving due to delay in recruiting to new posts, then deletion of Marketing Officer post and savings from secondment to Mosaic Team. (£12K) income from BID Huntingdon levy collection.
(177,972)	Planning Policy	706,848	446,328	(67)	446,261	(260,587)	(£205k) due to increase in CIL admin income. JSPU disbanded and (£5.5k) contribution no longer required. (£12K) contribution not paid out. £10K spend on viability. (£9K) costs recovered. Forecasting net £4k decrease in Neighbourhood planning fees over costs. £28k additional staff cost but (£25K) income for Wintringham Park staffing. £214K additional Local Plan consultants costs but (£25K) funded within budget and (£189K) of Local Plan spend, principally on Strategic Transport Study, to be funded from Local Plan Earmarked Reserve. (£50K) income to support Strategic Developments. Smaller variances amounting to (£5k).
0	Transportation Strategy	56,120	50,096	0	50,096	(6,024)	
1,600	Public Transport	26,100	23,834	0	23,834	(2,266)	
222,854	Development Management	(359,076)	(99,308)	0	(99,308)	259,768	Received (£96k) for Wintringham Park Appeal Costs (Paid for in 1617) Planning App income £265k lower than budget. Pre-app fee income £5k lower. Appeal overspend of £96k. Smaller variances amounting to (£5K).
(29,439)	Housing Strategy	219,892	178,162	1,620	179,782	(40,110)	(£37k) Reassessed staff costs forecast for 2017/18. (£4K) income from staff secondment to CCC. £11k Additional costs over income at Mobile Home Park. (£7k) Lower renovation/improvement grant payments. Smaller variances amounting to £3k.
(55,550)		1,132,459	1,080,436	(125,024)	955,412	(177,047)	
	Head of Leisure & Health						
(439)	Head of Leisure & Health	80,980	80,531	0	80,531	(449)	
(6,123)	One Leisure Active Lifestyles	203,274	197,463	0	197,463	(5,811)	
261,002	One Leisure	(444,236)	(150,855)	(12,235)	(163,090)	281,146	This month sees a variance of £20K on the previous months forecast. This is due to the accounting for £8K in reserves and £10K in utility costs not forecasted for previously at OLSN.
254,439		(159,982)	127,139	(12,235)	114,904	274,886	

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of Operations						
5,313	Head of Operations	78,789	85,000	0	85,000	6,211	
6,992	Environmental & Energy Mgt	77,167	82,659	0	82,659	5,492	
(1,763)	Street Cleansing	793,949	817,674	0	817,674	23,725	£28k saving from carrying 3 vacancies for 1st Quarter (0.75 FTE) and other vacancies November to March. Additional income £7k. Higher vehicle maintenance costs £47k
38,388	Green Spaces	1,165,650	1,314,477	(93,396)	1,221,081	55,431	£79k staff saving from 3x6 month posts not filled and other vacancies for part year. £151k funding due from S106 receipts is now expected to reduce to £125k. Additional play equipment maintenance costs £25k. Vehicle costs up £43k. £28k reduced income from Arb and charges to Towns and Parishes. £18k urgent Watercourses work, water courses have been neglected and current budget is too low.
(11,308)	Public Conveniences	13,400	3,668	0	3,668	(9,732)	
650,144	Waste Management	2,000,856	2,738,893	0	2,738,893	738,037	Additional staff costs £410k because round rescheduling savings unable to be achieved and transitional costs to the new rounds. Dispute with recycling contractor £47k. Vehicle hire and vehicle maintenance increased due to aging fleet and pending insurance claim £37k. Diesel usage up £74k Action on Overspend - Internal audit has been completed. ASPE service review to be completed by end of Feb, Financial analysis to be completed by end of Feb. Provide independent round evaluation by end of March. Then compile waste improvement plan for 2018/19.
20,354	Facilities Management	1,069,413	1,081,043	0	1,081,043	11,630	£47k Rent to DWP not anticipated to start this year. £4k rent reduction given to Muir. £39k reduction in building maintenance while awaiting survey.
16,430	Fleet Management	256,247	268,796	0	268,796	12,549	Additional cost incurred - installation of fleet management system
18,091	Markets	(67,542)	(45,474)	0	(45,474)	22,068	£5k discount anticipated to encourage traders in Jan & Feb. £6k income reduction. £6k Staff regrading
(40,649)	Car Parks	(1,352,616)	(1,514,521)	168,879	(1,345,642)	6,974	
701,991		4,035,313	4,832,215	75,483	4,907,698	872,385	

FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Head of Resources						
440	Head of Resources	87,865	88,804	0	88,804	939	
(287,458)	Corporate Finance	4,604,336	4,427,229	(82,779)	4,344,450	(259,886)	Redundancy payments and strain which will be covered by reserves (-19k), reduced MRP (-£164k), extra income from loans to other organisations (-£152k), increased IDB levy cost from parishes (+£11k), Government grant DCLG Ctax Discount (-£24k)
7,962	Legal	218,060	207,918	0	207,918	(10,142)	
105,133	Audit & Risk Mgmt	556,355	668,230	0	668,230	111,875	Net saving on Secondment against external supplier costs (-£12k), increased costs relating to insurance premiums (+£119k). Action on Overspend - Not possible to reduce in the short-term as this is as a consequence of higher insurance premiums. The largest is as a consequence of the Jan 2017 refuse freighter accident.
138	Procurement	60,226	60,524	0	60,524	298	
76,715	Finance	687,208	870,019	(98,412)	771,607	84,399	Delay in FMS has resulted in staffing resources needed for longer and additional temp staff for back filling and covering longterm sickness (+£178k) the TechOne hired staff is to be covered by reserves (-£98k), Delay in new FMS resulting in reduced software licensing costs (-£25k) and increased consultancy costs (+£22k) Action on Overspend - There are one-off costs relating to the implementaiton of the FMS; they should not be repeated next year.
153,714	Commercial Estates	(2,633,916)	(2,638,739)	90,000	(2,548,739)	85,177	Property Maintenance costs and additional insurance (+£69k), higher staffing costs as part of Comm Estates (+£165k), reduced CIS income due to highly competitive market and therefore reduced CIS propositions being acquired (+£166k) (this variance is a mix of reduced MRP expenditure and reduced CIS income). Increased estates income excl CIS (-£308k) Action on Overspend - The service continues to proactively investigate CIS opportunities and will complete on an acquisition during October; however further investments are required to meet income targets. In addition, alternative delivery models for Commercial Estates are being investigated including the potential to place the management element within HDC Futures.
(236,175)	HR and Payroll	841,561	605,559	0	605,559	(236,002)	Vacancies in HR (-£82k), Saving in Apprenticeship scheme which started in Sept (-£154k), long service award payment (+£23k), no external training provided (+£10k) and consultant for HR restructure in next financial year (-£31k)
(179,530)		4,421,695	4,289,544	(91,191)	4,198,353	(223,342)	

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FEBRUARY FORECAST		MARCH PROVISIONAL OUTTURN VERSUS BUDGET					
Variance (Net)	Service	2017/18 Budget	2017/18 Forecast Outturn (Gross)	Transfers to/ (from) Earmarked Reserves	2017/18 Forecast (Net)	Variance (Net)	Comments on Variance +/- £10,000
£		£	£	£	£	£	
	Corporate Team Manager						
(111,926)	Democratic & Elections	776,150	715,266	0	715,266	(60,884)	(£53k) saving from no district elections in 2017; £50k spend for 2018 district "All out" election, funded from reserves; (£67k) balance from Mayoral, County, PCC, EU Ref Elections; £9k Member Code of Conduct Enquiries no budget; £66k land charges reduction in demand; (£25k) reduction in Cabinet size + not all member allowances claimed; (£4k) tri annual member allowances review postponed to 2018/19.
(41,304)	Directors	499,847	461,651	(9,881)	451,770	(48,077)	(£28k) Corporate Director Vacancy, other PA vacancies (£33k)
(154,917)	Corporate Team	434,710	314,180	(36,074)	278,106	(156,604)	(£93k) Several members of staff moved to Transformation; (£30k) Marketing Post moved to One Leisure; (£32k) holding vacancies; £36k 3C Shared Service Hub)
0	Transformation	0	560,705	(560,705)	0	0	Programme streams expenditure profile now shows that some expenditure will slip to later years of the transformation programme. £1m of reserves set aside to fund the transformation programme.
(308,147)		1,710,707	2,051,801	(606,660)	1,445,141	(265,566)	
667,019	HDC Totals	17,210,563	18,457,665	(738,756)	17,718,909	508,346	

Movements to Earmarked Reserves 2017/18

Name of Earmarked Reserve	Service	Head of Service	Balance 1st April 2017	Additions 2017/18	Applied 2017/18	Transfers 2017/18	Balance 31 March 2018	Comment
			£'000	£'000	£'000	£'000	£'000	
S106 Agreements	Development	Andy Moffat	(1,077)	(393)	85	0	(1,385)	Subject to S.106 contractual restrictions
Commuted S106 Payments	Development	Andy Moffat	(1,322)	(4)	93	0	(1,233)	Subject to S.106 contractual restrictions
Chequers Court Reserve	Resources	Clive Mason	(500)	0	0	250	(250)	Reserve to meet potential shortfall in S.106 funding at Chequers Court.
One Leisure St Ives 3G Pitch	Leisure & Health	Jayne Wisely	(150)	(25)	0	0	(175)	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	(66)	(6)	0	0	(72)	Phased reduction from 2016/17 to 2019/20.
Oak Tree Centre Renewals Fnd	Resources	Clive Mason	(877)	0	0	0	(877)	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 Fund	Resources	Clive Mason	(3,997)	(98)	747	(250)	(3,598)	Fund to meet future Commercial Investment Strategy acquisitions.
Budget Surplus Reserve	Resources	Clive Mason	(75)	(244)	107	(2,000)	(2,212)	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	(1,300)	0	302	0	(998)	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	(82)	0	0	0	(82)	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	127	0	0	Rolling Fund for Building Control surpluses, has now been transferred to Cambridge City Council as part of the 3C's shared service arrangement.
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	(633)	(25)	215	0	(443)	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.
Transformation Reserve	Resources	Clive Mason	(1,037)	(27)	606	(250)	(708)	£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
Cambridge Anti-Fraud Network	Customer	John Taylor	(15)	0	13	0	(2)	External funding relating to HDC Anti-Fraud Activity. To be used with a range of Cambridgeshire partners. HDC is the accountable body.
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	(536)	0	0	0	(536)	
Mobile Home Park Renewals Fund	Resources	Andy Moffat	(10)	(1)	0	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 Reserve	Resources	Clive Mason	(1,961)	0	1,247	(600)	(1,314)	Technical reserve to meet costs relating to the Collection Fund; especially costs relating to previous years Collection Fund surplus/deficits.

Name of Earmarked Reserve	Service	Head of Service	Balance 1st April 2017	Additions 2017/18	Applied 2017/18	Transfers 2017/18	Balance 31 March 2018	Comment
			£'000	£'000	£'000	£'000	£'000	
CIL Admin Proportion not Received	Development	Andy Moffat	(282)	(190)	0	0	(472)	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	(116)	0	0	0	(116)	2016/17 budget allocation for FMS implementation costs transferred to reserve when project implementation was put back. Should be used in 2017/18
OL Huntingdon/Medway Centre Transfer	Resources	Clive Mason	(300)	0	300	0	0	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	(100)	0	0	0	(100)	Reserve set up from 2016/17 Budget Surplus to cover the setting up of the new trading company.
Business Intelligence	Resources	Clive Mason	(80)	0	0	0	(80)	
ICT Shared Service Reserve	ICT Shared Service	Paul Sumpter	(44)	0	0	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.
New Reserves 2017/18								
District Elections Reserve	Corporate	Adrian Dobbyne	0	0	0	(182)	(182)	Reserve set up in 2017/18 to even out the budget impact of moving to 4-yearly District Elections
Market Towns Investment Fund	Resources	Clive Mason	0	0	0	(500)	(500)	Reserve set up in 2017/18 to support the redevelopment of Huntingdonshire's Market Towns.
TOTAL Earmarked Reserves			(15,310)	(1,013)	3,842	(3,532)	(16,013)	
General Fund Reserve			(2,598)	(3,592)	0	3,532	(2,658)	

Capital Programme 2017/18		Provisional Outturn						
Table 1 Expenditure	Status	Budget Manager	Approved Budget £	Slippage or Supplementary £	Updated Budget £	Expenditure £	Net Variance £	
Community								
CCTV Camera Replacements	Waiting for company formation	Chris Stopford	190,000	30,000	220,000	0	(220,000)	
CCTV Pathfinder House Resilience		Chris Stopford	20,000		20,000	0	(20,000)	
CCTV Wi-Fi		Chris Stopford	250,000		250,000	0	(250,000)	
Lone Worker Software		Chris Stopford	20,000		20,000	0	(20,000)	
						0	0	
Development								
Disabled Facilities Grants	Overspend forecast due to excess demand	Caroline Hannon	1,300,000		1,300,000	2,467,958	1,167,958	
Huntingdon West Development	CPO expenditure expected	Claire Burton		35,000	35,000	76,101	41,101	
Alconbury Weald Remediation	Agreement with U&C for loan	Sue Bedlow	1,985,000		1,985,000	1,005,444	(979,556)	
						0	0	
Leisure and Health								
One Leisure Improvements	Projects complete	Pete Corley	205,000	(40,000)	165,000	167,144	2,144	
Burgess Hall	Project complete	Gareth Clark	305,000		305,000	261,051	(43,949)	
One Leisure Huntingdon Changing Facilities	Complete	Karen Martin-Peters		72,000	72,000	286,372	214,372	
One Leisure Huntingdon Development	Project complete	Paul France	779,000	31,000	810,000	855,100	45,100	
One Leisure St Neots Synthetic Pitch	Project delayed due to lease	Jon Clarke		390,000	390,000	0	(390,000)	
One Leisure St Ives Redevelopment	Retention from 2011 scheme		0	0	0	65,666	65,666	
OL St Neots Pool	Project delayed due to lease negotiations	Jon Clarke	290,000		290,000	11,043	(278,957)	
						0	0	
Resources								
Phoenix Court Lane Industrial Unit Roof Enhancement	Tenders returned - over budget. Best estimate now adopted as realistic price but subject to building surveyor review	Jackie Golby	157,000	40,000	197,000	245,417	48,417	
Levellers Lane Industrial Unit Roof Enhancement		Jackie Golby	56,000	22,000	78,000	79,596	1,596	
Clifton Road Industrial Unit Roof Enhancement		Jackie Golby	49,000	21,000	70,000	0	(70,000)	
Cash Receipting System	Project complete	Paul Loveday		26,000	26,000	23,897	(2,103)	
	Go live July, development in progress							
Financial Management System Replacement		Paul Loveday		27,000	27,000	106,916	79,916	
FMS Archive	Payment made	Paul Loveday	14,000		14,000	0	(14,000)	
VAT Exempt Capital	Related to roofs	Paul Loveday	29,000	59,000	88,000	15,000	(73,000)	
Capital Grant to Huntingdon Town Council	Paid	Paul Loveday		338,000	338,000	338,000	0	
Loan Facility to Huntingdon Town Council	Required June 2018	Paul Loveday		800,000	800,000	0	(800,000)	
	Company registered, company set up in progress							
Investment in Company		Paul Loveday		100,000	100,000	0	(100,000)	
							0	
Customer Services								
Printing Equipment	Tenders received but paused	Andy Lusha	176,000		176,000	0	(176,000)	
E-forms	Finished	Amanda Burns		3,000	3,000	2,541	(459)	
							0	
ICT								
Flexible Working - 3CSS	Mobile phone project complete	Emma Alterton	50,000		50,000	35,230	(14,770)	
Telephones - 3CSS	Project complete	Emma Alterton		28,000	28,000	26,732	(1,268)	
Virtual Server - 3CSS	Project complete	Emma Alterton		81,000	81,000	120,334	39,334	
							0	
Operations								
Building Efficiencies (Salix)	Spent on floodlighting at EFH and OL sites	Chris Jablonski	28,000	54,000	82,000	26,642	(55,358)	
Wheeled Bins	Orders complete	Heidi Field	231,000		231,000	188,587	(42,413)	
							(42,413)	
Vehicle Fleet Replacement		David Rook	1,146,000	367,000	1,513,000	1,415,214	(97,786)	
Operations Back Office Development	IT examining business case	Matt Chudley	135,000		135,000	0	(135,000)	
Play Equipment	Purchases complete	Helen Lack	24,000		24,000	24,829	829	
Re-Fit Buildings	Part completed some works to be rephased	Chris Jablonski	311,000	481,000	792,000	315,533	(476,467)	
	Order with Brehenny to produce a design but on hold pending sale of land							
Bridge Place Car Park Godmanchester		George Mc Dowell	218,000	100,000	318,000	14,037	(303,963)	
Pathfinder House Reception (DWP)	Project underway but incomplete	Chris Jablonski	303,000		303,000	183,147	(119,853)	
							(119,853)	
In Cab Technology		Matt Chudley	75,000	(75,000)	0	0	0	
Civic Suite Audio Equipment	Works complete	Emma Alterton		108,000	108,000	117,728	9,728	
							0	
Transformation								
Transformation Schemes	Plan to rollout Council Anywhere, plus other planned transformation projects	John Taylor	1,000,000		1,000,000	0	(1,000,000)	
Total Expenditure			9,346,000	3,098,000	12,444,000	8,475,259	(3,968,741)	

Capital Programme 2017/18

Provisional Outturn

Annex D

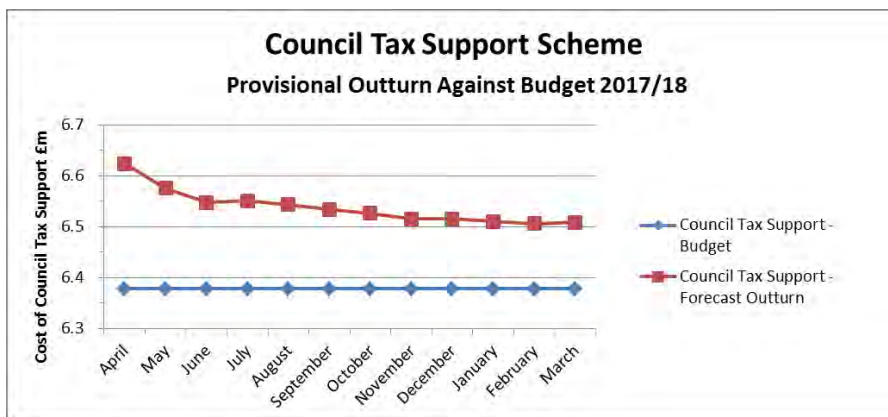
Table 2 Funding of Capital Programme	Budget Manager	Approved Budget £	Slippage or Supplementary £	Updated Budget £	Expenditure £	Variance £
Grants and Contributions						
DFGs	Caroline Hannon	(1,000,000)	0	(1,000,000)	(1,391,037)	(391,037)
Pathfinder House Reception	Chris Jablonski	(278,000)	0	(278,000)	0	278,000
Wheeled Bins	Heidi Field	(89,000)	0	(89,000)	(71,749)	17,251
Synthetic Pitch	Jon Clarke	0	(274,000)	(274,000)	0	274,000
One Leisure Huntingdon Changing Facilities	Karen Martin-Peters	0	0	0	(208,000)	(208,000)
One Leisure Huntingdon Development	Paul France	0	0	0	(16,316)	(16,316)
One Leisure St Ives Development	Chris Keeble	0	0	0	(18,500)	(18,500)
					0	0
Total Grants and Contributions		(1,367,000)	(274,000)	(1,641,000)	(1,705,602)	(64,602)
Use of Capital Reserves						
Alconbury Remediation Works Reserve	Sue Bedlow	(1,985,000)	0	(1,985,000)	(1,005,444)	979,556
Total Capital Reserves		(1,985,000)	0	(1,985,000)	(1,005,444)	979,556
Capital Receipts						
Loan Repayments	Paul Loveday	(320,000)	0	(320,000)	(238,000)	0
Housing Clawback Receipts	Paul Loveday	(500,000)	0	(500,000)	(450,618)	0
Total Capital Receipts		(820,000)	0	(820,000)	(688,618)	0
Use of Earmarked Reserves						
Financial Management System Replacement	Paul Loveday	0	(27,000)	(27,000)	(106,916)	(73,000)
Capital Grant to Huntingdon Town Council	Paul Loveday	0	(300,000)	(300,000)	(338,000)	(38,000)
Investment in Trading Company	Paul Loveday	0	(100,000)	(100,000)	0	0
ICT Transformation	John Taylor	(1,000,000)	0	(1,000,000)	0	0
FMS Archive	Paul Loveday	(14,000)	0	(14,000)	0	0
CIL Reserve	Andy Moffat	0	0	0	(61,332)	(61,332)
To Earmarked Reserves		(1,014,000)	(427,000)	(1,441,000)	(506,248)	(172,332)
Total Funding		(5,186,000)	(701,000)	(5,887,000)	(3,905,912)	742,622
Net to be funded by borrowing		4,160,000	2,397,000	6,557,000	4,569,347	(4,711,363)

Budget Reconciliation		Updated Budget	Expenditure	Variance
	Gross Expenditure	12,444,000	8,475,259	(3,968,741)
	Total Grants and Contributions	(1,641,000)	(1,705,602)	(64,602)
	Use of Capital Reserves	(1,985,000)	(1,005,444)	979,556
	CIL Reserve		(61,332)	(61,332)
	Total	8,818,000	5,702,881	(3,115,119)

Financial Dashboard

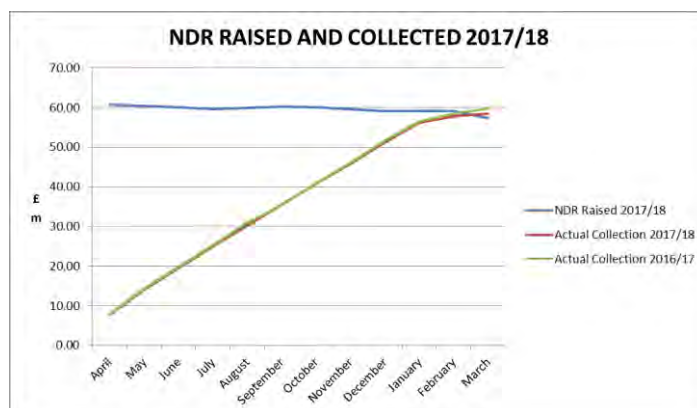
Council Tax Support Scheme

In 2017/18, the actual take-up of Council Tax Support was approximately £0.13m above the budgeted £6.4m. This increase will impact in 2018/19.



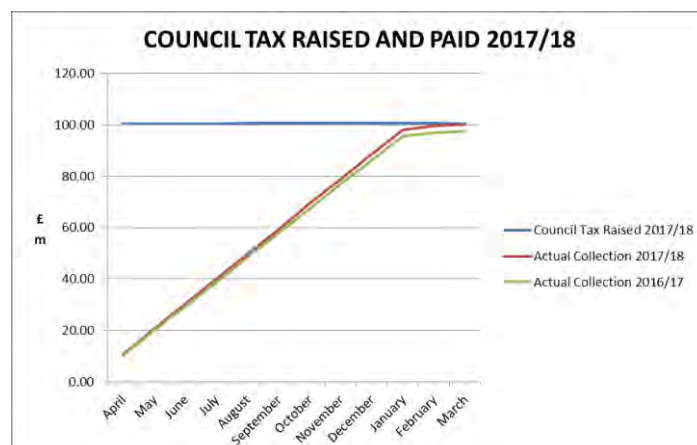
The impact of this increase on HDC will be proportionate to all Council Tax precepts (13.8% for HDC including parishes).

Collection of NDR



The NDR graph above shows the total amount of NDR bills raised in 2017/18 and the actual receipts received up to the end of March, The Council tax graph below provides the same analysis.

Collection of Council Tax



Miscellaneous Debt

The total outstanding debt as at the end of March 2018 is £3.408m, £0.519m is prior year debt of which £0.140m relates to 2016/17.

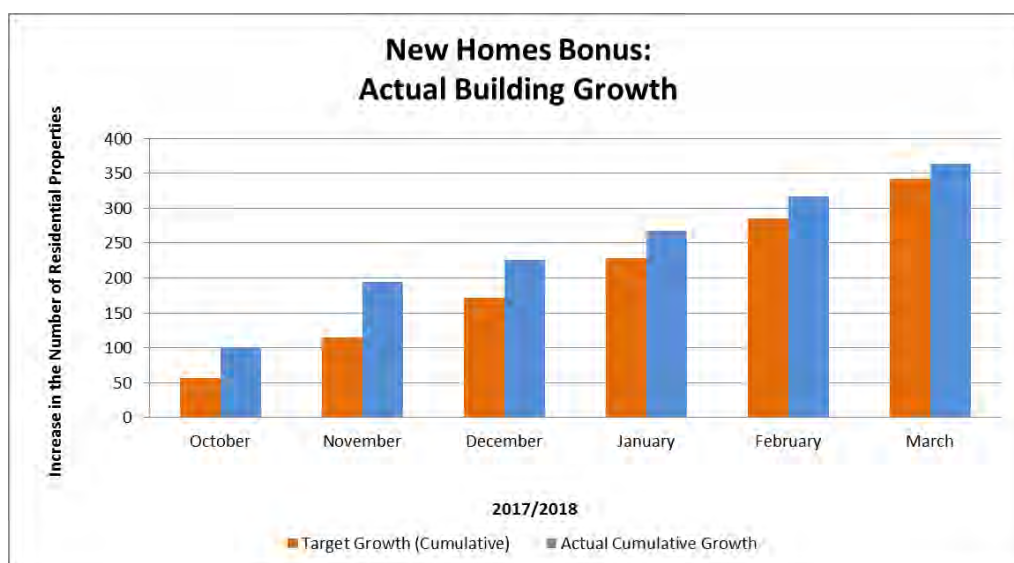
The 2016/17 and 2017/18 debt position is currently showing a large outstanding amount (£3.029m), £1.098m relates to Commercial Rents, £495k relates to homeless accommodation/prevention and £369k relates to schools and other customers use of One Leisure facilities. Currently, £97k is being collected via direct debit.

New Homes Bonus

The 2016/17 reporting cycle (October 2016 to September 2017) saw 695 completions which was 128 ahead of the target of 567. The impact of these additional units will come through in 2017/18.

The current reporting cycle (October 2017 to September 2018) has a target number of completions of 1,135, as published in the draft Planning Annual Monitoring Report (December 2016). However, this has been revised downwards to 689 in the December 2017 Planning Annual Monitoring Report and so this lower figure has been used as our target for this year. Currently, 342 properties have been completed in the first half of this current reporting cycle.

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 has been assessed and is included in the MTFS.



The process of considering CIS opportunities is as follows:

Step 1

Property investment opportunities are both introduced by agents and actively sourced by the Commercial Estates Team. An initial review is undertaken against the outline criteria of the CIS such as yield, length of lease, tenant strength etc. and if they are judged to be reasonable investments, further preliminary initial due diligence is undertaken to determine the quality of the leases and an initial financial appraisal is undertaken.

Step 2

If Step 1 is passed, more detailed due diligence is undertaken (including detailed tenant strength review, ownership title, property energy efficiency, market analysis of rents and yield etc), this may lead to a site visit and more robust financial appraisal/modelling and further market scrutiny.

Step 3

If Step 2 is passed, then approval is sought from the members of the Treasury & Capital Management Group, the Managing Director, Corporate Director (Services) and the Head of Resources to submit a formal initial bid, subject to contract and relevant building and condition surveys

Step 4

If the bid submitted at Step 3 is successful, then this progresses to consideration by Overview and Scrutiny and approval for Cabinet.

Step 5

Once approval is given, formal legal and building condition due diligence commences by instruction of lawyers and building/specialist surveys are undertaken. This may take several weeks during which all concerns raised on legal and lease title and building condition are satisfied. If any significant concerns are unsatisfied, these can either be negotiated on price or withdraw from the purchase.

Reviews Undertaken: January – March 2018 (Quarter 4)

Over the above period, 32 propositions were reviewed up to stage 1, of which 6 reviewed up to stage 2 and one currently in the bidding process at stage 3. All bar three opportunities were outside the District. Of the three in District, bids have been submitted on one at The Rowley Arts centre leisure park and the other two are confidential introductions for properties which are highly likely to come to the market but dependent on lettings being completed.

By property type the investments considered in Q4 are as follows:

Offices	9	Development sites (non investment)	3
Car showrooms	2	Leisure	4
Retail high street	2	Industrial/warehouse	3
Retail warehouse	3	Other (trade counter /petrol stn/mixed use)	6

Over the full year, 112 investment opportunities have been considered compared with 78 in 2016/17 (a 45% increase) and these are summarised below:

Step 1	85
Step 2	20
Step 3	4
Step 4	2
Step 5	1

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Treasury Management Annual Report 2017/18

Meeting/Date: Overview and Scrutiny Panel (Performance and Growth) –
7th June 2018

Executive Portfolio: Executive Councillor for Strategic Resources – Councillor
Jonathan Gray

Report by: Head of Resources

Wards affected: All Wards

Recommendation

The Overview and Scrutiny Panel is invited to comment on the attached Treasury Management Annual Report for 2017/18.

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Treasury Management Annual Report 2017/18
Meeting/Date:	Cabinet – 21st June 2018
Executive Portfolio:	Executive Member for Strategic Resources – Councillor Jonathan Gray
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

The Council's 2017/18 Treasury Management Strategy, was approved by Council on the 22nd February 2017.

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 16th November 2017) 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 through 2017/18 influencing the Council's decision-making were;

- A moderate improvement in the credit rating of financial institutions, although some institutions ratings have been affected by ring-fencing of retail activity from investment activity.
- 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 0.40%.

The Council's response to the key issues in 2017/18 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 3.90%.

Recommendation(s):

The Cabinet is recommended to

- Comment on the 2017/18 Treasury Management performance

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 2017/18 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. However there is now evidence that rates may start to rise although at a slow rate.
- The continued 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 through property rents and returns from the CCLA Property Fund.
- Inflation had started to rise slowly as the fall in the value of sterling takes effect, however towards the end of the year the rate had started to fall back.
- 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.

Performance of Council Funds

- 3.2 The following table summarises the treasury management transactions undertaken during the 2017/18 financial year and the details of the investments and loans held as at 31st March 2018 are shown in detail in **Appendix B**.

	Principal Amount £m	Interest Rate %
Investments		
at 31 st March 2017	10	2.24
less matured in year	-216.0	
plus arranged in year	+221.7	
at 31 st March 2018	15.7	0.40
Average Investments (Annual)	18.0	3.72
Borrowing		
at 31 st March 2017	6	0.32
less repaid in year	-9.0	
plus arranged in year	+14.0	
at 31 st March 2018	11.00	0.73
Average Borrowing (Annual)	16.1	0.41
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 2017/18 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 3.72%, 3.62% above the 7 day LIBID (London Interbank Bid Rate) benchmark rate of 0.21%, this represents a return of over three times the bench-mark rate. This good performance was due to £1.078m 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 0.22%, which is around 5% higher than the 7-day benchmark rate of 0.21%.

Borrowing

- 3.6 The Council's exposure to interest rate risk at the end of the year was:
- £20.6m long term borrowing from the PWLB, at a weighted average rate of 2.94%.
 - Short term borrowing at 31 March 2018 was nil.
- 3.7 The actual net investment interest payable (after deduction of interest receivable on loans) was £151,000 against a budget of £226,000. This is a saving of £75,000 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 Short-term borrowing at 31 March 2018 was nil as the Council held sufficient cash balances to meet its obligations.

Risk Environment

- 3.9 The changes to the environment in which investing takes place are detailed in **Appendix C** the main points to note are;
- UK sovereign rate being downgraded by Moodys.
 - Slight improvements in the credit ratings of financial institutions, but with effects from ring-fencing of retail and investment banks being factored in.
 - The issue of new Treasury Management and Prudential Codes and new MHCLG guidance on investments and minimum revenue provision

Risk Management

- 3.10 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**.
- 3.11 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, apart from Northamptonshire County Council.
- 3.12 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.
- 3.13 In order to manage liquidity the Council invests funds in call accounts or Money Market Funds, which provide instant access to funds.
- 3.14 The Council's priority has been security and liquidity, over the return on investments, which resulted in investments during 2017/18 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

- 3.15 All the treasury management activity undertaken during the financial year complied with the approved strategy, the CIPFA Code of Practice, and relevant MHCLG legislation.
- 3.16 The Code requires the Council to approve both Treasury Management and Prudential Indicators. Those for 2017/18 were approved at the Council meeting on 22nd February 2017. **Appendix D** shows the relevant prudential indicators and the actual results, the table below is a summary of key indicators.

Prudential Management Indicators			
	2017/18 Estimate	2017/18 Actual	Impact on the Council
Net capital expenditure	£38.8m	£11.4m	Expenditure less than estimated as a result of rephasing asset schemes (£4.8m) and underspends (£0.6m), however DFGs were overspent by £0.8m. In addition the CIS did not spend the estimate of £30m.
Expenditure on interest and MRP (Minimum Revenue Provision)	19.5%	9.5%	As a result of underspends in 2016/17 the MRP is lower than estimated for 2017/18.
Capital Financing Requirement (CFR)	£70.1m	£46.6m	The CFR is lower due to reduced expenditure detailed above.
	31/03/17	31/03/18	
Long-term borrowing total	£15.9m	£20.9m	Borrowing has increased to fund expenditure on the CIS purchase at Fareham.
Treasury Management Indicators			
	2017/18 Limit	2017/18 Actual	
Authorised Limit for debt	£108.0m	£24.9m	The Council's debt has increased as a result of loans to finance the purchase of the CIS Property at Fareham, but is still within the approved limits
Operational boundary for debt	£103.0m	£24.9m	
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	£27.1m	Only short-term or instant access investments.
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4. COMMENTS OF OVERVIEW AND SCRUTINY

4.1 The comments of the Overview and Scrutiny Panel (Performance and Growth) will follow the panel meeting on the 7th June 2018.

5. RISKS

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

6. WHAT ACTIONS WILL BE TAKEN

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

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

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

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

8. CONSULTATION

8.1 No consultation has taken place.

9. LEGAL IMPLICATIONS

9.1 No direct, legal implications arise out of this report

10. RESOURCE IMPLICATIONS

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

11. OTHER IMPLICATIONS

11.1 No other implications have been considered.

12. REASONS FOR RECOMMENDED DECISIONS

12.1 The reason for the recommended decision is discussed in section 3 Analysis.

13. LIST OF APPENDICES INCLUDED

- Appendix A – Economic review (Source: Arlingclose)
- Appendix B – Borrowing and Investments as at 31st March 2018
- Appendix C – Risk Environment 2017-18
- 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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APPENDIX A

Economic Review of 2017/18	
Economic Growth	Local Context
The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.	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
The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018.	Increases in inflationary pressure will be felt across service budgets, requiring some adjustments to service provision.
Labour Market	Local Context
The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020.	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

<p>In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.</p>	<p>Whilst the Council is insulated to some extent from global fluctuations, the possible impact of trades wars on inflation could and will make the goods that the council purchases more expensive.</p>
<p>UK Monetary Policy</p>	<p>Local Context</p>
<p>The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.</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, despite the likelihood of increases in rates.</p>
<p>Market Reaction</p>	<p>Local Context</p>
<p>The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively. Gilt yields displayed significant volatility over</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 (although erratic) rate.</p>

<p>the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.</p> <p>The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.</p> <p>.</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>	

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APPENDIX B

BORROWING AND INVESTMENTS AT 31 MARCH 2018

	Short-term Rating		Date Invested/ Borrowed	Amount		Interest Rate	Year of Maturity
	Fitch	Moody's		£m	£m		
Borrowing							
Short-term							
NIL				0	0		
Long-term							
PWLB 1			19/12/08	5.000		3.91%	2057/58
PWLB 2			19/12/08	5.000		3.90%	2058/59
PWLB 3			07/08/13	1.013		2.24%	2023/24
PWLB 4			25/11/15	0.736		3.28%	2046/47
PWLB 5			19/01/16	0.980		3.10%	2046/47
PWLB 6			21/03/16	0.490		2.91%	2046/47
PWLB 7			29/04/16	0.396		3.10%	2047/48
PWLB 8			02/06/16	0.322		2.92%	2047/48
PWLB 9			29/07/16	0.643		2.31%	2047/48
PWLB 10			23/09/16	0.494		2.18%	2047/48
PWLB 11			06/01/17	0.875		2.67%	2047/48
PWLB 12			03/10/17	5.000		2.78%	02/10/37
					20.948		
Total Borrowing					20.948		
Investments In-House							
Investments							
NatWest Current	F2	P2		0.028		0.00%	On-call
NatWest Liquidity	F2	P2		0.010		0.05%	On-call
Cambridge Building Society	Not rated			0.100		0.15%	On-call
Santander	F1	P1		0.695		0.80%	On-call
Handelsbanken	F1	P1		0.580		0.15%	On-call
Barclays	F1	P1		0.625		0.50%	On-call
Blackrock	AAAmf			0.150		0.39%	MMF
CCLA (PSDF)	AAAmf			0.250		0.44%	MMF
Federated	AAAmf			0.110		0.38%	MMF
Insight	AAAmf			0.250		0.44%	MMF
Legal and General	AAAmf			0.200		0.42%	MMF
Standard Life	AAAmf			0.150		0.40%	MMF
Invesco	AAAmf			0.250		0.42%	MMF
					3.398		
Total Investments					3.398		
Loans							
Huntingdon Regional College	Not rated			0.886		3.34%	2023/24
Huntingdon Gym	Not rated			0.041		5.13%	2023/24
Luminus - No. of Loans (8)	Not rated			4.913		4.33% (Average)	2047/48

Total Loans					5.841		
Total Investments					8.879		
Net Borrowing					12.144		

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.		

Risk Environment 2017/18	
<p>Credit Ratings</p> <p>The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.</p> <p>Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).</p> <p>Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.</p> <p>Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.</p> <p>S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position</p>	<p>Local Context</p> <p>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.</p>
<p>Other Developments</p> <p>In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget. In March, following Arlingclose's advice,</p>	<p>Local Context</p> <p>The Council has not and does not intend to lend to Northamptonshire County Council.</p> <p>Whilst the Council uses Natwest for transactional banking (ie paying suppliers, receiving payments from customer) it is</p>

<p>the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.</p>	<p>only keeping a minimal balance with Natwest until it again meets the requirements of Arlingclose's recommended list. Cash balances are transferred out to the Council's Money Market Funds and Call Accounts.</p>
<p>Regulatory Changes</p>	
<p>The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions</p> <p>In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is be identified and reported.</p>	<p>It is expected that a Capital Strategy will be created over the summer and approved by Cabinet in the autumn.</p> <p>The current Treasury Management Strategy is based on the Prudential Code 2013 and the Treasury Management Code 2011. The 2019/20 Strategy which will go to Council in February 2019 will be based on the new CIPFA codes (Treasury Management Code 2017 and Prudential Code 2017).</p>
<p>MHCLG MRP and Investment Guidance</p>	
<p>In February 2018 the MHCLG published revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).</p> <p>Changes to the Investment Guidance include a wider definition of investments to</p>	<p>The new MHCLG investment guidance now includes the purchases made through the CIS, rather than just purely financial investments.</p> <p>Commercial investments should not be purely for the revenue return but should</p>

<p>include non-financial assets held primarily for generating income return and a new category called “loans” (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate).</p> <p>The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.</p> <p>The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.</p>	<p>also give a service benefit such as economic growth/development.</p>
<p>MiFID II</p>	
<p>As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved</p>	<p>The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.</p>

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**CIPFA Prudential Indicators for Capital Finance in Local Authorities
Prudential Indications and Treasury Management Indications for 2017/18
Comparison of actual results with limits**

PRUDENTIAL MANAGEMENT INDICATORS

1. Actual and Estimated Capital Expenditure.

	2017/18 Estimate £m	2017/18 Actual £m
Asset and Loans		
Gross	12.4	8.5
Net	8.8	5.7
Commercial Investment Strategy (CIS)		
Gross	30.0	5.7
Net	30.0	5.7
Net Total	38.8	11.4

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

2017/18 Estimate	2017/18 Actual
19.5%	9.5%

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 2017/18 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).

	2017/18 Estimate £m	2017/18 Actual £m
Assets and Loans	43.7	41.3
CIS	26.4	5.3
Total	70.1	46.6

5. Net borrowing and the capital financing requirement.

Net external borrowing as at the 31st March 2018, was £20.9m; this is £25.7m 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

£20.9m

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.

	2017/18 Limit £m	2017/18 Actual £m
Short-Term	26.0	9.0
Long Term	45.0	10.0
Other long-term liabilities (leases)	6.0	0.5
Total	77.0	19.5
Long-term for loans to organisations	15.0	5.9
Plus long term borrowings to finance for CIS investment.	30	5.0
Total	122.0	30.4

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.

	2017/18 Limit £m	2017/18 Actual £m
Short-Term	26.0	9.0
Long Term	45.0	20.9
Other long-term liabilities (leases)	6.0	0.5
Total	77.0	19.5
Long-term for loans to organisations	15.0	5.9
Plus long term borrowings to finance for CIS investment.	30	5.0
Total	122.0	30.4

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 31.3.18
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 2017/18 borrowing that matured in successive periods.

Borrowing	Upper limit	Lower limit	Actual As at 31.3.18
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

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Commercial Investment Strategy Indicators

The Treasury Management Strategy for 2017/18 includes three indicators specific to the Commercial Investment Strategy (CIS);

1. Interest cover ratio

This ratio determines the amount of total net income from property investments after operating costs and any applicable taxes, compared with the interest expense of the debt. Interest payments for the Fareham loan starts in 2018/19, hence we are unable to determine the interest cover ratio until that time.

2. Target income returns

The targeted returns of the property portfolio is 6%, all property purchases are exceeding this target. With the highest being Stonehill at 9.2% and lowest being Shawlands at 7.0%.

3. Loan to value ratio

This ratio determines the amount of total debt compared to the total value of the underlying property asset. Fareham is currently the only CIS asset where a PWLB loan was partly used to acquire it. If the value of the asset drops below the amount of the loan principal outstanding then the Council will be required to make an MRP contribution. Fareham's loan to value is 92.2% which gives the Council a 7.8% headroom before a MRP contribution is needed.

	Purchase Cost	Income	Return on Purchase Cost %	Loan to Value
	£000	£000		%
			Paragraph 14	Paragraph 15
2015-16 Purchases				
CCLA Property Shares	2,500	(112)	4.5	n/a
Unit 3 Stonehill, Huntingdon	1,358	(125)	9.2	n/a
2016-17 Purchases				
CCLA Property Shares	1,500	(68)	4.5	n/a
Wilbury Way, Hitchin	2,313	(175)	7.6	n/a
Shawlands Retail Park, Sudbury	6,890	(483)	7.0	n/a
2017-18 Purchases				
1400 & 1500 Parkway, Fareham	5,747	(420)	7.3	92.2
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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