Huntingdonshire
DISTRICT COUNCIL

A meeting of the **CABINET** will be held as a **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **TUESDAY, 19 MARCH 2024** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES

To approve as a correct record the Minutes of the meeting held on 6th February 2024.

Contact Officer: Democratic Services - (01480) 388169

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary, other registerable and non-registerable interests in relation to any Agenda item. See Notes below.

Contact Officer: Democratic Services - (01480) 388169

3. CORPORATE PLAN REFRESH (Pages 5 - 38)

To consider a report by the Business Intelligence and Performance Manager on a refresh of the Corporate Plan.

Executive Councillor: S Conboy.

Contact Officer: D Buckridge (01480) 388065

4. FINANCE PERFORMANCE REPORT 2023/24 QUARTER 3 (Pages 39 - 74)

To consider a report by the Director of Finance and Corporate Resources presenting details of the Council’s projected financial performance for 2023/24.

Executive Councillor: B Mickelburgh.

Contact Officer: K Sutton (01480) 387072

5. PUBLIC ELECTRIC VEHICLE CHARGING STRATEGY (Pages 75 - 104)

To consider a report by the Operations Manager and Assistant Director Strategic Insight and Delivery on a proposal to adopt a Public Electric Vehicle Charging Strategy.

Executive Councillor: L Davenport-Ray.

Contact Officer: G McDowell (01480) 388386

6. ONE LEISURE LONG TERM OPERATING MODEL (Pages 105 - 198)

To consider a report by the Head of Leisure Services on an Independent Review of the Long-Term Operating Model for One Leisure.

Executive Councillor: S Taylor

Contact Officer: G Holland (01480) 388157

7. ONE LEISURE MEMBERSHIP ARCHITECTURE REVIEW (Pages 199 - 210)

To consider a report by the Head of Leisure Services on the One Leisure proposal to re-brand, re-align and modernise the membership architecture.

Executive Councillor: S Taylor

Contact Officer: G Holland (01480) 388157

8. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

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

Contact Officer: Democratic Services - (01480) 388169

9. REVOCATION OF THE RISK BASED VERIFICATION POLICY (Pages 211 - 232)

To consider a report by the Revenues and Benefits Manager on a review of the Risk Based Verification Policy.

Executive Councillor: S Ferguson

Contact Officer: K Kelly (01480) 388119

Dated this 19 day of March 2024

Michelle Sacks

Chief Executive and Head of Paid Service

Disclosable Pecuniary Interests and Non-Statutory Disclosable Interests

Further information on Disclosable Pecuniary Interests and Non - Statutory Disclosable Interests is available in the Council's Constitution

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The District Council 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.

Please contact Democratic Services, Tel No: (01480) 388169 / e-mail: Democratic.Services@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.

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

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Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Corporate Plan Refresh 2024
Meeting/Date:	Cabinet – 19 March 2024 Council – 27 March 2024
Executive Portfolio:	Councillor Sarah Conboy, Executive Leader
Report by:	Business Intelligence and Performance Manager
Ward(s) affected:	All

Executive Summary:

The purpose of this report is to update Members on the refresh of the Corporate Plan, which includes revised lists of key actions and operational performance indicators for 2024/25.

The Corporate Plan for 2023-2028 was adopted in March 2023 and established three priorities for the Council, with related outcomes set out through detailed outcome statements. These are accompanied by a list of actions and operational performance indicators.

The actions are reviewed annually and are removed, amended or added to where work has been completed or new approaches have been identified, for example through pilot activity or as a result of engagement with partners and residents. Performance reporting has continued to evolve with new or amended operational performance measures proposed where better indicators have been identified.

Recommendation(s):

The Cabinet is

RECOMMENDED

To endorse the refreshed Corporate Plan to Council (attached at Appendix 1).

The Council is

RECOMMENDED

To approve the refreshed Corporate Plan (attached at Appendix 1).

1. PURPOSE OF THE REPORT

1.1 The report is intended to update Members on the annual refresh of the Corporate Plan for 2023-2028 and to present actions and operational performance indicators for 2024/25 to Council for approval.

2. WHY IS THIS REPORT NECESSARY?

2.1 The Council's Corporate Plan sets out our priorities, desired outcomes and how we plan to achieve these. The action plan and our operational performance indicators are due to be refreshed on an annual basis. This allows us to remove actions which are completed or where a new approach is considered necessary and to introduce new actions that we have identified a need for through recent progress and the results of engagement activities. Operational performance measures are regularly reviewed to ensure that we are using the most appropriate measures and to reflect changing public or government priorities. We have also taken the opportunity to review the wording of priorities and outcomes and are proposing two minor changes to improve clarity.

3. AMENDMENTS TO PRIORITIES AND OUTCOMES

3.1 To provide greater clarity for Members, officers and the public, it is proposed that our third priority be changed to "Doing our core work well" and the "Lowering our carbon emissions" outcome be amended to "Lowering carbon emissions". The third priority is shorter and easier to reference than the existing wording, which would be retained as the title of the outcome we aim to deliver under this priority ("Delivering good quality, high value-for-money services with good control and compliance with statutory obligations"). This will help to ensure that the importance of achieving value-for-money, strong governance and statutory duties remains a key focus for the Council. In changing the other outcome to "Lowering carbon emissions", it will be clearer that our efforts to reduce emissions are not just focused on what we can do to cut the Council's own emissions but also on how we can influence and enable others to reduce emissions across the district, reflecting the actions we plan to deliver.

4. ACTIONS FOR 2024/25

4.1 The Corporate Plan 2023-2028 is bold and ambitious in the outcome statements it sets out to achieve, while also being clear on what it is we can do, what we can enable and what we can influence as a district council. It calls on the Council to play more of an enabling role, to make more use of partnership working and to empower people to reduce demand for traditional public services. The challenges we face can only be solved through working collaboratively and the responsibility is not the district council's alone. This is particularly the case for the outcomes under the first priority "Improving the quality of life for local people", where work with partners and residents has identified the need for an approach focused on "Community Wealth Building" and targeting support for residents. Delivering the actions proposed under these outcomes will require us to work collaboratively with partners and communities.

4.2 Across the outcomes, there were actions in the 2023/24 action plan which were due to be delivered over multiple years or reflect ongoing activity. Existing progress is recognised in minor changes to wording in some cases (e.g. adding "Continue to" at the beginning). More significant changes are highlighted in the Corporate Plan by "(amended)" or "(new)" labels added at the end of actions listed. These labels will be removed in the version to be published on approval of the refreshed Corporate Plan.

4.3 In addition to replacing the actions in the Corporate Plan document with those proposed for 2024/25, we have also listed some examples of what has been delivered against our outcomes in 2023/24. Due to timing, the "We said, we did" sections have been written before the year has ended so the Q4 performance report due to be published in June will provide a more detailed update on what was achieved in 2023/24.

5. OPERATIONAL PERFORMANCE MEASURES FOR 2024/25

5.1 The operational performance measures used in 2023/24 remain relevant for monitoring how well our services perform so we are not proposing to remove any. Some amendments are proposed, including revising our measure of the planning 'backlog' to count minor planning applications without a current extension of time as 'old' if they exceed 16 weeks rather than 26 weeks, in line with recent changes to the Planning Guarantee.

5.2 We also intend to amend performance measures relating to staffing, with turnover to be reported on an individual monthly basis rather than for rolling 12 month periods and staff sickness absence to be reported separately for long-term and short-term absences. These changes should help to identify where high turnover in a short period or high levels of sickness absence cause a concern. Further information on staff turnover and sickness will continue to be reported to Employment Committee on a quarterly basis.

5.3 Additional operational performance indicators to be included from April 2024 include the amount of residual household waste collected per household (reporting on the weight of waste which is not recycled, reused or composted) and measures of the number of fly tips reported and enforcement actions taken on fly tip offences. These are all measures currently, or expected to be, included in the Office for Local Government (Oflog)'s Local Data Explorer. Oflog was introduced in 2023 to support local government to improve performance and their Local Data Explorer reports data for a range of performance indicators for all English local authorities. We report our performance on at least a quarterly basis, while the Local Data Explorer is currently only reporting on annual results.

5.4 Target setting for operational performance indicators will take past performance, resources available and known issues/challenges into account, as well as benchmarking data where possible (e.g. for those indicators that Oflog reports on or where we are members of benchmarking clubs such as the Association for Public Service Excellence). Targets proposed by service managers will be subject to challenge from senior officers and key Cabinet Members, with draft targets to be tabled for scrutiny at the Overview and Scrutiny (Performance & Growth) Panel.

5.5 Both quarterly and year-end results will continue to be published via our Overview & Scrutiny (Performance & Growth) Panel and Cabinet meeting agendas and on our website.

5.6 We will continue to align service plans with the Corporate Plan. This helps us to ensure services are working to the same priorities, aiming to deliver the same outcomes and measuring their performance in a consistent way, where possible. The Corporate Plan provides a 'golden thread' throughout the organisation, linking activity at strategic levels to activity in service plans, ultimately filtering through to objectives set for individual employees.

6. COMMENTS OF OVERVIEW & SCRUTINY

6.1 The Panel discussed the Corporate Plan Refresh Report at its meeting on 6th March 2024.

6.2 Following a question from Councillor Wells requesting detail on the fleet decarbonisation plan, the Panel heard that the Council was looking at alternative fuels whilst assessing the challenges of new technologies. More detail would be sought from the Portfolio Holder and reported back to the Panel at a later date.

6.3 In response to a question from Councillor Blackwell relating to the Operational Performance Measures, the Panel heard that sickness reporting would continue via the quarterly performance reports and Employment Committee and that a range of data would be gathered and analysed going forward and in turn would drive policy development.

6.4 The Panel heard, following a question from Councillor Cawley, that happiness would be measured via district level data from the Office for National Statistics.

6.5 Following a further question from Councillor Cawley, the Panel heard that reporting on reductions in cardon emissions would be reported via the Climate Strategy, however the Panel were assured that robust measures were in place. It was observed by Councillor Cawley that an overarching timescale for this work would be helpful and would help reassure residents that work was being undertaken.

6.6 Councillor Martin stated that it would be helpful to understand progress from the previous year's report, the Panel were advised that this would be incorporated within the quarter 4 Corporate Performance report.

6.7 The Panel were assured, in response to a query from Councillor Slade, that a robust communications plan was in place and that this sat alongside the Corporate Plan and would ensure that the right messages went to the right people at the right time.

6.8 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

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

7.1 The refreshed Corporate Plan at Appendix 1 sets out key priorities and outcomes for 2023-2028 as well as the annual action plan and list of operational performance measures for 2024/25. Proposed amendments to the wording of one priority and one outcome are described in section 3.

8. CONSULTATION

8.1 This Corporate Plan 2023-2028 was informed by 2022's programme of engagement, which included both public and stakeholder consultations to help develop both the Huntingdonshire Futures place strategy and the Council's Climate Strategy.

8.2 Proposed actions for 2024/25 include a number that will involve further engagement with partners to deliver joint ambitions, and we are retaining an action to listen to local residents and respond to their input on service delivery (now moved under priority three).

9. RESOURCE IMPLICATIONS

9.1 The Council's 2024/25 Budget and Medium-Term Financial Strategy to 2028/29 was approved by Council in February 2024. The proposed actions and performance measures have been informed by the approved service budgets and savings and growth proposals. It is anticipated that there will be no additional resource implications as a result of agreeing new actions or performance indicators.

10. HEALTH IMPLICATIONS

10.1 Under our first priority, the outcome statement for "improving quality of life for local people" specifically references 'good health' as one of the foundations of a good life. Actions proposed to help improve the health of local residents include delivering a Community Health and Wealth Strategy and work to maximise physical activity in the district. We are proposing to retain operational performance indicators relating to One Leisure Facilities, One Leisure Active Lifestyles and Sports Development services to ensure we continue to monitor and manage their performance.

11. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

11.1 The Corporate Plan supports the approach set out through our new Climate Strategy and commits us to applying a "green lens" to our decision making – embedding the climate and green agenda through all we do and considering environmental impacts and opportunities to improve the environment when making all decisions.

11.2 Within the “Creating a better Huntingdonshire for future generations” priority, we want to deliver the outcomes of “improving housing”, “forward-thinking economic growth” and “lowering carbon emissions”. Actions planned under each of these outcomes should reduce carbon emissions and help to improve the district’s environment. We have already delivered actions from the Climate Strategy action plan such as hosting the Climate Conversation in November 2023 and new actions such as accelerating solar panel adoption on our buildings will lower carbon emissions further.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 This report is seeking endorsement from Cabinet and approval from Council for the refresh of the Corporate Plan for 2024/25. Delivery of the new action plan and updated list of operational performance measures will help us to achieve the Council’s priorities and desired outcomes.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – refreshed Corporate Plan 2023-2028, including proposed actions and operational performance measures for 2024/25

CONTACT OFFICER

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Business Intelligence and Performance Manager
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Email: Daniel.Buckridge@huntingdonshire.gov.uk

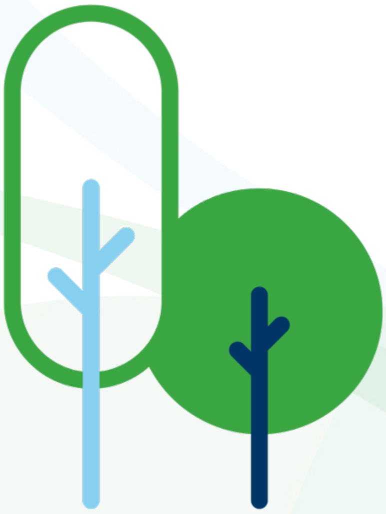
Huntingdonshire DISTRICT COUNCIL

CORPORATE PLAN

2023 - 2028

Do - Enable - Influence

CONTENTS



FOREWORD

We all want to live in a place with the highest possible quality of life. A place people are drawn to, where they feel included and can aspire to something. A place people are proud to call home.

This Corporate Plan to 2028 will inform everything we do as we refocus our vision, review our priorities and work with staff, residents, partners, communities and businesses to lead Huntingdonshire into the future with confidence.

It will not always be easy. With a decreasing pot of government funding, rising costs and inflation and greater pressure on our services we will need to find ways to save money or generate income in order to continue providing high quality services.

We are also facing the threat of climate change. This requires decisive action and fundamental changes in how countries, cities and communities live and work. Our recently adopted Climate Strategy and action plan sets out how we can be better prepared to adapt to the impacts of climate change at a more local level. We will apply a “green lens” to all our decision making – embedding the climate and green agenda into all we do and considering environmental impacts and opportunities to improve the environment

As we grapple with the real issues facing us, we must be bold and set aspirational targets that challenge us to make a difference, whether that is by doing things directly ourselves or trying to influence change on a wider scale. With that in mind, this Corporate Plan outlines **our three key priorities**:

Priority 1 - Improving quality of life for local people

Improving the happiness and wellbeing of residents

Keeping people out of crisis

Helping people in crisis

Priority 2 - Creating a better Huntingdonshire for future generations

Improving housing

Forward-thinking economic growth

Lowering carbon emissions

Priority 3 - Doing our core work well

Delivering good quality, high value-for-money services with good control and compliance with statutory obligations

The first two priorities are each split into three outcomes as shown above. Outcome statements setting out our ambitions are detailed on pages 8 and 9.

To achieve these priorities, we must be a Council that takes time to listen and to really understand where people need the help and support to make a real difference to their lives.

In line with changes across the public sector system, we need to make prevention a core way of working across the Council. This is fundamental to our 'Improving the quality of life for local people' priority, which does not just focus on helping those already experiencing crisis but sets out earlier outcomes we want to achieve - keeping people out of crisis and, even more broadly, improving the happiness and wellbeing of our residents.

With that said, **'Working together'** is an overarching principle for the Council. We cannot go it alone. The challenges we face can only be solved through working collaboratively and the responsibility is not the Council's alone. An example of this is our role as a statutory partner in developing the Cambridgeshire and Peterborough Integrated Care System (ICS), working together to improve the health and wellbeing of local people throughout their lives.

DO. Using all our services and ways of working to best serve Huntingdonshire.

ENABLE. Huntingdonshire residents and businesses to thrive by listening and working with them.

INFLUENCE. Partner organisations and stakeholders by creating a shared vision that benefits Huntingdonshire.

Do, Enable, Influence is a key phrase for us as this Corporate Plan calls on the Council to play more of an enabling role, to make more use of partnership working and to empower people to reduce demand for traditional public services. Our role is to help residents and businesses thrive, but that is not something we can do to people. Only by **working with people** can we make sure Huntingdonshire is a place where you and your family can have a good life and take advantage of the options that benefit you.

We have already started on this journey. Over the last year, we have brought together a wide range of partners to develop our Huntingdonshire Futures Place Strategy which creates a shared vision and a plan of goals and actions for Huntingdonshire up to 2050.

Whilst looking to the future, we must also not lose sight of the day to day. We must keep delivering good quality services and we must set an excellent example to our community of the standards we expect for our residents.

It is by doing these things that we will create a place people are proud to call home.

Councillor Sarah Conboy
Executive Leader

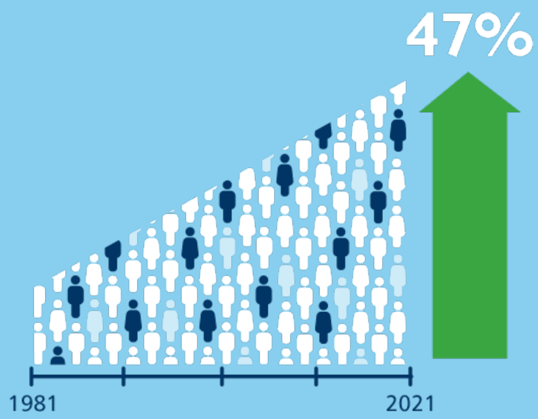
Councillor Tom Sanderson
Deputy Executive Leader

Councillor Sam Wakeford
Assistant Executive Leader

GETTING TO KNOW HUNTINGDONSHIRE

OUR PEOPLE AND PLACE

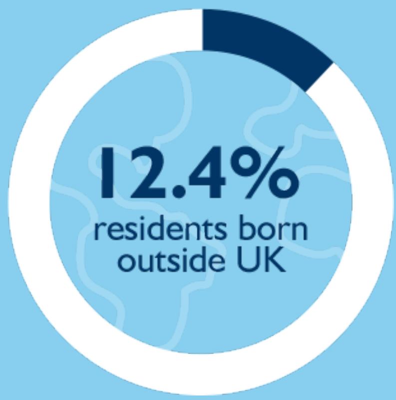
Huntingdonshire is a large (900 square kilometres) and predominantly rural area. However over 40% of the population live in our three largest market towns of **St Neots**, **Huntingdon** and **St Ives**.

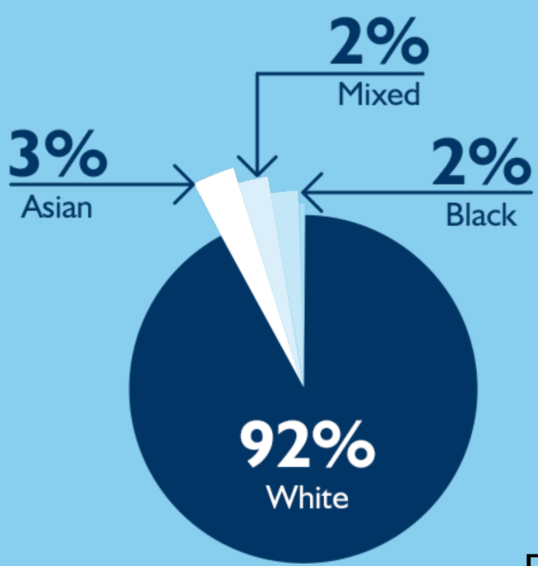


With an estimated **184,050 residents and 80,800 residential properties** at mid-2022, the population has grown significantly over recent decades (up by 47% from 1981 to 2021).

The district has an **ageing population** with 37,500 residents aged 65 plus at mid-2022, with the number **up by 33%** between 2011 and 2021 alone.

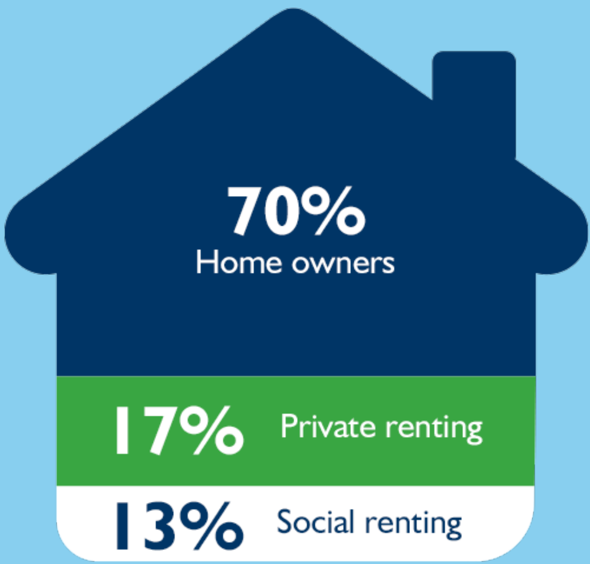
The latest estimates indicate that the number of residents in the district **born outside the UK** was 22,400 at March 2021 (**12.4% of all residents**). **Poland** is now ranked as the most common non-UK country of birth for the district's residents, followed by the **United States** and **Romania**.





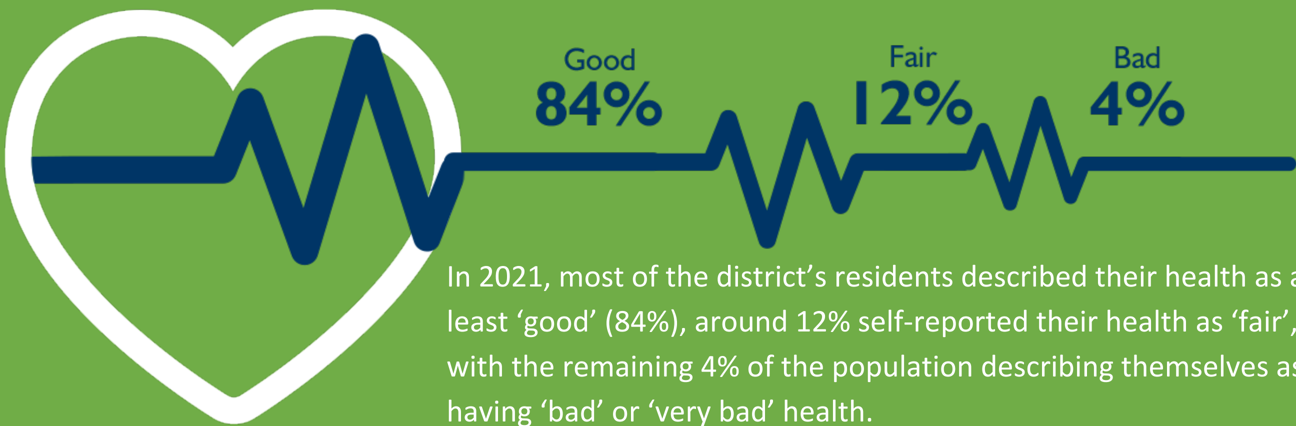
Most people in the district identified their ethnic group within the ‘White’ category (92%) in 2021. Around 3% identified their ethnic group within the ‘Asian, Asian British or Asian Welsh’ category, 2% within the "Mixed or Multiple" category, 2% within the ‘Black, Black British, Black Welsh, Caribbean or African’ category and the remaining 1% identified their ethnic group within ‘other ethnic groups’.

The average household size was **2.3 persons per household** in 2021, down from 2.4 in 2011 and below the latest England average of 2.4. More people are living alone, with the number of one person households up by 22% since 2011. **28% of all occupied households are now one person households.**



70% of households in Huntingdonshire owned their home in 2021, just over one in six (17%) rented their accommodation privately and 13% of Huntingdonshire households lived in a socially rented property. **2% of the area's occupied households had fewer bedrooms than required (overcrowded).**

OUR HEALTH AND WELLBEING



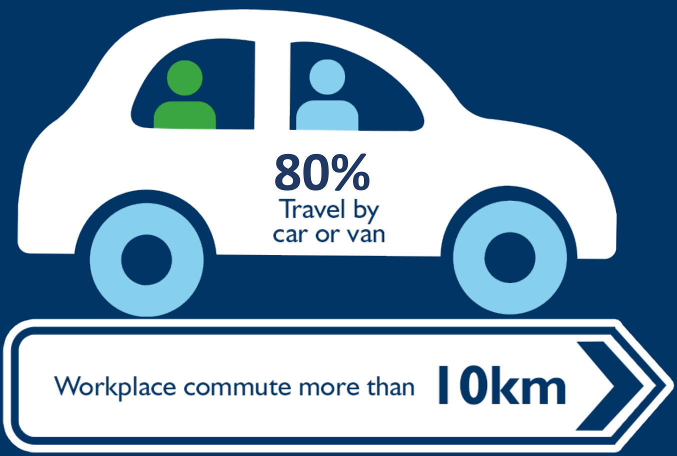
In 2021, most of the district's residents described their health as at least 'good' (84%), around 12% self-reported their health as 'fair', with the remaining 4% of the population describing themselves as having 'bad' or 'very bad' health.

An estimated **16% of the population were disabled in 2021**, with 6% stating their day-to-day activities were limited a lot.

Around 4% of usual residents in 2021 said they provided at least **20 hours of unpaid care** in a typical week.

Note: all health and wellbeing figures in this section are age-standardised proportions which allow comparisons between populations over time and across geographies as they account for differences in the population size and age structure.

OUR ECONOMY, EMPLOYMENT AND EDUCATION



The majority of Huntingdonshire residents in 2021 travelling to a workplace or depot travelled **more than 10 kilometres** (51%) and **80%** of those who travelled to work were **drivers or passengers in a car or van**. Just over **6,000 residents travelled to work on foot (11%).**

Across Huntingdonshire, **33.4%** of usual residents aged 16 years and over indicated their **highest level of qualification was Level 4** or above in 2021 – slightly lower than the England average of 33.9%. However, 15.6% had no qualifications, also lower than the England average of 18.1%. Apprenticeships were the highest qualification for 5.5% of usual residents aged 16 plus.

There are pockets of higher deprivation within the district but most areas have relatively low levels, as measured by the 2019 Indices of Deprivation. **Economic activity (64% of those aged 16+) and employment rates (61.6% of those aged 16+) are both higher than the national average.**

Source: unless otherwise stated, all data in this section is from the 2011 and 2021 Census © Office for National Statistics, 2022/23

OUR PRIORITIES

What sits behind our priorities is a desire to focus the efforts of the Council on the big priorities that matter to our residents, whilst not neglecting the performance of the day-to-day services that they rely on.

What we do is important, but how we deliver services and places that support our communities to take the decisions in their own long-term interests, and how we work with partners to deliver joined up services that make sense to residents, is critical. Our priorities are broad and ambitious and are supported by clear plans and strong working relationships. At their heart is a belief that creating success, or stepping in to prevent an issue developing, is always better than having to deal with a problem.

Priority 1: Improving quality of life for local people

Improving the happiness and wellbeing of residents

We want the highest possible quality of life for the people of Huntingdonshire. It will be a place which attracts employers and visitors and somewhere residents are proud to call home. We will be evidence-based, responsive and support the foundations of a good life. This includes personal independence, prosperity, social connection, community and good health.

Keeping people out of crisis*

We will identify the root causes that lead people into crises and find ways to prevent them. We will do this through our own actions. We will also work in partnership with residents, businesses, community groups, charities and our public sector partners.

Helping people in crisis*

Where a crisis has already happened, we will work holistically to understand the issues, the cause of these issues and what opportunities exist to address them. We will seek to prevent multiple personal crises becoming entrenched and unmanageable by addressing root causes.

* Crisis – A life changing event, or series of significant events within a short period of time, which can threaten or harm an individual's life experiences, often needing support to prevent further negative consequences.

Priority 2: Creating a better Huntingdonshire for future generations

Improving housing

We want everyone to live in a safe, high-quality home regardless of health, stage of life, family structure, income and tenure type. Homes should be energy efficient and allow people to live healthy and prosperous lives. New homes should be zero carbon ready and encourage sustainable travel.

Forward-thinking economic growth

We want our local economy to attract businesses that prioritise reducing their carbon footprint. A place where businesses choose to start-up, grow and invest in high-value jobs so they and our residents and high streets, can flourish and thrive. Local people should be able to develop their skills to take advantage of these opportunities, with businesses and education providers working more closely together to deliver an inclusive economy.

Lowering carbon emissions

We will take positive action to reduce carbon emissions and become a net zero carbon Council by 2040. We will enable and encourage local people and businesses to reduce carbon emissions and increase biodiversity across Huntingdonshire.

Priority 3: Doing our core work well

Delivering good quality, high value-for-money services with good control and compliance with statutory obligations

Around 80% of our resources are aligned to business as usual (BAU) service delivery and our third priority focuses on delivering good quality, high value for money services with good control and compliance with statutory functions. While new activities will mostly focus on delivering outcomes under our two new outward-facing priorities, we will continue to provide a wide range of existing statutory and important services and seek to improve their efficiency and effectiveness.

MEASURING SUCCESS

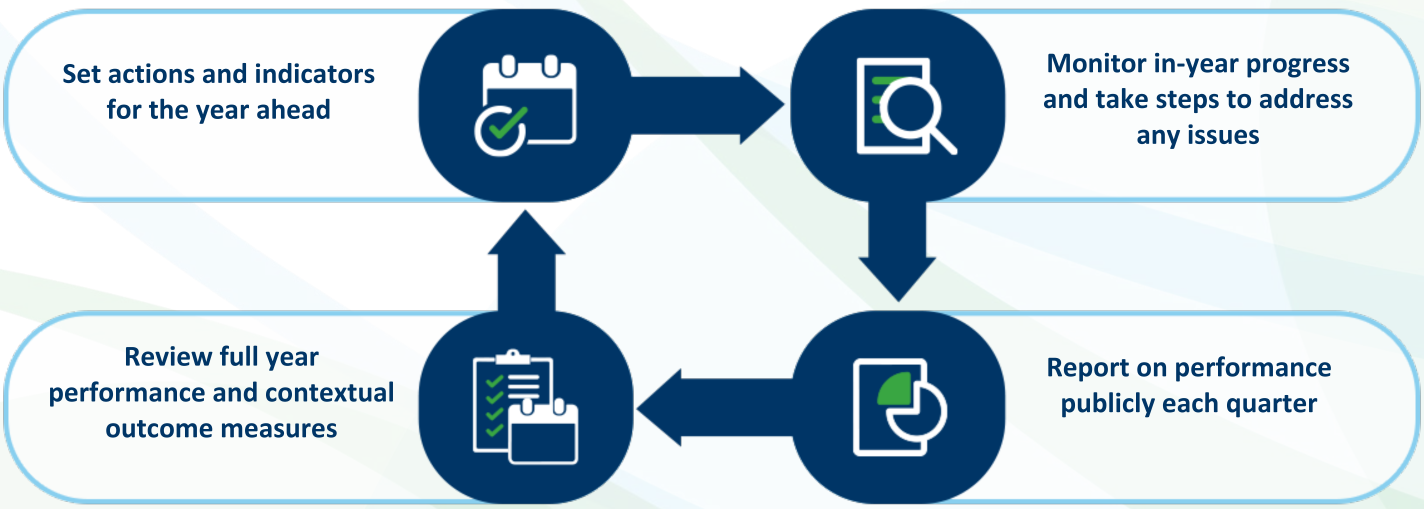
We will stand accountable for performance against these priorities through an annual action plan and performance measures. These will be refreshed yearly to reflect work completed and the development of new approaches informed by ongoing engagement with partners and residents.

In reporting on our progress and achievements, we will be transparent about what we can be held to account for but will also be setting out how we will measure success where we have great ambitions but more limited control over results.

Actions: Our action plan for the next year is set out on pages 12-25, alongside examples of last year's achievements. Performance in delivering these actions is reported quarterly to show progress against significant milestones.
Qualitative updates are provided for each outcome to provide further detail of progress made and ensure that there is a clear link between our work and the outcomes they are delivering.

Operational Performance Indicators:
We will measure the performance of our services, and their contribution to our priorities, through the operational performance indicators on pages 26 and 27, with quarterly updates published to show performance against targets and provide commentary on progress made and steps taken to address any issues.

Contextual Outcome Measures:
We will also develop and report on a range of contextual outcome measures to monitor how outcomes for the district and its residents are changing. Most outcome measures will be based on external data sources published less frequently than our own operational performance indicators. Results will be presented against our preferred direction of travel but will not have targets since we will not have direct control over performance. However, monitoring them will identify trends over time and changes we may need to react to. The question this will help us answer is: **are our actions a sensible response to community needs and the priorities we hold?**



PRIORITY

Improving quality of life for local people

OUTCOME

Improving the happiness and wellbeing of residents

DO

1. Deliver a Community Health and Wealth Strategy, to link broader social determinants of health with a Community Wealth Building approach. (amended)

2. Undertake a 'deliberative democracy' approach to the development of our Community Health and Wealth Strategy. (new)

ENABLE

3. Deliver the skills and employment workstream of the UK shared prosperity programme.

4. Refresh our Social Value Policy and explore larger opportunities to maximise local benefit through a Community Wealth Building approach to procurement and the roles of anchor institutions. (amended)

5. Focus on maximising physical activity in the district, and work to promote this across local partners. (amended)

6. Maximise, and report on, the benefits of a targeted approach to support residents to improve their quality of life through the promotion and delivery of relevant services (e.g. run campaigns based on a customer segmentation approach, track progress and regularly report on take-up and impact). (new)

INFLUENCE

7. Continue to work with statutory partners to secure improvements to transport options for Huntingdonshire, including active travel.

8. Formally engage with relevant stakeholders, residents and businesses to explore how place strategy priorities are transformed into practical delivery.

WE SAID, WE DID 2023 / 2024

PRIORITY

Improving quality of life for local people

OUTCOME

Improving the happiness and wellbeing of residents

Examples of achievements related to this outcome include:

- ☑ Developing a ‘new movers’ pilot scheme, which will see a leaflet distributed for all new Council Tax accounts aiming to support positive outcomes for new arrivals to Huntingdonshire and directing them to online resources that can help them settle in and thrive in the district

- ☑ Our One Leisure Active Lifestyles and Sports Development programmes continuing to see high levels of attendance, with programmes offering preventative interventions targeted at specific groups/health conditions and the wider population

- ☑ Higher numbers of people using our One Leisure Facilities in Huntingdon, Ramsey, St Ives and St Neots, with over 1 million admissions recorded from April 2023 to December 2023

- ☑ Continuing to listen to, and engage with, local residents through activities such as our Climate Conversation event, consultations feeding into the development of a new Local Plan and an online survey seeking views on Corporate Plan priorities via letstalkhuntingdonshire.net

PRIORITY

Improving quality of life for local people

OUTCOME

Keeping people out of crisis

DO

9. Report regularly on progress on the delivery of an integrated financial vulnerability model between HDC and partners. (amended)

10. Act on opportunities for early intervention and regularly report on learning and impact. (amended)

ENABLE

11. Maximise, and report on, the benefits of a targeted approach to support residents at risk of experiencing crisis through the promotion and delivery of relevant services (e.g. improve data sharing with the police to inform a targeted on-the-ground door-knocking campaign to help prevent crime). (new)

WE SAID, WE DID 2023 / 2024

PRIORITY

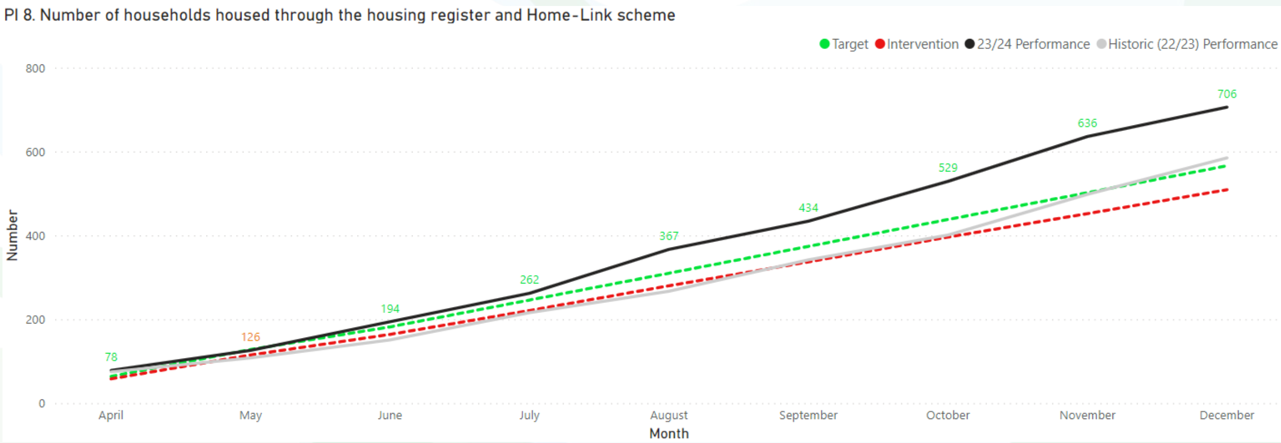
Improving quality of life for local people

OUTCOME

Keeping people out of crisis

Examples of achievements related to this outcome include:

- ☑ Developing and approving a new Council Tax Support Scheme, which will see higher levels of financial support provided to approximately 4,000 lower-income households from April 2024
- ☑ Preventing more cases of homelessness, with 28% more successful preventions recorded up to December than at the same stage last year
- ☑ Increasing the number of households housed through the housing register and Home-Link scheme, with higher numbers of social rented properties built helping us to house over 20% more households between April and December than were housed in the same period of 2022
- ☑ The Community Safety Partnership securing funding from the Office of the Police and Crime Commissioner for the recruitment of a new Problem Solving Officer to work directly with residents and councillors to provide additional resource and help identify and respond to community safety concerns and issues before they escalate



PRIORITY

Improving quality of life for local people

OUTCOME

Helping people in crisis

DO

12. Continue to support refugees and other guests, seeking to support good community relations and smooth transition into long-term residency or return home.

13. Work with partners to review the provision of Disabled Facilities Grants and ensure we maximise our ability to prevent crisis and support those who need help. (new)

ENABLE

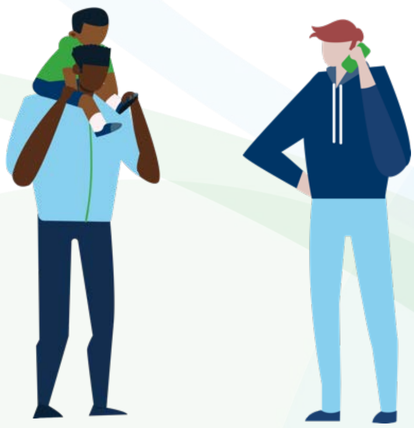
14. Focus on maximising the economic success of residents via a Community Wealth building approach. (amended)

15. Maximise, and report on, the benefits of a targeted approach to support residents experiencing crisis through the promotion and delivery of relevant services (e.g. identifying individuals who could benefit from support offered by the Resident Advice and Information team and reporting on outcomes). (new)

16. Continue to promote WeAreHuntingdonshire as a tool for partners to provide directed and tailored support based on our wider determinants approach.

INFLUENCE

17. Lobby, and **support campaigns**, for improvements to the living conditions of local residents. (new)



WE SAID, WE DID 2023 / 2024

PRIORITY

Improving quality of life for local people

OUTCOME

Helping people in crisis

Examples of achievements related to this outcome include:

☑ Developing and promoting our ‘Social Solutions’ tool, used by partners such as Cambridgeshire Police to identify support pathways and refer people in need of help to our Resident Advice and Information Team

☑ Supporting hundreds of Ukrainian families, eight Afghan families and a small number of asylum seekers housed by the Home Office in private rented accommodation in our district, through both practical help for individuals and work to promote community cohesion

☑ Targeting interventions to those most in need, for example through our One Leisure Concessionary Membership Scheme which encourages take-up of physical activity that can lead to evidence-based wide-ranging benefits for mental and physical health, social engagement and fitness to work, all of which play a part in keeping the more vulnerable out of crisis

☑ Continuing to support safe, accessible and welcoming spaces for local people by working with and promoting Community Spaces (previously ‘Warm Spaces’) run by local partners, including providing grants of up to £500 available through our Community Chest fund

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Improving Housing

DO

18. Commence work on a new Housing Strategy for 2025-2030. (new)

19. Continue to use surplus Council owned sites to deliver affordable housing, for example working with the Longhurst Group.

20. Complete an Affordable Housing Advice note that will support the delivery of new affordable housing by providing clear guidelines to developers. (new)

21. Commence work on a policy to support the use of civil penalties with regard to private sector housing enforcement. (new)

22. Carry out a review of supported exempt accommodation in the area, linked to the Supported Housing (Regulatory Oversight) Act, which will lead to the development of a Supported Housing Strategy. (new)

23. Implement the government's new National Supported Housing Standards and introduce licensing regulations. (new)

ENABLE

24. Maintain the level of new housing delivery, which meets the needs of Huntingdonshire residents, including the type of home and tenure (open market and social housing).

25. Work in partnership to look at best practice and funding to improve housing conditions, including retrofit programmes in social and private housing.

INFLUENCE

26. Continue to work with Registered Providers to improve conditions in existing accommodation through regeneration schemes.

27. Work with Health and Social Care Providers to explore future models of housing, support and care, enabling people to live independently for longer.

WE SAID, WE DID 2023 / 2024

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Improving Housing

Examples of achievements related to this outcome include:

- ☑ Approving a new Tenancy Strategy, a First Homes Position Statement and a revised Housing Strategy, following a mid-term review to reflect new information such as findings from the 2021 Census
- ☑ Hosting a Registered Provider Conference, bringing partners including the main social housing stock holding associations together to enable discussions and exploration of a range of opportunities, such as retrofitting and carbon reduction, and establishing a forum for further collaboration
- ☑ Increasing numbers of homes being built in the district, including 544 new affordable homes delivered between April and December
- ☑ Reducing the number of older planning applications without a current extension of time in place, with the number over 26 weeks old falling from 175 in April to 74 by December

Celebrated the completion of 82 new affordable homes in Ramsey

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Forward-thinking economic growth

DO

28. Promote Huntingdonshire as a destination for high value inward investment, prioritising businesses that are proactively reducing their carbon emissions, and produce an annual report on activity.

29. Deliver the business support projects within the UKSPF and REPF programme, including Manufacturing Digitalisation, Green Business Initiative, Jumpstart business competition and a new Start-up programme. (amended)

30. Refresh the Huntingdonshire Economic Growth Strategy. (amended)

31. Continue the delivery of the Market Town Programme, including the ongoing delivery of Future High Street projects in St Neots, development of new Retail Hub in Ramsey, and various other funded projects within the four market towns. Commence feasibility work on new projects to enable them to be brought forward when funding is available. (amended)

32. Continue the update to the Local plan, including updating evidence bases in line with National Planning Policy, particularly where it relates to Economy, Environment and Housing. (amended)

ENABLE

33. Work with intermediaries, professional service networks, investors and developers to understand the health of the economy, develop responses and attract investment.

INFLUENCE

34. Work with the CPCA and partners to complete a review of the future demand for Further Education (FE) provision in the St Neots area and development of the Local Skills Implementation Plan, prioritising connections between FE provision and local employers aligned to core growth sectors.

35. Influence and contribute to the creation of a Devolution2 deal for Cambridgeshire & Peterborough; the State of the Nation and Place Strategy Vision work and the commissioning of all future business support and grant funding provision. (amended)

36. Influence delivery of infrastructure including East West Rail, A428, A141 Strategic Outline Business Case and future Transport Strategies.

WE SAID, WE DID 2023 / 2024

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Forward-thinking economic growth

Examples of achievements related to this outcome include:

- ☑ Promoting inward investment in Huntingdonshire through the Made in Huntingdonshire campaign, the Invest in Huntingdonshire website, engagement with local businesses and bespoke support offered to potential investors and in response to enquiries received
- ☑ Delivering Year 1 of the UK Shared Prosperity Fund, including the launch of the Manufacturing Digitalisation project, Green Business Initiative, Business and IP centre and the Start Up/ Entrepreneurship project
- ☑ Commencing work in St Neots town centre to deliver major improvements transforming the area for the benefit of local people, businesses and visitors, as part of the wider Market Towns Programme
- ☑ Agreeing to update our Local Plan and carrying out a Call for Sites

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Lowering carbon emissions

DO

37. Complete Hydrotreated Vegetable Oil (HVO) Fuel Trial and present a business case for decision. (amended)

38. Deliver a Fleet Decarbonisation Plan. (amended)

39. Deliver our Energy Strategy.

40. Deliver the Climate Conversation in 2024, showcasing community action and listening to local people in their communities. (amended)

41. Identify emissions from HDC IT data centres to include in reporting and **establish** disposal methods for IT equipment to reduce environmental impact. (new)

42. Establish climate and carbon emissions learning and development plan for Council employees. (new)

43. Accelerate Solar Power Adoption on Council Buildings. (new)

ENABLE

44. Support community projects and plans that reduce carbon emissions. (amended)

45. Deliver Biodiversity for All (2023-2025) to enable community action and support green skills development.

46. Commission Active Travel Studies (UKSPF) to influence/inform future investment priorities.

47. Deliver the Phase 1 Rural Pilot HDC Electric Vehicle Charging Strategy Actions. (new)

INFLUENCE

48. Develop the Council's procurement rules to further embed social and environmental value.

49. Expand positive climate action support for local businesses, celebrating best practice and sharing knowledge. (amended)

50. Adopt the Huntingdonshire Plan for Nature and **influence** the Cambridgeshire & Peterborough Local Nature Recovery Strategy with our priorities. (amended)

WE SAID, WE DID 2023 / 2024

PRIORITY

Creating a better Huntingdonshire for future generations

OUTCOME

Lowering carbon emissions

Examples of achievements related to this outcome include:

- ☑ Hosting a weekend of Climate Conversation events
- ☑ Commissioning a study on priority landscapes and undertaking biodiversity surveys to help deliver the Huntingdonshire Plan for Nature
- ☑ Developing an Electronic Vehicle (EV) Charging Strategy being put forward for approval in March 2024
- ☑ Receiving an improved score of 27% (from zero in 2021) from an independent review of our Climate Action by Climate Emergency UK, demonstrating the immediate impact of our Climate Strategy and Action Plan (adopted in February 2023) but not yet showing the impact of recent work as scores don’t reflect activity since March

PRIORITY

Doing our core work well

OUTCOME

Delivering good quality, high value-for-money services with good control and compliance with statutory obligations

DO

51. Refresh our Commercial Investment strategy to develop proposals for future strategic investments.

52. Complete the remaining elements of the Workforce Strategy to prepare the Council for the changing skills needed in our future workforce and ensure we can continue to attract, retain and nurture talent.

53. Continue our Customer Services improvement programme to ensure that our customers are always at the heart of what we do.

54. Continue the Development Management Improvement programme to improve the performance of the planning service.

55. Progress delivery of Civil Parking Enforcement across the District to enforce on-street parking activity.

56. Deliver the enhancement of visitor facilities at Hinchingbrooke Country Park.

57. Upgrade path and cycleways at Riverside Park St Neots.

58. Deliver an independent Corporate Peer Challenge of the Council that will assess, challenge and improve what we do. (new)

59. Assess, and where prudent, **use** the emerging national benchmarking data from the Office of Local Government (Oflog) to improve our performance. (new)

60. Bring forward and **expand** our use of unit costs to demonstrate productivity within priority service areas. (new)

61. Pilot the use of Artificial Intelligence within the Council, seeking to create efficiencies and service improvement whilst ensuring we comply with all relevant legislation. (new)

62. Listen to local residents and respond to their input on service delivery.

ENABLE

63. Enable our outstanding volunteers in our parks, nature reserves and elsewhere to continue to improve the quality of those spaces.

INFLUENCE

64. Our well-run Council will **act** as a model for our peers.

WE SAID, WE DID 2023 / 2024

PRIORITY

Doing our core work well

OUTCOME

Delivering good quality, high value-for-money services with good control and compliance with statutory obligations

Examples of achievements related to this outcome include:

- ☑ Receiving Green Flag Awards at Paxton Pits and Hinchingbrooke Country Park for the sixth year in a row, and at Priory Park for the seventh
- ☑ Engaging with staff on the development of a new Workforce Strategy, which will give us a framework linking people management and development practices to the council’s long-term goals as an employer, helping to position the organisation as an “employer of choice” to improve both recruitment and retention
- ☑ Adopted a new Performance Management Framework and improving the format of corporate performance reports we publish each quarter
- ☑ Administering payments of over £250k of Energy Bill Rebate support to 885 applicants without personal energy supplier contracts or living in homes that use alternative fuels for heating instead of mains gas

OPERATIONAL PERFORMANCE MEASURES 2024 / 2025

Priority 1: Improving quality of life for local people

MEASURES

1. Number of attendances at One Leisure Active Lifestyles programmes (cumulative year to date)

2. Number of attendances at Sports Development activities and programmes (cumulative year to date)

3. Number of One Leisure Facilities admissions – swimming, Impressions, fitness classes, sports hall and pitches (excluding Burgess Hall and school admissions) (cumulative year to date)

4. The number of residents enabled to live safely at home and prevented from requiring care or a prolonged stay at hospital via a Disabled Facilities Grant (DFG) (cumulative year to date)

5. Average time (in weeks) between date of referral and practical completion of jobs funded through Disabled Facilities Grants (cumulative year to date)

6. Average number of days to process new claims for Housing Benefit and Council Tax Support (cumulative year to date)

7. Average number of days to process changes of circumstances for Housing Benefit and Council Tax Support (cumulative year to date)

8. Number of homelessness preventions achieved (cumulative year to date)

9. Number of households housed through the housing register and Home-Link scheme (cumulative year to date)

10. Number of households in Temporary Accommodation (snapshot at end of each period)

Priority 2: Creating a better Huntingdonshire for future generations

MEASURES

11. Net change in number of homes with a Council Tax banding (cumulative year to date)

12. Number of new affordable homes delivered (cumulative year to date)

***13.** Percentage of planning applications processed on target – major (within 13 weeks or agreed extended period) (cumulative year to date)

***14.** Percentage of planning applications processed on target – minor or other (within 8 weeks or agreed extended period) (cumulative year to date)

* indicates that a measure is included among the metrics published by Oflog (as at February 2024)

15. Percentage of planning applications processed on target – household extensions (within 8 weeks or agreed extended period) (cumulative year to date)

16. Number of planning applications over 16 weeks old (or 26 weeks old for major applications) where there is no current extension of time in place (total at end of each quarter) (amended)

17. Efficiency of vehicle fleet driving – Energy Efficient Driving Index score for the Waste service (cumulative year to date)

Priority 3: Doing our core work well

MEASURES

***18.** Percentage of household waste reused/recycled/composted (cumulative year to date)

19. Collected household waste per person (kilograms) (cumulative year to date)

***20.** Residual waste collected per household (kilograms) (cumulative year to date) (new)

21. Number of missed bins (cumulative year to date)

22. Percentage of sampled areas which are clean or predominantly clean of litter, detritus, graffiti, Flyposting, or weed accumulations (cumulative year to date)

23. Number of fly tips detected (cumulative year to date) (new)

24. Number of enforcement actions taken on fly tips (fines/court summons) (cumulative year to date) (new)

25. The number of programmed food safety inspections undertaken (cumulative year to date)

26. Percentage of calls to Call Centre answered (cumulative year to date)

27. Average wait time for customers calling the Call Centre (cumulative year to date)

***28.** Council Tax collection rate (cumulative year to date)

***29.** Business Rates collection rate (cumulative year to date)

30. Staff short-term sickness days lost per full time equivalent (FTE) (rolling 12-month total) (amended)

31. Staff long-term sickness days lost per full time equivalent (FTE) (rolling 12-month total) (amended)

32. Staff turnover (per individual month) (amended)

* indicates that a measure is included among the metrics published by Oflog (as at February 2024)

OUR VALUES (icare)

Our values, known as icare will be embedded into the organisation. The icare values fit with the future ambitions of the Council and will be a key enabler so that we can deliver the Corporate Plan.

icare

i INSPIRING

We have genuine pride and passion for public service, doing the best we can for our customers.

c COLLABORATIVE

We achieve much more by working together and this allows us to provide the best service for customers.

a ACCOUNTABLE

We take personal responsibility for our work and our decisions and we deliver on our commitments to customers.

r RESPECTFUL

We respect people's differences and are considerate to their needs.

e ENTERPRISING

We use drive and energy to challenge the norm and adapt to changing circumstances. We are always ready for challenges and opportunities and we embrace them.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	**Finance Performance Report (Q3)**
Meeting/Date:	**Cabinet – 19th March 2024**
Executive Portfolio:	**Executive Councillor for Finance and Resources**
Report by:	**Director of Finance and Corporate Resources**
Ward affected:	**All**

Executive Summary:

The quarter 3 expenditure forecast takes into account those factors affecting expenditure and income that are known by the end of December 2023.

REVENUE FORECAST
The net revenue budget for 2023/24 totals £24.344m (including carry forwards of £0.231m), the forecast outturn as at the end of quarter 3 is £22.963m. Including a contribution to reserves of £0.546m this gives a forecast underspend of £1.381m.

This is as a result of (large variations);

Corporate Resources underspend £2.0m as a result of; Transfer of the provision for Garden Waste Subscription scheme implementation costs to Operations, increased interest received, vacancies in Finance, reduced election costs (canvassers and postage), reduced staffing costs in Land Charges, reduced commercial property maintenance costs, utilities and business rates. Against increased expenditure on audit fees, Internal Drainage Board levies, and committee meetings streaming. There is also a reduction in Commercial Estates rents.
Chief Operating Officer underspend £0.2m as a result of; Underspends on Building Control, funding received for domestic abuse prevention, vacancies in Environmental Health Licencing and Customer Services, additional CT funding for annexes and additional grant for homelessness prevention. Against a shortfall in HB subsidy, reduced pest control income, refunds for Mobile Home Park residents.
Chief Planning Officer underspend £0.1m as a result of: Staff saving due to vacancies, increase in pre-application income, additional external funding, against reduced planning application fees.
ICT underspend £0.1m as a result of; Savings from consolidation of contracts by use of EastNet framework.
Strategic Insight and Delivery overspend £0.1m as a result of; Reduced market and parking income, upgrades to pay and display machines due to 3G ending. Against lower parks sub-contractors expenditure, home energy grant received, increased income at HCP and saving from Sports Development vacancy
Operations overspend £0.8m as a result of; An underspend in day to day operations of £92k (additional Recycling and CCTV income offset by lower Street Cleansing income and increased Grounds Maintenance costs) less the costs of implementing the Garden Waste Subscription scheme; the budgeted costs of £848k have been accrued

into 2023/24 in line with the 2024/25 budget treatment that was presented to Council on February 21st.

Leisure and Health overspend £0.1m as a result of; a drop off in income but remains stable in comparison to the budget, against a reduction in expenditure due to electricity and water bill credits.

CAPITAL FORECAST
The approved original budget is £29.392m, which included re-phased budget from prior years of £15.898m. At the year end the actual budget rephased was £18.342m, which is £2.444m more rephased than budgeted, in addition funded housing grant of £0.744m has been confirmed from DLUHC, £0.295m funding for Ramsey Public Realm, and £0.275m for One Leisure St Ives Pitch Replacement. The current budget is therefore £33.150m (£29.392m + £2.444m + £1.314m). The forecast outturn is £17.667m as a result of potential re-phasing to 2024/25 (subject to evaluation and agreement) and underspendings of £15.483m.

This is as a result of (Large variations only);
The most significant variations being, in-year underspends(may be approved as rephasings**);** Market Town Programme £13.0m, Hinchingbrooke Country Park £2.7m, Vehicles £0.8m, ICT projects £0.3m Car Parking £0.4m, Housing Company £0.2m; Commercial Property enhancements £0.9m, Parks and signage £0.2m. **against overspends**; on Fareham office enhancements £0.6m and CIL grants £0.7m (funded from CIL reserve), Housing Fund £1.7m (externally funded).

Recommendation(s):
It is recommended that:

- Cabinet considers and comments on the revenue financial performance to the end of December 2023, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the capital financial performance at the end of December 2023, as detailed in Appendix 2 and summarised in paragraph 3.3.
- Cabinet is invited to consider and comment on the prudential and treasury management indicators at the end of December 2023, as detailed in Appendix 3.

PURPOSE OF THE REPORT

1.1 To present details of the Council's projected financial performance for 2023/2024.

- Revenue outturn estimated underspend of £1.381m.
- Capital outturn estimated underspend/potential rephasing of £15.483m.

BACKGROUND

2.1 The budget and MTFS for 2023/24 approved in February 2023, assumed a net expenditure budget of £24.113m in addition to this £231k of carry forwards have been added to make a current budget for 2023/24 of £24.344m. A gross capital budget of £29.392m was approved, increased to £33.150m due to additional re-phasing of schemes at the year-end of £2.444m, and funding for housing grant, Ramsey Public Realm and OLSI Pitch Replacements of £1.314m not included in the original budget.

2.2 The detailed analysis of the Q3 forecast outturn as at 31 December 2023 is attached at Appendix 1 for revenue, and Appendix 2 for capital.

2.3 Prudential indicators and Treasury indicators for Q3 are attached as Appendix 3.

FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year and the impact of variations will be incorporated within the MTFS.

Revenue The current budget is £24.344m, the forecast outturn, (including contribution to reserves of £0.546m), is £22.963m which is an underspend of £1.381m.

MTFS The MTFS was updated as part of the 2023/24 Budget setting process and will again be updated as part of the 2024/25 Budget setting process which has now commenced. The revision of the MTFS will include 2022/23 outturn variations and others occurring or foreseen in 2023/24 that have an impact on future years.

Capital The approved original budget is £29.392m, which included budgeted rephasings of £15.898m. At the year end the actual budget rephased was £18.342m, which is £2.444m more rephased than budgeted. As a result, the current budget including growth from funded schemes, is £33.150m (£29.392m+ £2.444m+£1.314m).

3.2 Summary Revenue Variances by Service (Appendix 1 for detail)

The table below shows the total variances for each Service and the main reasons for the variance;

Head of Service	Budget £'000s	Budget c/fwd £'000s	Current Budget £'000s	Forecast Actual £'000s	Reserve Movements £'000s	Forecast Variance £'000s	Comments
Corporate Resources	7,878	51	7,929	5,163	760	(2,006)	Increased interest receipts, increased audit fees and IDB levies. Commercial Estates income down on key properties. Facilties Management savings and insurance premium savings, as well as vacant post savings across Corporate Resources.
Chief Operating Officer	5,313	36	5,349	5,069	50	(230)	Underspends in Building Control, Communities (grants received), Environmental Health (salary savings), Licencing (extra income and salary savings), Council Tax (extra funding), Housing Needs (extra funding), Customer Services (previous salary savings in posts now filled). Overspends in Mobile Home Park (utilities) and Housing Benefits (subsidy shortfall)
Economic Development	207	-	207	207	-	-	
Housing Strategy	200	-	200	201	-	1	
Corporate Leadership	1,295	-	1,295	1,284	-	(11)	Salary savings offset by recruitment costs
Chief Planning Officer	989	128	1,117	1,038	-	(79)	Staff savings, extra PPA income, planning application fees down, and vacant post savings.
Strategic Insight and Delivery	117	16	133	498	(197)	168	Markets and car parks income lower, and costs to uprade pay and display machines. Highet then expetced income at Hinchingbrooke Country Park.
Operations	5,152	-	5,152	5,908	-	756	Increased CCTV and grounds maintenance income. Loss of Street Cleansing income from Places for People. Cost of green bin subscription service implementation.
Leisure and Health	304	-	304	428	-	124	Income is slightly behind projection but expenditure position has improved.
ICT	2,658	-	2,658	2,622	(67)	(103)	Contract consolidation savings
Total	**24,113**	**231**	**24,344**	**22,417**	**546**	**(1,381)**	

Further analysis of the revenue variance and service commentary are in Appendix 1. This provides the variances by service and where the variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Services. Where there are adverse variances the budget managers have provided details of the actions they are undertaking and where possible indicated if this will have an ongoing impact on the MTFS.

3.3 Capital Programme (Appendix 2 for detail)

The approved gross capital programme for 2023/24 is £29.392m, this total included budgeted rephasings of £15.898m. At the year end a total of £18.342m was rephased, an additonal rephase of £2.444m. The total current budget is £33.150m including growth of £1.314m (£29.392m+£2.444m+£1.314m).

The capital programme is forecast to have an in-year underspend of £15.483m, as detailed in the table below. As part of the MTFS, capital expenditure rephasings will be reviewed in line with future needs and available funding.

The table below shows the total variances for each Service and the main reasons for the variances.

Head of Service	*Existing and New Bids* £000	*Budget Rephase (1)* £000	*Original Budget* £000	*Year End Rephase (2)* £000	*Net Rephase (3)*	*Growth* £000	*Current Budget* £000	*YTD Actual* £000	*Forecast* £000	*Over/(Under) Spend* £000	Comment on Variances
Finance and Corporate Resources	1,398	452	1,850	1,033	581	0	2,431	1,345	2,257	(174)	Additional expenditure on Fareham to enhance tenant appeal. Also in-year underspending on commercial property improvement budgets.
Community Services	1,650	39	1,689	0	(39)	0	1,650	1,534	1,867	217	Previous pre-approval scheme with Places for People has now ended. The overspend is offset by increased grant funding received.
Chief Planning Officer	3,570	0	3,570	0	0	0	3,570	2,070	3,906	336	Additional CIL expenditure funded from the CIL reserve
Housing Manager	0	206	206	206	0	744	950	0	2,480	1,530	Housing fund expenditure will all be made in this year rather than pahsed across 2 years, this is externally funded.Housing Company not going ahead this year
Customer Services	0	0	0	34	34	0	34	0	0	(34)	
Leisure and Health	600	12	612	133	121	275	1,008	794	989	(19)	Condition Survey expenditure under budget offset by small amount of overspend on OLSI pitch
Operations	1,638	328	1,966	584	256	0	2,222	942	1,396	(826)	Extending of vehicle lives, and more wheeled bin income.
Insights and Delivery	43	3,217	3,260	3,661	444	0	3,704	44	481	(3,223)	Hinchingbrooke Country Park largely delayed until 2024/25, Car parks and CPE delayed until 2024/25.
ICT	498	431	929	403	(28)	0	901	521	600	(301)	Savings in data centre racks and Windows 2012 upgrade, hardware replacement, and Public Switched Network.
Place	4,097	11,213	15,310	12,289	1,076	295	16,681	554	3,690	(12,991)	Work on the Market Town Programme to be rephased to 2024/25, this will be examined in detail by the MTP Board.
Total	**13,494**	**15,898**	**29,392**	**18,342**	**2,444**	**1,314**	**33,150**	**7,805**	**17,667**	**(15,483)**	

(1) This is the estimated rephase when the budget is set.

(2) This is the actual rephase at the year end when all costs are known

(3) This is the actual rephase less the budget rephase. Original budget + net rephase + growth = Current budget

3.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of quarter 3 (83.19%) is slightly lower than the previous year (84.4%), due to the reprofiling of some instalments; as a result, more are due in February and March 2024. The Business Rates collection rate at the end of quarter 3 (84.95%) is slightly higher than at the end of quarter 3 in the previous year (84.91%).

The number of working age Council Tax Support claimants at the end of quarter 3 was 4,033 which is 72 more than at the end of quarter 3 in 2022/23 (3,961). The number of pensioner council tax support claimants continues to fall, 2,832 at the end of quarter 3 2023/24, compared to 2,874 for the same period last year.

3.5 Miscellaneous Debt Update

The table below shows the debtor analysis as at 31st December 2023.

	Debtor Aging Days						
Service	Current	<90	91 to 180	181 to 365	>365	Future	Total Debt
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
3C Shared Services	16	6	5	3	144		173
Business Improvement District	0	50	0	0	6		57
Commercial Rent	0	80	38	32	224	1	375
Community	1	14	1	5	6		28
Community Infrastructure Levy	57	699			148	3,958	4,863
Corporate	0	10			0		10
Economic Development		89					89
Environmental			1		3		4
Finance	2	12	0	5	18		37
Green Bin			0				0
Hinchingbrooke Country Park		1	0	0	2		4
Housing	22	38	20	40	313		432
Housing Benefits Overpayment					22		22
Licensing		18	10	2	14		44
Markets	0	0	1	0			1
Miscellaneous					0		0
Moorings	0	0	0	2		2	4
One Leisure	31	31	3	10	4	29	108
Operations	20	55	3	68	10	6	161
Paxton Pits	11	4		30			45
Planning	15				0		15
Prepayments		(31)	(70)	(73)	(126)		(300)
Section 106	17	19					37
Trade Waste	10	2	0	0	0	18	31
Total	**203**	**1,098**	**12**	**124**	**789**	**4,014**	**6,240**

4.0 Update on the Commercial Investment Strategy and Investment Properties

4.1 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. The CIS supplements the income from the legacy estate of investment properties, held for the purpose of generating revenue income.

4.2 At the end of Quarter 3, the financial projections for the CIS and investment properties are:

CIS Investments	Budget £000	Forecast Outturn £000	Variance £000
Cash Investments			
CCLA Property Fund	(162)	(185)	(23)
Total Cash Investments	**(162)**	**(185)**	**(23)**
Property Rental Income	(4,379)	(4,180)	199
MRP	581	581	0
Total Property Investments	**(3,798)**	**(3,599)**	**199**
TOTAL	**(3,960)**	**(3,784)**	**176**
CIS Borrowing (Maturity Loans from PWLB)			
Property	**Maturity Date**	**Amount**	**% (Fixed)**
Wakefield	26/06/2039	£11,963,000	2.18
Fareham	02/10/2037	£5,000,000	2.78
Rowley Centre	11/03/2039	£7,292,000	2.49

4.3 Market Update and Activity

The commercial property market continues to face challenges. Although there is speculation that interest rates may fall in 2024 this has yet to translate to an increase in market activity. We are achieving renewals of existing leases but those offers received for vacant space are generally demanding in terms of the levels of incentives required.

New investment activity by the Council continues to be restrained by high rates of borrowing and budget constraints although we remain alert to the availability of any opportunities that may add extra value to the current portfolio, or that could potentially generate exceptional returns, sufficient to justify borrowing.

The CIS portfolio continues to provide a small but diverse portfolio of good quality property investments. Vacancies within it remain at the same level as previously, although a further unit is likely to become vacant at 23a Little End Road, St Neots as the tenant has recently entered administration.

Refurbishment of the two vacant Fareham office properties continues, to give them an improved specification and greater scope for future letting, enabling them to be let either on a floor by floor basis, or as whole buildings. Marketing of the space started some time ago but until very recently interest has been at a disappointing level. We currently have tentative interest in one building from a single tenant but no other active interest.

2 Stonehill, Huntingdon has now been vacant for almost a year. We continue to receive a healthy number of enquiries but no offers. We are currently obtaining quotations for roof repairs, which be funded by the dilapidations claim against the former tenant which has recently been agreed.

Interest in 21a Little End Road, Eaton Socon continues to be very disappointing despite a significant reduction in the asking rent.

Two of the restaurant units at Rowley Arts Centre remain vacant but there has been an improvement in the level of interest in them and an offer received from a local operator wishing to rent Unit 3.

The table below show the activity in relation to leases, rents and vacant properties in the previous quarters and a forecast for the next quarter.

Property Statistics	**Quarter 1 Actual**	**Quarter 2 Actual**	**Quarter 3 Actual**	**Quarter 4 Forecast**
Number of lettable units held by HDC	186	186	186	186
No. let on typical commercial leases	128	128	128	128
No. let on long leases	24	24	24	24
No. let on non commercial leases	17	17	17	17
No. vacant	15	15	15	15
Vacant properties by town;				
• Huntingdon	8	7	7	6
• St Neots	5	6	6	7
• St Ives	0	0	0	0
• Fareham	2	2	2	2
Property Activity	**Quarter 1 Actual**	**Quarter 2 Actual**	**Quarter 3 Actual**	**Quarter 4 Forecast**
Number of leases renewed	0	0	2	5
Number of rents reviewed	5	1	0	3
Number of new lettings	2	1	1	2
Number of units under offer	2	1	1	0
Number of leases ended	2	1	0	0
Financial changes	**Quarter 1 Actual**	**Quarter 2 Actual**	**Quarter 3 Actual**	**Quarter 4 Forecast**
Increases/(decrease) in annual rents receivable due to lease renewals*	£0	(£11,125)	(£270,950)	£1,495
Increases/(decrease) in annual rents receivable due to rent reviews	£11,457	£8,666	£0	£184,132
Increase in annual rents receivable due to new leases	£53,299	£10,500	£4,000	£17,500
Decrease in annual rents receivable due to vacations & insolvencies	(£87,140)	(£59,640)	£0	£0

NB: Some reviews and renewals may be backdated so effective from previous quarters.
Where stepped rents are agreed the figures quoted relate to the average rent.
*Figures include renewal of Oak Tree Medical Centre lease (Q3) at substantially reduced rent – previous rents having been index linked over many years rather than related to open market value. Also rent free periods were given for renewal of leases of retail units at Sudbury and the year 1 rents showing the reduced income are shown here (Q2 &3).

5 **COMMENTS OF OVERVIEW & SCRUTINY**

5.1 The Panel discussed the Finance Performance Report 2023-24 Quarter 3 at its meeting on 6th March 2024.

5.2 Following questions from Councillor Pickering, the Panel were assured that the refurbishment on the Fareham properties was in the snagging stage and due to come in within budget. The Panel were further assured that the vacant properties within the portfolio were not a cause for concern and that this was due to a quiet market rather than an issue with the properties themselves.

5.3 In response to a question from Councillor Harvey, the Panel heard that an increase in income at Hinchingbrooke Country Park was due to increase in café sales and events at the site. The team were continuing to explore ways to maximise opportunities at the Park.

5.4 Councillor Harvey enquired what actions were being taken to recover outstanding historical rents owed to the Council, particularly in relation to commercial rents. Following the meeting, the Panel were appraised that the most significant cause of the historic debt is tenant insolvencies. The Estates team are actively working to recover the debts through reminder letters, payment plans, direct tenant contact and legal processes. The work has been complicated by CVAs/IVAs (Company/Individual Voluntary Arrangements) and other financial restructures that tenants have had put in place over the last few years.

5.5 The Panel were advised, in response to a question from Councillor Harvey, that where tenants wished to, negotiations would be entered into to ensure practical rents were achieved whilst remaining commercially viable.

5.6 Councillor Martin expressed concern over the service gap for the Street Cleansing service, the Panel heard that a service contract had been lost in this area and work was ongoing to address the issue.

5.7 Following an observation from Councillor Slade about the street scene and state of properties in the Rowley Centre, St Neots, the Panel heard that a paper would be brought to a future meeting which would address the situation.

5.8 An observation was made by Councillor Blackwell that there was a discrepancy in the number of properties within the table in section 4.3 of the report. Following the meeting, the Panel were advised that a discrepancy may arise because of tenants with double units, and units occupied on licences which do not fall into the itemised categories.

5.9 The Panel were assured, following a further question from Councillor Blackwell, that some of the vacant properties were of benefit to the Council without being let. The Panel were advised that further details around the scenario would be brought to a future meeting of the Panel.

5.10 Councillor Martin enquired about the overspend forecast for Disabled Facilities Grant and asked for clarity because the corporate performance report had indicated a backlog of DFGs which might suggest an underspend. Following the meeting, the Panel heard that the cost of each adaption has increased significantly over the last few years, consequently even if fewer DFG applications are processed the total cost is higher. The reduced number of applications processed is not as a result of lower demand, but rather the delay is a result of the removal of the service level agreement between the council and Places for People that enabled automatic approval for standard adaptions (e.g. stairlifts, ramps, level access showers) which form the majority of adaption works. Work is underway to reinstate the SLA.

5.11 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

6. RECOMMENDATIONS

- Cabinet is invited to consider and comment on the revenue financial performance at the end of December 2023, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the capital financial performance at the end of December 2023, as detailed in Appendix 2 and summarised in paragraph 3.3.
- Cabinet is invited to consider and comment on the prudential and treasury management indicators at the end of December 2023, as detailed in Appendix 3.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Financial Performance Monitoring Q3 Revenue
Appendix 2 – Financial Performance Monitoring Q3 Capital
Appendix 3 – Prudential and Treasury Indicators for Q3

CONTACT OFFICER

Karen Sutton, Director of Finance and Corporate Resources
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Appendix 1

Q3 Forecast 2023/24 - Revenue   Head of Service Summary

Head of Service	Year to Date			Full Year						
	Actual £000	Current Budget £000	Over/ (Under) Spend £000	Forecast £000	Original Budget £000	Budget c/fwd £000	Current Budget £000	Contribution To /(From) Reserves £000	Over/ (Under) Spend £000	Comments
Corporate Resources										
Income	(5,528)	(3,970)	(1,558)	(7,845)	(5,543)	-	(5,543)	760	(1,542)	Higher interest receipts, and higher than budgeted audit fees and IDB levies. Vacancy savings from 2 posts in Finance, increased Legal charges. Reduced canvasser fees, reduced election postage fees, reduced staffing in Land Charges, but extra costs for streaming committee meetings. Commercial estates income is reduced on key properties, offset by reduced maintenance costs, utilities and business rates and vacant posts. Significant savings in Facilities Management including on electricity, gas, business rates and a vacant post, offset marginally by increased maintenance costs at Pathfinder House. Also savings in insurance premiums.
Expenses	7,563	7,946	(383)	13,008	13,421	51	13,472	-	(464)	
Net	**2,035**	**3,976**	**(1,941)**	**5,163**	**7,878**	**51**	**7,929**	**760**	**(2,006)**	
Chief Operating Officer										
Income	(19,661)	(19,074)	(587)	(26,736)	(26,102)	-	(26,102)	50	(584)	There are underspends in the following service areas, Building Control; Communities due to extra grants received; Environmental Health due to salary savings; Licencing because of extra taxi licence income, debt chasing, and salary savings; Council Tax increased government funding; Housing Needs increased grant funding; Customer Services due to staff turnover with a full establishment now in place. There are overspends in the following service areas, Mobile Home Park due to utility bill refunds; Housing Benefits due to a shortfall in benefit subsidy;.
Expenses	23,878	23,614	264	31,805	31,415	36	31,451	-	354	
Net	**4,217**	**4,540**	**(323)**	**5,069**	**5,313**	**36**	**5,349**	**50**	**(230)**	
Economic Development										
Income	(2)	-	(2)	(9)	(6)	-	(6)	-	(3)	
Expenses	159	158	1	216	213	-	213	-	3	
Net	**157**	**158**	**(1)**	**207**	**207**	**-**	**207**	**-**	**-**	
Housing Strategy										
Income	-	-	-	(157)	(157)	-	(157)	-	-	
Expenses	263	260	3	358	357	-	357	-	1	
Net	**263**	**260**	**3**	**201**	**200**	**-**	**200**	**-**	**1**	
Corporate Leadership										
Expenses	527	537	(10)	1,284	1,295	-	1,295	-	(11)	Savings offset by recruitment costs.
Net	**527**	**537**	**(10)**	**1,284**	**1,295**	**-**	**1,295**	**-**	**(11)**	

Appendix 1

Q3 Forecast 2023/24 - Revenue   Head of Service Summary

Head of Service	Year to Date			Full Year						
	Actual £000	Current Budget £000	Over/ (Under) Spend £000	Forecast £000	Original Budget £000	Budget c/fwd £000	Current Budget £000	Contribution To /(From) Reserves £000	Over/ (Under) Spend £000	Comments
Chief Planning Officer										
Income	(1,677)	(1,592)	(85)	(1,893)	(1,931)	-	(1,931)	-	38	Staff vacancies, extra PPA income and BNG funding. Downturn in planning application fees, but there are staff vacancies and extra grant from DLUHC.
Expenses	1,828	2,026	(198)	2,931	2,920	128	3,048	-	(117)	
Net	**151**	**434**	**(283)**	**1,038**	**989**	**128**	**1,117**	**-**	**(79)**	
Strategic Insight and Delivery										
Income	(2,428)	(2,507)	79	(3,411)	(3,578)	-	(3,578)	-	167	Reduced market income. Car parks income lower than expected, including lower than expected December income, and also parking permits income low. Upgrades to pay and display machines due to phase out of 3G, also over accrual of income in previous years. Parks sub-contractor lower than expected and grant received for Home Energy staff costs. Income at HCP higher than expected although food costs have risen. Saving from Sports Development post vacancy, but higher salary than budgeted for head of service post.
Expenses	2,831	2,864	(33)	3,909	3,695	16	3,711	(197)	1	
Net	**403**	**357**	**46**	**498**	**117**	**16**	**133**	**(197)**	**168**	
Operations										
Income	(2,049)	(1,592)	(457)	(3,058)	(2,522)	-	(2,522)	-	(536)	Increased CCTV income, increased grounds maintenance income. Street Cleansing loss of income from Places for People, and difficulties meeting budget savings. Extra income from recycling contract, and saving in vehicle parts by workshop. Costs of implementation of green waste subscription service (£848k) have been charged to 2023/24.
Expenses	5,767	5,561	206	8,966	7,674	-	7,674	-	1,292	
Net	**3,718**	**3,969**	**(251)**	**5,908**	**5,152**	**-**	**5,152**	**-**	**756**	
Leisure and Health										
Income	(4,398)	(4,435)	37	(6,086)	(6,107)	-	(6,107)	-	21	See separate comments paragraph.
Expenses	4,779	4,751	27	6,514	6,411	-	6,411	-	103	
Net	**380**	**316**	**64**	**428**	**304**	**-**	**304**	**-**	**124**	
ICT										
Income	(2,715)	(2,552)	(163)	(5,271)	(5,092)	-	(5,092)	-	(179)	Savings from consolidation of contracts via Eastnet, and termination of contracts early.
Expenses	6,675	6,630	45	7,893	7,750	-	7,750	(67)	76	
Net	**3,960**	**4,078**	**(118)**	**2,622**	**2,658**	**-**	**2,658**	**(67)**	**(103)**	
Total	**15,811**	**18,625**	**(2,814)**	**22,417**	**24,113**	**231**	**24,344**	**546**	**(1,381)**	

Q3 Forecast 2023/24 - Revenue

Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date Actuals £000	Year To Date Current Budget £000	Year To Date Over/(Under) Spend £000	Full Year Forecast £000	Full Year Original Budget £000	Full Year Budget Carry Forwards £000	Full Year Current Budget £000	Full Year Contribution To/(From) Reserves £000	Full Year Over/(Under) Spend £000	Commentary On Underspend/Overspend
Corporate Services	**Head of Resources**										
	Income	-	-	-	-	-	-	-	-	-	
	Expenses	86	86	-	114	114	-	114	-	-	
	Net Impact	**86**	**86**	**-**	**114**	**114**	**-**	**114**	**-**	**-**	
	Corporate Finance										
	Income	(1,914)	(204)	(1,710)	(2,880)	(436)	-	(436)	750	(1,694)	Higher interest rates have resulted in increased income from short term investments
	Expenses	2,920	2,839	81	6,098	6,041	-	6,041	-	57	Higher than budgeted audit fees and internal drainage board levy payments
	Net Impact	**1,006**	**2,635**	**(1,629)**	**3,218**	**5,605**	**-**	**5,605**	**750**	**(1,637)**	
	Finance										
	Income	(1)	-	(1)	(1)	-	-	-	-	(1)	Underspend due to savings from 2 roles being vacant for part of the year
	Expenses	476	509	(33)	646	673	-	673	-	(27)	
	Net Impact	**475**	**509**	**(34)**	**645**	**673**	**-**	**673**	**-**	**(28)**	
	Risk Management										
	Expenses	90	89	1	153	147	-	147	-	6	
	Net Impact	**90**	**89**	**1**	**153**	**147**	**-**	**147**	**-**	**6**	
	Legal										
	Income	(2)	-	(2)	(2)	-	-	-	-	(2)	Increased cost of client contract with 3C Shared Service
	Expenses	3	-	3	285	259	-	259	-	26	
	Net Impact	**1**	**-**	**1**	**283**	**259**	**-**	**259**	**-**	**24**	
	Energy & Sustainability Management										
	Expenses	30	32	(2)	41	43	-	43	-	(2)	
	Net Impact	**30**	**32**	**(2)**	**41**	**43**	**-**	**43**	**-**	**(2)**	
	Public Conveniences										
	Expenses	2	-	2	5	-	-	-	-	5	
	Net Impact	**2**	**-**	**2**	**5**	**-**	**-**	**-**	**-**	**5**	
	Facilities Management										Under spend relates to utility bills being lower than forecast initially: Electricity (£158k) & Gas (£101k) Vacant Facilities Manager Role (£20k) plus savings in business rates (£141k), offset by maintenance costs at PFH (£44k)
	Income	(385)	(381)	(4)	(530)	(530)	-	(530)	-	-	
	Expenses	919	1,234	(315)	1,399	1,747	10	1,757	-	(358)	
	Net Impact	**534**	**853**	**(319)**	**869**	**1,217**	**10**	**1,227**	**-**	**(358)**	
	Democratic & Elections										
	Income	(177)	(146)	(31)	(251)	(198)	-	(198)	10	(43)	£11k less on Canvasser Fees than anticipated following actuals being posted in Q3. £11k reduction in expected postage costs. Unbudgeted expenditure to provide a service to stream statutory councillor meetings. SRAs lower than budget and budget not utilised to date for any Code of Conduct investigations. Drop in resources in Land Charges staffing and underspend with temporary resource to cover Democratic Services.
	Expenses	782	782	-	1,127	1,118	-	1,118	-	9	
	Net Impact	**605**	**636**	**(31)**	**876**	**920**	**-**	**920**	**10**	**(34)**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/(Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/(Under) Spend £000	Commentary On Underspend/Overspend
Corporate Resources	**Human Resources**										The underspend relates to a number of areas within the budget but the main one relates to staff recruitment costs that are recharged to hiring departments and a saving in salary budget.
	Income	(1)	-	(1)	(1)	-	-	-	-	(1)	
	Expenses	515	521	(6)	659	679	-	679	-	(20)	
	Net Impact	**514**	**521**	**(7)**	**658**	**679**	**-**	**679**	**-**	**(21)**	
	Risks & Control										
	Income	-	-	-	-	-	-	-	-	-	Savings on insurance premiums
	Expenses	667	708	(41)	700	762	8	770	-	(70)	
	Net Impact	**667**	**708**	**(41)**	**700**	**762**	**8**	**770**	**-**	**(70)**	
	Commercial Estates										
	Income	(3,048)	(3,239)	191	(4,180)	(4,379)	-	(4,379)	-	199	Income has been impacted by significant lease events on certain key properties, this partially offset by underspends within building maintenance, utilities and business rates. There are also a couple of vacant posts which with one post expected to be filled part way through the year and other post to be vacant for the year.
	Expenses	1,073	1,146	(73)	1,781	1,838	33	1,871	-	(90)	
	Net Impact	**(1,975)**	**(2,093)**	**118**	**(2,399)**	**(2,541)**	**33**	**(2,508)**	**-**	**109**	
	HoS Total	**2,035**	**3,976**	**(1,941)**	**5,163**	**7,878**	**51**	**7,929**	**760**	**(2,006)**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/ (Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/ (Under) Spend £000	Commentary On Underspend/Overspend
Chief Operating Officer	**Building Control**										
	Income	(1)	-	(1)	(6)	-	-	-	-	(6)	This is a shared service. The lead partner, Cambridge City Council's Q3 forecast indicates a significant underspend for the year.
	Expenses	-	-	-	176	250	-	250	-	(74)	
	Net Impact	**(1)**	**-**	**(1)**	**170**	**250**	**-**	**250**	**-**	**(80)**	
	Community Resilience										
	Income	(135)	(171)	36	(220)	(209)	-	(209)	50	39	Mobile home park utility bills are being reviewed and a proportion of the budget will need to be returned to residents to comply with legislation. To provide resilience for the future, income from the sales of mobile homes is placed in a reserve for future improvements and projects Pest control has seen a reduction in treatment types due to seasonal differences, leading to reduced income
	Expenses	191	290	(99)	420	406	-	406	-	14	
	Net Impact	**56**	**119**	**(63)**	**200**	**197**	**-**	**197**	**50**	**53**	
	Communities										
	Income	(138)	(102)	(36)	(232)	(226)	-	(226)	-	(6)	Funding received to help respond to the additional burdens in relation to domestic abuse which in turn will help the District Council receive the DAHA accreditation, funding can only be used for this purpose and therefore any underspend must be ringfenced in a separate reserve. £12k overspend on removal services relating to DFG's. The team have worked with residents to move home as opposed to only be able to make moderate adaptions to their existing home due to the maximum award being £30k. On occasion, it is in the interest of the resident to move to a more suitable property than to try and make it suitable for someone with disabilities.
	Expenses	445	452	(7)	572	586	36	622	-	(50)	
	Net Impact	**307**	**350**	**(43)**	**340**	**360**	**36**	**396**	**-**	**(56)**	
	Environmental Health Services										
	Income	(73)	(46)	(27)	(84)	(59)	-	(59)	-	(25)	Variance in employment due to recruitment at lower grade than previous post holder and a vacant post, COMF funding forecasted following update guidance given by Head of Service. Environmental Health salary savings,
	Expenses	493	566	(73)	683	761	-	761	-	(78)	
	Net Impact	**420**	**520**	**(100)**	**599**	**702**	**-**	**702**	**-**	**(103)**	
	Environmental Health Administration										
	Expenses	95	99	(4)	129	134	-	134	-	(5)	
	Net Impact	**95**	**99**	**(4)**	**129**	**134**	**-**	**134**	**-**	**(5)**	
	Licencing										
	Income	(374)	(356)	(18)	(405)	(370)	-	(370)	-	(35)	Underspend within staff due to the licensing manager role being partly covered with a shared service in place. We are also experiencing an increase in Taxi driver application, possibly linked to the new PH Operator Panther who took over from Steve's Taxi. Outstanding invoices for premises licenses are being actively chased and therefore generating additional income.
	Expenses	153	201	(48)	221	268	-	268	-	(47)	
	Net Impact	**(221)**	**(155)**	**(66)**	**(184)**	**(102)**	**-**	**(102)**	**-**	**(82)**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/(Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/(Under) Spend £000	Commentary On Underspend/Overspend
Chief Operating Officer	**Council Tax Support**										
	Income	(183)	(120)	(63)	(182)	(122)	-	(122)	-	(60)	Changes to the way in which grants are allocated by Central Government meant that funding received for CTS Administration Grant also included a sum for CT Family Annexes c£60k
	Expenses	(1)	-	(1)	-	-	-	-	-	-	
		(184)	**(120)**	**(64)**	**(182)**	**(122)**	**-**	**(122)**	**-**	**(60)**	
	Net Impact										
	Local Tax Collection										
	Income	(6)	-	(6)	(254)	(250)	-	(250)	-	(4)	
	Expenses	4	-	4	6	-	-	-	-	6	
	Net Impact	**(2)**	**-**	**(2)**	**(248)**	**(250)**	**-**	**(250)**	**-**	**2**	
	Housing Benefits										
	Income	(17,447)	(17,374)	(73)	(23,892)	(23,817)	-	(23,817)	-	(75)	A shortfall in HB subsidy for non-HRA expenditure accounts for most of the variance. The Housing Needs team have provided additional funding to support DHP from the homelessness prevention grant. Increases to postage costs have been included from October. Two vacant posts undergoing review prior to recruitment.
	Expenses	19,914	19,575	339	26,106	25,725	-	25,725	-	381	
	Net Impact	**2,467**	**2,201**	**266**	**2,214**	**1,908**	**-**	**1,908**	**-**	**306**	
	Housing Needs										
	Income	(1,304)	(905)	(399)	(1,461)	(1,049)	-	(1,049)	-	(412)	Additional in year allocation of £305k Homeless Prevention Grant (HPG), but £132k of this will be allocated to the Discretionary Housing Payments (DHP) expenditure, but not transferred to Revs & Bens.
	Expenses	1,755	1,547	208	2,373	2,090	-	2,090	-	283	
	Net Impact	**451**	**642**	**(191)**	**912**	**1,041**	**-**	**1,041**	**-**	**(129)**	
	Customer Services										
	Expenses	612	674	(62)	831	911	-	911	-	(80)	Savings from staff turnover with full establishment now in place
	Net Impact	**612**	**674**	**(62)**	**831**	**911**	**-**	**911**	**-**	**(80)**	
	Document Centre										
	Expenses	135	128	7	179	175	-	175	-	4	
	Net Impact	**135**	**128**	**7**	**179**	**175**	**-**	**175**	**-**	**4**	
	Chief Operating Officer										
	Expenses	82	82	-	109	109	-	109	-	-	
	Net Impact	**82**	**82**	**-**	**109**	**109**	**-**	**109**	**-**	**-**	
	HoS Total	**4,217**	**4,540**	**(323)**	**5,069**	**5,313**	**36**	**5,349**	**50**	**(230)**	

Q3 Forecast 2023/24 - Revenue — Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/(Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/(Under) Spend £000	Commentary On Underspend/Overspend
Economic Development	**Economic Development**										
	Income	(2)	-	(2)	(9)	(6)	-	(6)	-	(3)	
	Expenses	159	158	1	216	213	-	213	-	3	
	Net Impact	**157**	**158**	**(1)**	**207**	**207**	**-**	**207**	**-**	**-**	
	HoS Total	**157**	**158**	**(1)**	**207**	**207**	**-**	**207**	**-**	**-**	
Housing Strategy	**Housing Strategy**										
	Expenses	144	141	3	199	198	-	198	-	1	
	Net Impact	**144**	**141**	**3**	**199**	**198**	**-**	**198**	**-**	**1**	
	Market Towns										
	Income	-	-	-	(157)	(157)	-	(157)	-	-	
	Expenses	119	119	-	159	159	-	159	-	-	
	Net Impact	**119**	**119**	**-**	**2**	**2**	**-**	**2**	**-**	**-**	
	HoS Total	**263**	**260**	**3**	**201**	**200**	**-**	**200**	**-**	**1**	
Corporate Leadership	**Directors**										
	Expenses	409	418	(9)	1,108	1,122	-	1,122	-	(14)	Salary savings offset by recruitment costs, memberships & consultancy
	Net Impact	**409**	**418**	**(9)**	**1,108**	**1,122**	**-**	**1,122**	**-**	**(14)**	
	Executive Support & Business Planning										
	Expenses	118	119	(1)	176	173	-	173	-	3	
	Net Impact	**118**	**119**	**(1)**	**176**	**173**	**-**	**173**	**-**	**3**	
	HoS Total	**527**	**537**	**(10)**	**1,284**	**1,295**	**-**	**1,295**	**-**	**(11)**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue   Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/ (Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/ (Under) Spend £000	Commentary On Underspend/Overspend
Chief Planning Officer	**Head of Service: Chief Planning Officer**										
	Planning Policy										
	Income	(245)	(161)	(84)	(549)	(429)	-	(429)	-	(120)	CIL £62,660 underspend - net effect of staff savings due to vacancies £10K additional PPA income £16k net effect of BNG funding, we can use funding to fund activities which are already in our base budget. £35k – staff savings due to vacancy in strategic team.
	Expenses	683	763	(80)	1,288	1,202	89	1,291	-	(3)	
	Net Impact	**438**	**602**	**(164)**	**739**	**773**	**89**	**862**	**-**	**(123)**	
	Development Management										
	Income	(1,432)	(1,431)	(1)	(1,344)	(1,502)	-	(1,502)	-	158	- Pre-application income remains on track. However, there is a downturn in planning application fee income due to a range of economic-led external factors. - The backlog project is a 2-3yr project, however, the backlog reduction is ahead of target and accruals have therefore been reduced by 40% in the last year. - Staff resource underspend £110K - DHLUC Planning Backlog fund award of £100K
	Expenses	1,145	1,263	(118)	1,643	1,718	39	1,757	-	(114)	
	Net Impact	**(287)**	**(168)**	**(119)**	**299**	**216**	**39**	**255**	**-**	**44**	
	HoS Total	**151**	**434**	**(283)**	**1,038**	**989**	**128**	**1,117**	**-**	**(79)**	

Q3 Forecast 2023/24 - Revenue

Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/(Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/(Under) Spend £000	Commentary On Underspend/Overspend
Strategic Insight & Delivery	**Head of Service: Strategic Insight & Delivery**										
	Markets										
	Income	(72)	(123)	51	(106)	(163)	-	(163)	-	57	
	Expenses	111	106	5	144	132	-	132	-	12	Have worked to maximise available space for trader pitches however with the current scale of charges and discount schemes, the budgeted income is unachievable. The service is going to discuss the fees and charges with the portfolio holder and the net position/value of the market which will feature as a service plan item in the coming year.
	Net Impact	**39**	**(17)**	**56**	**38**	**(31)**	**-**	**(31)**	**-**	**69**	
	Car Parks - Off Street										
	Income	(1,908)	(2,121)	213	(2,548)	(2,835)	-	(2,835)	-	287	Anticipated income not achieved which includes December lower than expected + Parking permits income low.
	Expenses	1,155	1,231	(76)	1,467	1,535	16	1,551	-	(84)	Unplanned expenditure for P&D machine internal upgrades to move over to 4G due to 3G being phased out (uncertainty around operability of card transactions via 2G) Historic invoicing due (forecast) where payable by service but POs had been closed by other service area.
	Net Impact	**(753)**	**(890)**	**137**	**(1,081)**	**(1,300)**	**16**	**(1,284)**	**-**	**203**	
	Transformation										
	Income	-	-	-	(214)	(215)	-	(215)	-	1	
	Expenses	317	317	-	420	420	-	420	-	-	
	Net Impact	**317**	**317**	**-**	**206**	**205**	**-**	**205**	**-**	**1**	
	Car Park - On Street										
	Income	(7)	-	(7)	(8)	-	-	-	-	(8)	
	Expenses	(25)	-	(25)	(25)	-	-	-	-	(25)	Accrued too much grant payments from prior years to be paid over to County. This is because for several years on street parking was not charged.
	Net Impact	**(32)**	**-**	**(32)**	**(33)**	**-**	**-**	**-**	**-**	**(33)**	
	Projects and Programmes										
	Expenses	-	-	-	102	-	-	-	(102)	-	
	Net Impact	**-**	**-**	**-**	**102**	**-**	**-**	**-**	**(102)**	**-**	
	Parks and Open Spaces										
	Income	(54)	(36)	(18)	(95)	(46)	-	(46)	-	(49)	Lower than expected subcontrator costs associated with the climate program, additional grant of £30k to cover Home Energy program temporary staff
	Expenses	460	446	14	726	605	-	605	(95)	26	
	Net Impact	**406**	**410**	**(4)**	**631**	**559**	**-**	**559**	**(95)**	**(23)**	
	Service Group: Countryside										
	Income	(360)	(196)	(164)	(405)	(277)	-	(277)	-	(128)	Income across the counter higher than previous years (£55k generated more than budget), however food costs unavoidably rising, but is being monitored (£16k more than budget)
	Expenses	590	522	68	766	677	-	677	-	89	
	Net Impact	**230**	**326**	**(96)**	**361**	**400**	**-**	**400**	**-**	**(39)**	

Q3 Forecast 2023/24 - Revenue

Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: *Actuals £000*	*Current Budget £000*	*Over/ (Under) Spend £000*	Full Year: *Forecast £000*	*Original Budget £000*	*Budget Carry Forwards £000*	*Current Budget £000*	*Contribution To/(From) Reserves £000*	*Over/ (Under) Spend £000*	*Commentary On Underspend/Overspend*
Strategic Insight & Delivery	**Service Group: Strategic Insight & Delivery**										
	Income	(4)	-	(4)	(3)	-	-	-	-	(3)	Difference between a head of service post and an assistant director post
	Expenses	159	147	12	212	196	-	196	-	16	
	Net Impact	**155**	**147**	**8**	**209**	**196**	**-**	**196**	**-**	**13**	
	Service Group: Sports Development										
	Income	(23)	(31)	8	(32)	(42)	-	(42)	-	10	Underspend due to current Vacancy of Sports Development Manager, to be recruited in March.
	Expenses	64	95	(31)	97	130	-	130	-	(33)	
	Net Impact	**41**	**64**	**(23)**	**65**	**88**	**-**	**88**	**-**	**(23)**	
	HoS Total	**403**	**357**	**46**	**498**	**117**	**16**	**133**	**(197)**	**168**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date: Actuals £000	Year To Date: Current Budget £000	Year To Date: Over/(Under) Spend £000	Full Year: Forecast £000	Full Year: Original Budget £000	Full Year: Budget Carry Forwards £000	Full Year: Current Budget £000	Full Year: Contribution To/(From) Reserves £000	Full Year: Over/(Under) Spend £000	Commentary On Underspend/Overspend
Operations	**Head of Service: Operations**										
	CCTV										
	Income	(114)	(115)	1	(109)	(115)	-	(115)	-	6	
	Expenses	3	-	3	-	-	-	-	-	-	
	Net Impact	**(111)**	**(115)**	**4**	**(109)**	**(115)**	**-**	**(115)**	**-**	**6**	
	CCTV Shared Service										
	Income	(257)	(13)	(244)	(692)	(338)	-	(338)	-	(354)	Currently tracking a £61k underspend this is due to income on Safer streets 5 and 10% income value on projects being achieved
	Expenses	616	473	143	921	628	-	628	-	293	
	Net Impact	**359**	**460**	**(101)**	**229**	**290**	**-**	**290**	**-**	**(61)**	
	Service Group: Head of Operations										
	Expenses	16	22	(6)	145	151	-	151	-	(6)	
	Net Impact	**16**	**22**	**(6)**	**145**	**151**	**-**	**151**	**-**	**(6)**	
	Service Group: Green Spaces										
	Income	(190)	(142)	(48)	(406)	(306)	-	(306)	-	(100)	(£125k) Income Improvements, Predominantly GM increased sales. £24k Market supplement not in budget(£11k) Sewer / Ditches with no claims identified to date being the main contributors.
	Expenses	740	727	13	998	977	-	977	-	21	
	Net Impact	**550**	**585**	**(35)**	**592**	**671**	**-**	**671**	**-**	**(79)**	
	Service Group: Street Cleansing										
	Income	(41)	(48)	7	(46)	(80)	-	(80)	-	34	Overspend due to loss of income due to Places for People taking the work back in house (£67K). Agency staff overspend not totally balanced off by staff vacancies. Struggle to meet standards whilst achieving £80K savings target from SLT.
	Expenses	770	743	27	1,044	982	-	982	-	62	
	Net Impact	**729**	**695**	**34**	**998**	**902**	**-**	**902**	**-**	**96**	
	Service Group: Waste Management										
	Income	(1,447)	(1,271)	(176)	(1,773)	(1,644)	-	(1,644)	-	(129)	Underspend due to over recovery of recycling contract
	Expenses	3,420	3,351	69	4,691	4,594	-	4,594	-	97	
	Net Impact	**1,973**	**2,080**	**(107)**	**2,918**	**2,950**	**-**	**2,950**	**-**	**(32)**	
	Fleet Management										
	Income	-	(3)	3	(32)	(39)	-	(39)	-	7	Forecasting to spend less on buying parts and tools within the workshop by extending their life rather than purchasing replacements.
	Expenses	202	245	(43)	319	342	-	342	-	(23)	
	Net Impact	**202**	**242**	**(40)**	**287**	**303**	**-**	**303**	**-**	**(16)**	
	Garden Waste Subscription Service										
	Income	-	-	-	-	-	-	-	-	-	It has been decided to expense the implementation costs of the new garden waste subscription service in 2023/24 to protect future years' revenue budgets. This is being funded from the excess interest receivable.
	Expenses	-	-	-	848	-	-	-	-	848	
	Net Impact	**-**	**-**	**-**	**848**	**-**	**-**	**-**	**-**	**848**	
	HoS Total	**3,718**	**3,969**	**(251)**	**5,908**	**5,152**	**-**	**5,152**	**-**	**756**	

Q3 Forecast 2023/24 - Revenue

Service Detail

Monitoring Report - Service Grouping

		Year To Date			Full Year						
Head of Service	**Service Grouping**	***Actuals £000***	***Current Budget £000***	***Over/ (Under) Spend £000***	***Forecast £000***	***Original Budget £000***	***Budget Carry Forwards £000***	***Current Budget £000***	***Contribution To/(From) Reserves £000***	***Over/ (Under) Spend £000***	***Commentary On Underspend/Overspend***
Leisure & Health	**Head of Service: Leisure & Health** **Leisure & Health Facilities**										
	Income	(4,186)	(4,303)	117	(5,760)	(5,895)	-	(5,895)	-	135	See separate paragraph below for comments
	Expenses	4,508	4,554	(47)	6,133	6,139	-	6,139	-	(6)	
	Net Impact	**321**	**251**	**70**	**373**	**244**	**-**	**244**	**-**	**129**	
	One Leisure Active Lifestyles										
	Income	(212)	(132)	(80)	(326)	(212)	-	(212)	-	(114)	
	Expenses	271	197	74	381	272	-	272	-	109	
	Net Impact	**59**	**65**	**(6)**	**55**	**60**	**-**	**60**	**-**	**(5)**	
	HoS Total	**380**	**316**	**64**	**428**	**304**	**-**	**304**	**-**	**124**	
3CICT Shared Service	**Head of Service: 3CICT Shared Service** **ICT Shared Service**										
	Income	(2,715)	(2,552)	(163)	(5,271)	(5,092)	-	(5,092)	-	(179)	The variation for Q3 is a continuation of the areas highlighted in Q2 – namely a combination of cancelled network lines and links that have been consolidated from old contracts to other types of services offered through the current EastNet framework and also a terminated contract for telephony services where the supplier has ceased billing early ahead of the expected notice period. In addition some of the funds allocated to Vulnerability Scanning and SIEM revenue budgets are yet to be spent due to a change in scope of work following the NCSC changing direction and technology for a centralised logging tool. This work is now continuing and the funds are expected to be spent in Q4, instead of the planned Q3.
	Expenses	6,675	6,630	45	7,893	7,750	-	7,750	(67)	76	
	Net Impact	**3,960**	**4,078**	**(118)**	**2,622**	**2,658**	**-**	**2,658**	**(67)**	**(103)**	
	HoS Total	**3,960**	**4,078**	**(118)**	**2,622**	**2,658**	**-**	**2,658**	**(67)**	**(103)**	
	Total	**15,811**	**18,625**	**(2,814)**	**22,417**	**24,113**	**231**	**24,344**	**546**	**(1,381)**	

Appendix 1 Cont.

Q3 Forecast 2023/24 - Revenue Service Detail

Monitoring Report - Service Grouping

Head of Service	Service Grouping	Year To Date Actuals £000	Year To Date Current Budget £000	Year To Date Over/ (Under) Spend £000	Full Year Forecast £000	Full Year Original Budget £000	Full Year Budget Carry Forwards £000	Full Year Current Budget £000	Full Year Contribution To/(From) Reserves £000	Full Year Over/ (Under) Spend £000	Commentary On Underspend/Overspend

One Leisure Comments:

Income – Whilst income versus budget remains stable albeit £20,556 off budget it worsened month on month by £31k (Notes below)
Expenditure – This has improved month on month by (£42k) but is £102k off budget target (Notes below)

Income:

•We are unable to drill down due to an income coding of PDQ revenue following the recent migration to Gladstone 360.
•This error will be rectified for January actuals, although for November and December we only have total amounts accounted for, thus this does not enable for a detailed breakdown of under and overs by code for these two periods.
•This negative variance is a calculation of 20% of the total income which we believe relates to VAT. We also believe that this will be lower than forecast once it has been concluded by finance. Therefore, will show a better position than presented.

Expenditure:

•We received a £14k credit for electricity at St Ives Indoor Leisure Centre
•A further credit for water was received at Ramsey for £6k.
•There is an additional £5k saving across all utilities lines versus the previous month’s forecast.
•The remaining improvement in expenditure is across multiple codes and is made up of small amounts. A full review will be undertaken by the Business & Operations Manager in January 2024 for quarter 4 preparation.

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APPENDIX 2

Q3 Forecast 2023/24 - Capital Programme

Head of Service	Project Name	Existing/New Bids	Budget Rephase	Original Budget	Year End Rephase	Net Rephase	Growth/ Virement	Current Budget	YTD Actual	Forecast	Over/(Under) Spend	Comment on Variances
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Finance and Corporate Resources	Bridge Place Car Park	0	0	0	0	0	0	0	20	27	27	Project Manager Costs for the sale of Bridge Place Car Park
	Loves Farm Community Centre	0	0	0	0	0	0	0	0	0	0	
	Loves Farm Lighting	0	0	0	0	0	0	0	0	0	0	
	Retro-Fit Buildings	0	226	226	0	(226)	0	0	0	0	0	
	Building Efficiency	0	0	0	0	0	0	0	0	106	106	PFH LED Lighting Project, funded from Salix Recycling Fund
	Health and Safety Works on Commercial Properties	0	9	9	51	42	0	51	0	0	(51)	Due to the Strategic Property Asset Manager post being filled part way through 2023/24 a decision on which properties this budget will be used for has been delayed until 2024/25
	Energy Efficiency Works at Commercial Properties	0	22	22	81	59	0	81	(2)	20	(61)	Heat pump to be fitted at Caxton Road units.
	Estates Roof Replacement	0	32	32	130	98	0	130	0	0	(130)	Due to the Strategic Property Asset Manager post being filled part way through 2023/24 a decision on which properties this budget will be used for has been delayed until 2024/25
	Re-Letting Enhancement Works	0	163	163	500	337	0	500	0	0	(500)	Due to the Strategic Property Asset Manager post being filled part way through 2023/24 a decision on which properties this budget will be used for has been delayed until 2024/25
	Re-Letting Incentives	0	0	0	150	150	0	150	0	0	(150)	Due to the Strategic Property Asset Manager post being filled part way through 2023/24 a decision on which properties this budget will be used for has been delayed until 2024/25
	Upgrade/Replacement of Public Toilets	0	0	0	10	10	0	10	(3)	0	(10)	Now complete
	Fareham Offices Capital Works	1,350	0	1,350	0	0	0	1,350	1,311	1,960	610	To be funded from reserves.
	VAT Exempt Capital	21	0	21	0	0	0	21	0	21	0	
	Company Share Investment	0	0	0	100	100	0	100	0	100	0	
	Capita & Payment Portal Upgrade	0	0	0	11	11	0	11	0	4	(7)	A rephase will be requested, will be used as funding for the IMS replacement project.
	Democratic Services Software	27	0	27	0	0	0	27	19	19	(8)	No longer going to cloud based solution, so server upgrade needed, will be paid under Windows Server 2012 Upgrade project, and will fall within budget. To be used to cover NLIS upgrade costs as required.
	Total	**1,398**	**452**	**1,850**	**1,033**	**581**	**0**	**2,431**	**1,345**	**2,257**	**(174)**	
Community Services	Disabled Facilities Grants	1,650	39	1,689	0	(39)	0	1,650	1,534	1,867	217	The arrangements that were in place with Chorus Homes re pre approved works has been ended now that the stock has been transferred to Places for People. All works need individual pre-approval. There are approximately 40 cases awaiting approval from PfP meaning payments have not yet been made. We have made 239 payments relating to 175 cases to value of £1.551 million. In mitigation the external grants funding received has increased by £393,000.
	Total	**1,650**	**39**	**1,689**	**0**	**(39)**	**0**	**1,650**	**1,534**	**1,867**	**217**	
Chief Planning Officer	Community Infrastructure	3,476	0	3,476	0	0	0	3,476	2,070	3,885	409	All expenditure funded from CIL reserve
	Conservation Area Appraisals	94	0	94	0	0	0	94	0	21	(73)	Will only be spent if projects are identified
	Total	**3,570**	**0**	**3,570**	**0**	**0**	**0**	**3,570**	**2,070**	**3,906**	**336**	
Housing Manager	Housing Fund	0	0	0	0	0	744	744	0	2,480	1,736	The two years allocation will be spent in this year (as the start date was January 2022) This expenditure is funded by grant.
	Housing Company	0	206	206	206	0	0	206	0	0	(206)	This budget will not now be spent
	Total	**0**	**206**	**206**	**206**	**0**	**744**	**950**	**0**	**2,480**	**1,530**	

Q3 Forecast 2023/24 - Capital Programme

Head of Service	Project Name	Existing/New Bids £000	Budget Rephase £000	Original Budget £000	Year End Rephase £000	Net Rephase £000	Growth/ Virement £000	Current Budget £000	YTD Actual £000	Forecast £000	Over/(Under) Spend £000	Comment on Variances
Customer Services										0		
	Voice Bots	0	0	0	34	34	0	34	0	0	(34)	Rephase of budget will be requested in April
	Total	**0**	**0**	**0**	**34**	**34**	**0**	**34**	**0**	**0**	**(34)**	
Leisure and Health	Leisure Cents - Future Improve	300	0	300	63	63	0	363	218	326	(37)	Part of underspend (£17k) being used to fund the OLSI Pitch Replacement.
	One Leisure Ramsey 3G	0	0	0	70	70	0	70	7	70	0	Drainage issues causing delays. Car park still to be upgraded. May need to carry budget into 24/25
	OL St Ives Changing Rooms	0	12	12	0	(12)	0	0	0	0	0	
	OLSI Pitch Replacement	300	0	300	0	0	275	575	569	592	17	Relates to the OLSI Pitch Replacement, CIL £175k, HDC Capital £125k, Football Foundation sinking fund £275K. Variance of £17,471 to be funded from condition survey
	Ramsey Car Park	0	0	0	0	0	0	0	0	0	0	
	Total	**600**	**12**	**612**	**133**	**121**	**275**	**1,008**	**794**	**989**	**(19)**	
Operations		0	0	0	0	0	0	0	0			
	Lone Worker Software	0	0	0	20	20	0	20	0	0	(20)	Rephase of budget will be requested in April
	Wheeled Bins	254	153	407	0	(153)	0	254	118	200	(54)	Extra income expected from developers.
	Vehicles & Plant	1,357	175	1,532	564	389	0	1,921	824	1,169	(752)	Vehicle lives have been extended as much as possible to avoid purchasing new vehicles. The underspend will need to be rephased to meet expenditure on the delayed purchases in future years.
	Waste & Grounds Maintenance Tablet & Smartphones	27	0	27	0	0	0	27	0	27	0	
	Total	**1,638**	**328**	**1,966**	**584**	**256**	**0**	**2,222**	**942**	**1,396**	**(826)**	
Insights and Delivery		0	0	0	0	0	0	0	0			
	Play Equipment	30	0	30	4	4	0	34	8	25	(9)	
	Park Fencing	0	0	0	0	0	0	0	16	21	21	
	St.Ives Park	0	80	80	80	0	0	80	0	60	(20)	
	Hinchingbrooke Country Park	0	2,689	2,689	2,706	17	0	2,706	15	45	(2,661)	Delay in getting planning permisson (still ongoing) has delayed work until 24/25
	St Neots Riverside Park Path/Cycle Imps	0	433	433	421	(12)	0	421	5	318	(103)	May be requested to be rephased 2024/25
	Parking Strategy	13	0	13	148	148	0	161	0	0	(161)	Expenditure will be in 2024/25. Change Request supported for use of this against CPE remedial works due to increased volume of works.
	Civil Parking Enforcement	0	0	0	217	217	0	217	0	0	(217)	To be rephased to 2024/25 due to a review of the remedial works requirement
	Districtwide Signage	0	0	0	70	70	0	70	0	0	(70)	Legacy project, project manager has confirmed this has already been completed.
	Priory Park Power	0	15	15	15	0	0	15	0	11	(4)	
	Total	**43**	**3,217**	**3,260**	**3,661**	**444**	**0**	**3,704**	**44**	**481**	**(3,223)**	

APPENDIX 2

Q3 Forecast 2023/24 - Capital Programme

Head of Service	Project Name	*Existing/New Bids*	*Budget Rephase*	*Original Budget*	*Year End Rephase*	*Net Rephase*	*Growth/ Virement*	*Current Budget*	*YTD Actual*	*Forecast*	*Over/(Under) Spend*	Comment on Variances
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
ICT	Hardware Replacement (HDC IT)	230	120	350	0	(120)	0	230	128	79	(151)	Provisional spend - if next 2 quarters go according to plan, £95k will be returned, with £100k in capital programme going forward
	AV Equipment	0	30	30	60	30	0	60	0	60	0	Review of requirements underway, may need to be rephased to 2024/25
	Telephony Replacement	8	0	8	68	68	(60)	16	1	5	(11)	Accounting for the new telephony reporting solution that has been procured and is awaiting contractual sign off before progressing with the implementation.
	Public Switched Telephone Network	0	0	0	0	0	60	60	0	15	(45)	Discovery work still underway, will be rephased to 2024/25
	Shared Data Centre Capacity	0	0	0	6	6	0	6	0	0	(6)	
	Information@Work Consolidation	0	20	20	0	(20)	0	0	0	0	0	
	Replacement Corporate Scanners	0	7	7	0	(7)	0	0	0	2	2	
	Data Warehouse & GIS	0	0	0	16	16	0	16	0	5	(11)	Work with 3C ICT's information governance, web and application support teams to establish appropriate controls is almost complete. From Q2, we will plan the best use of both capital and reserve funds to further develop how the data warehouse is used.
	Datacentre Racks	215	244	459	244	0	0	459	363	419	(40)	Underspend as software expenditure moved to revenue. Until we knew what was needed from the new data centre procurement unable to determine solution and costs required. Also working with CCTV regarding replacement hardware at EFH.
	Server & SQL Server 2012 Migration	0	10	10	10	(0)	0	10	0	0	(10)	Project achieved in combination with Server 2012 project.
	Windows 2012 Server Replacement	45	0	45	0	0	0	45	29	16	(29)	75% of spend expected - however Democratic Services upgrade will push towards 100%
	UPS Replacement	0	0	0	0	0	0	0	0	0	0	
	Total	**498**	**431**	**929**	**403**	**(28)**	**0**	**901**	**521**	**600**	**(301)**	
Place	Market Towns Programme	497	337	834	615	278	0	1,112	0	0	(1,112)	
	Future High Streets	774	10,870	11,644	11,370	500	0	12,144	311	797	(11,347)	Remaining FHSF spend is allocated against the Priory Centre and Old Falcon, all FHSF allocations to the 'Town Centre improvements' have been utilised.
	Market Square	0	0	0	0	0	0	0	3	1,717	1,717	This scheme is contracted for and in delivery. The majority of funds being drawn against are sourced from National Highways and CPCA.
	Solar Benches	0	0	0	1	1	0	1	1	1	0	Project is closed
	Covered Benches	0	0	0	5	5	0	5	5	5	0	Project is closed
	Sites for SMEs	0	0	0	6	6	0	6	6	6	0	Project is closed
	Wayfinding & Info - Digital Screens	0	0	0	200	200	0	200	0	30	(170)	Note, this scheme has been extended to St Neots using 50K of legacy funding, this is included within row 20 figures.
	Smarter Towns	0	0	0	71	71	0	71	14	72	1	This scheme will close March 2024.
	Moores Walks	0	6	6	20	14	0	20	0	2	(18)	
	UK Shared Prosperity Fund	68	0	68	0	0	0	68	9	599	531	We are currently reviewing project spend and this figure is subject to change, a confirmed spend figure will be available at the end of January.
	Rural Prosperity	479	0	479	0	0	0	479	0	0	(479)	Covers the projects Business Pillar, Local Communities Digital Infrastructure (Underspend to be slipped into 24/25)
	St Neots Masterplan Phase 1	285	0	285	0	0	0	285	0	100	(185)	Underspend to be slipped into 24/25
	Ramsey Food Hall	1,150	0	1,150	0	0	295	1,445	0	69	(1,376)	Feasibility study currently being produced which will provide more certainty on overall scheme costs and deliverability. Delivering targeted within 2024/25.
	Market Towns Future Schemes	844	0	844	0	0	0	844	204	292	(552)	Project delivery underway, no current issues.
	Total	**4,097**	**11,213**	**15,310**	**12,289**	**1,076**	**295**	**16,681**	**554**	**3,690**	**(12,991)**	
	Grand Total	**13,494**	**15,898**	**29,392**	**18,342**	**2,444**	**1,314**	**33,150**	**7,805**	**17,667**	**(15,483)**	

APPENDIX 2

Q3 Forecast 2023/24 - Capital Programme

Head of Service	Project Name	Existing/New Bids	Budget Rephase	Original Budget	Year End Rephase	Net Rephase	Growth/ Virement	Current Budget	YTD Actual	Forecast	Over/(Under) Spend	Comment on Variances
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
								33,150				
	Funding											
	Grants and Contributions											
	DFGs	0	0	(1,300)	0	0	0	(1,300)	(1,619)	(1,693)	(393)	
	Wheeled Bins	0	0	(101)	0	0	0	(101)	(54)	(54)	47	
	Market Town Funding (Including future schemes)	0	0	(1,678)	0	(278)	0	(1,956)	0	(292)	1,664	
	Future High Streets	0	0	(11,644)	0	(500)	0	(12,144)	0	(2,514)	9,630	
	St Neots Riverside Park Path/Cycle Imps (Rephase)	0	0	(401)	0	0	0	(401)	0	(318)	83	
	St Ives Park	0	0	(80)	0	0	0	(80)	0	(60)	20	
	Priory Park Mains Power (CIL)	0	0	(15)	0	0	0	(15)	0	(11)	4	
	Hinchingbrooke Country Park (CIL)	0	0	(1,254)	0	(246)	0	(1,500)	0	0	1,500	
	UK Shared Prosperity Fund	0	0	(68)	0	0	0	(68)	0	(599)	(531)	
	Rural England Prosperity Fund	0	0	(479)	0	0	0	(479)	0	0	479	
	Ramsey Food Hall (CPCA)	0	0	(1,150)	0	0	(295)	(1,445)	0	(69)	1,376	
	Ramsey Public Realm	0	0	0	0	0	0	0	0	0	0	
	St Neots Masterplan Phase 1	0	0	(285)	0	0	0	(285)	0	(100)	185	
	Upgrade works at Fareham	0	0	(400)	0	0	0	(400)	0	(400)	0	
	OLSI Pitch Replacement (CIL)	0	0	(175)	0	0	(275)	(450)	0	(450)	0	
	Wayfinding	0	0	0	0	(200)	0	(200)	0	(30)	170	
	Smarter Towns	0	0	0	0	(71)	0	(71)	0	(72)	(1)	
	Moores Walk	0	0	0	0	(14)	0	(14)	0	(2)	12	
	Small Accelerated Projects	0	0	0	0	(13)	0	(13)	0	(13)	(0)	
	Housing Fund	0	0	0	0	0	(744)	(744)	0	(2,480)	(1,736)	
		0	0	0	0	0	0	0	0	0		
				(19,030)		**(1,322)**	**(1,314)**	**(21,666)**	**(1,672)**	**(9,156)**	**12,510**	
		0	0	0	0	0	0	0		0		
	Use of Capital Reserves	0	0	0	0	0	0	0		0		
	Community Infrastructure Levy Reserve	0	0	(3,476)	0	0	0	(3,476)		(3,885)	(409)	
				(3,476)		**0**	**0**	**(3,476)**	**0**	**(3,885)**	**(409)**	
	Capital Receipts											
	Loan Repayments	0	0	(9)	0	0	0	(9)	(91)	(91)	(82)	
	Housing Clawback Receipts	0	0	(350)	0	0	0	(350)	0	(350)	0	
	Asset Sales	0	0	0	0	0	0	0	(18)	(18)	(18)	
				(359)		**0**	**0**	**(359)**	**(109)**	**(459)**	**(100)**	
	Net			**6,527**		**1,122**	**0**	**7,649**	**6,024**	**4,167**	**(3,482)**	

Appendix 3

Capital Prudential Indicators

Summary of Capital Expenditure

	2023/24 Original Budget £000s	2023/24 Current Budget £000s	2023/24 Forecast Outturn £000s
Property, Plant and Equipment	6,575	5,721	3,358
Investment Properties	1,576	2,262	1,980
Intangible Assets	47	169	44
REFCUS	20,469	20,916	11,761
Infrastructure	6	0	0
Community Assets	513	3,206	423
Loan	206	306	100
Total	**29,392**	**32,580**	**17,667**

Summary of Capital financing

	2023/24 Original Budget £000s	2023/24 Current Budget £000s	2023/24 Forecast Outturn £000s
Capital Receipts Applied	359	359	459
Capital Grants and Contributions	19,030	21,096	9,156
Community Infrastructure Levy (for external schemes)	3,476	3,476	3,885
Minimum Revenue Provision	2,771	2,771	2,660
Internal Borrowing/Resources	3,756	4,878	1,507
Total	**29,392**	**32,580**	**17,667**

Summary of Capital Financing Requirement (CFR)

	2023/24 Original Budget £000s	2023/24 Current Budget £000s	2023/24 Forecast Outturn £000s
Opening CFR	71,592	72,260	72,260
Net expenditure	3,756	4,878	1,507
Closing CFR	**75,348**	**77,138**	**73,767**

Summary of Capital Receipts

	2023/24 Original Budget £000s	2023/24 Current Budget £000s	2023/24 Forecast Outturn £000s
Housing Clawback	350	350	350
Loan Repayments	9	9	91
Asset Sales (Vehicles)	0	0	18
Total	**359**	**359**	**459**

Proportion of Financing Costs to Net Revenue Stream

	2023/24 Original Budget £000s	2023/24 Current Budget £000s	2023/24 Forecast Outturn £000s
Net Revenue Stream (Total Service Expenditure)	24,113	24,344	22,510
Financing Costs (MRP and Interest Payable)	3,548	3,548	1,281
Proportion of Net Revenue Stream	**15%**	**15%**	**6%**

Treasury Management Indicators

Treasury Management Summary

	01.04.23 Balance £m	Movement £m	31.12.23 Balance £m	31.12.23 Rate %
Long-term borrowing	34.36	(0.08)	34.28	2.84
Short-term borrowing	0.00	0.00	0.00	0.00
Total borrowing	**34.36**	**(0.08)**	**34.28**	
Long-term investments[1]	4.00	0.00	4.00	4.67[1]
Short-term investments[2]	40.00	16.35	56.35	5.23
Cash equivalents [3]	11.52	4.56	16.08	5.24
Total investments	**55.52**	**20.91**	**76.43**	
Net borrowing/(Investing)	**(21.16)**	**(20.99)**	**(42.15)**	

[1] CCLA Property Fund - based on 2023/24 quarter 3
[2] DMO investments
[2] Money market funds and bank deposits

Borrowing

	01.04.23 Balance £m	Net Movement £m	31.12.23 Balance £m	31.12.23 Weighted Average Rate %	31.12.23 Weighted Average Maturity (years)
Public Works Loan Board	34.34	(0.08)	34.26	2.84%	21
Salix Loan	0.02	0.00	0.02	0.00%	2
Total borrowing	**34.36**		**34.28**	**2.84%**	**21**

Investments

	01.04.23 Balance £m	Net Movement £m	31.12.23 Balance £m	31.12.23 Income Return %	31.12.23 Weighted Average Maturity Days
Banks & building societies	1.12	(0.64)	0.48	3.00	1
DMO	40.00	16.35	56.35	5.23	14
Money Market Funds	10.40	5.20	15.60	5.31	1
Loans to other organisation	2.08	(0.10)	1.98	7.03	>365
Other Pooled Funds . Property fund (CCLA)	4.00	0.00	4.00	4.67	>365
Total investments	**57.60**	**20.81**	**78.41**		

Investment Benchmarking – Treasury investments managed in-house

	Weighted Average Risk [(2)]	Credit Rating	Weighted Average Maturity at Execution (days) %	Weighted Average Maturity (days)	Weighted Average Rate of Return %
01/04/2023	1.04	AA	32	17	3.90
30/06/2023	1.05	AA-	38	19	4.00
31/12/2023	1.03	AA	40	11	5.23

(1)These indicators do not include the CCLA Property Fund as this is externally managed.
(2)This is a new measure from Link Group, will be used as a comparative from the next report, it works on a scale of 1 to 7, with 7 highest risk.

Debt Limits

	31.12.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied?
General	10.52[(1)]	70.00	80.00	Yes
Loans	0.00	15.00	20.00	Yes
CIS	24.26	30.00	35.00	Yes
Total debt	**34.78[(1)]**	**115.00**	**135.00**	

(1)This includes a finance lease of £0.5m.

Investment Limits

	31.12.23 Actual £m	2023/24 Limit £m	Complied?
Deposit Accounts			
NatWest	0.480	4.00	Yes
Debt Management Office (DMO)	56.350	Unlimited	Yes
Barclays	0.002	4.00	Yes
Money Market Funds			
Aberdeen Liquidity Fund	2.300	4.00	Yes
BlackRock Institutional sterling liquidity Fund	2.300	4.00	Yes
CCLA Public Sector Deposit Fund	2.000	4.00	Yes
Federated Short Term Prime Fund	2.400	4.00	Yes
HSBC Global Liquidity Funds ESG	2.400	4.00	Yes
Insight Liquidity Funds	1.000	4.00	Yes
Invesco	2.200	4.00	Yes
Legal & General Sterling Liquidity Fund	1.000	4.00	Yes
Property Fund			
CCLA Property Fund	4.000	5.00	Yes
Total	**76.432**		

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Average Credit Rating

	31.12.23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	AA	A-	Yes

Ratings are from highest to lowest AAA, AA+, AA, AA-,A+,A,A-.

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Total Cash Available

	31.12.23 Actual £m	2023/24 Target £m	Complied?
Total cash available within 3 months	72.43	10.00	Yes

Interest Rate Exposures (Discretionary local measure)

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest Rate Risk

Interest rate risk indicator	31.12.23 Actual	31.12.23 Theoretical[1]	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0	£532,892	£630,000	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0	£532,892	£630,000	Yes

[1]In reality all borrowing is at a fixed interest rate (with PWLB) and so changes in rates will only be realised when and if the loans need to be refinanced. The loans that may need refinancing (ie those linked to asset purchases) have a weighted average years to maturity of 20 years. CIPFA no longer recommends setting limits for interest rate exposure, this is a locally adopted indicator.

Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Maturity Structure

	31.12.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	0.0%	80%	0%	Yes
12 months and within 24 months	0.0%	80%	0%	Yes
24 months and within 5 years	0.001%	80%	0%	Yes
5 years and within 10 years	0.0%	100%	0%	Yes
10 years and above	99.999%	100%	0%	Yes

Principal Sums Invested for Periods Longer than a Year

Sums Invested for Beyond One Year

	2023/24	2024/25	2025/26
Actual principal invested beyond year end (CCLA Property Fund)	£4.00m	£4.00m	£4.00m
Limit on principal invested beyond year end	£12.00m	£10.00m	£8.00m
Complied?	Yes	Yes	Yes

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Appendix A

Public
Key Decision Yes*

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Public Electric Vehicle Charging Strategy

Meeting/Date: 19th March 2024: Cabinet

Executive Portfolio: Cllr Lara Davenport-Ray Executive District Councillor for Climate & Environment

Report by: Operations Manager (GM)
Assistant Director Strategic Insight & Delivery (NS)

Ward(s) affected: All

Executive Summary:

In recent years there has been a significant growth in the number of electric vehicles (EV) seen on the roads in the UK with over 3,500 now registered in our District. This growth is anticipated to increase in line with restrictions on the sale and manufacture of vehicles.

Acknowledging this growth, the Council's Climate Action Plan approved February 2023 set out an action to 'Develop an EV Strategy for Huntingdonshire'.

The Council's Climate Working Group in collaboration with officers have developed a 'Public EV Charging' strategy that aims to identify and provide clarity o the role of Huntingdonshire District Council in public EV charging.

Recommendation:

The Cabinet is recommended to:

a) Adopt the proposed 'Public Electric Vehicle Charging Strategy' included with this report.

1. PURPOSE OF REPORT

1.1. The purpose of this report is to request that the Cabinet adopt the proposed 'Public Electric Vehicle Charging Strategy' appended to this report.

2. BACKGROUND

2.1. In recent years there has been a significant growth in the number of electric vehicles seen on the roads in the UK with over 3,500 now registered in our District. This growth is anticipated to increase in line with restrictions on the sale and manufacture of vehicles.

2.2. Acknowledging this growth, the Council's Climate Action Plan approved February 2023 set out an action to 'Develop an EV Strategy for Huntingdonshire'. In addition, the Council's Corporate Plan prioritises creating a better Huntingdonshire by lowering our carbon emissions. The development of an EV strategy aims to support the growing EV use which will reduce the number of Internal Combustion Engine Vehicles in use.

2.3. The Council's Climate Working Group in collaboration with officers have developed a 'Public EV Charging' strategy that aims to identify and provide clarity on the role of Huntingdonshire District Council in public EV charging.

2.4. Recognising EV growth, funding opportunities have previously been made available to local authorities. It is noted that to access to these funds, there has been a requirement for the Local Authority to have an endorsed EV Strategy in place.

2.5. A Cambridgeshire & Peterborough Combined Authority (CPCA) EV Infrastructure Strategy is currently under development. The aim of that document is to set out a high-level approach to EV Charging provision across our region and differs in scope to our own proposed strategy. Officers have had the opportunity to review and comment on the development of the CPCA document.

3. OPTIONS CONSIDERED

The options available to the Council are:

a) Do Nothing
b) Develop an EV Strategy

3.1. a) Do Nothing

3.1.1. Should the Council consider this option; it will not meet an objective set out in the Climate Action Plan. Failure to have an EV strategy in place may limit our ability to apply for external funding.

3.2. b) Develop an EV Strategy

3.2.1. This option will meet an objective set out in the Climate Action Plan.

3.2.2. This option provides additional benefits which include:

- Provision of a clear direction and remit for the Council in relation to Public EV Charge Points. The principles outlined in the strategy can be used to inform service plans and support the scoping of future projects.
- Based on previously observed funding opportunities, adoption will likely increase the Council's eligibility to future funds available.
- Recognition of local priorities that the Council can champion in collaborative works with other authorities (e.g. CPCA/CCC) seeking to make improvements in the area.

4. STRATEGY DEVELOPMENT

4.1. The methodology relating to the development of the strategy is detailed in section 3 of the strategy. This section provides details of areas that are out of scope.

4.2. The development of the strategy included:

- Public consultation through a survey which received over 400 responses.
- Assessment of local EV ownership
- Assessment of local public EV charging provision.

4.3. This strategy does not seek to amend the responsibility for on-street/Highways matters which remain with Cambridgeshire County Council. More information relating to CCC EV Charging can be found at the following address.

https://www.cambridgeshire.gov.uk/residents/travel-roads-and-parking/roads-and-pathways/electric-vehicle-charging-points#

4.4. The CPCA EV Infrastructure Strategy is currently under development. The aim of that document is to set out a high-level approach to EV Charging provision across our region. The CPCA Strategy is distinct from the aim of this document, which focuses specifically in defining the role that Huntingdonshire District Council will play in supporting or funding public charging provision within our District.

5. FINANCIAL IMPLICATIONS

5.1. The strategy does not ask for any additional financial provision at this time. The strategy does set out how we will look to fund enhanced provision in our off-street car parks.

5.2. The strategy confirms the principles we will apply when looking to utilise external funding sources. Based on previously observed funding opportunities, adoption of a strategy will likely increase the Council's eligibility for any future funds available.

5.3. The Council has been granted funding through the UK Shared Prosperity Rural Fund. This funding (~£265k) requires an output of an increased number of EV Charge points with an increased level of usage. We will progress the use of these funds in line with the constraints it was granted under, and the principles set out in our strategy.

6. COMMENTS FROM OVERVIEW & SCRUTINY

6.1. The Panel discussed the Electric Vehicle Charging Strategy Report at its meeting on 7th March 2024.

6.2 Councillor Alban stated that he was pleased with the reassurance that rural villages would be supported with this strategy and that it was a collaborative piece of work.

6.3 Following an enquiry from Councillor Hunt regarding the common constraints in electrical supply, the Panel heard that this would be addressed on a case by case basis.

6.4 In response to a question from Councillor Lowe, the Panel heard that whilst a formal timescale had not yet been set for connection to the grid, a lead time of 3 to 4 months was anticipated.

6.5 Councillor Kerr praised an excellent piece of work which she hoped would prove useful for parishes across the district, a sentiment which was shared by the Panel.

6.6 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

7. LINKS TO THE CORPORATE PLAN

7.1. The Council's Corporate Plan prioritises 'Creating a better Huntingdonshire' by 'lowering our carbon emissions.'

8. CONSULTATION

8.1. The strategy has been developed in accordance with the principles of the Corporate Plan. We have listened to feedback from local people and evaluated priorities to develop our role and objectives.

9. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

9.1. The development of an EV strategy aims to support the growing EV use which will reduce the number of Internal Combustion Engine Vehicles in use which will help to reduce carbon emissions.

10. CLIMATE WORKING GROUP MEMBERSHIP

10.1. The following Councillors form the membership of the Climate Working Group:

- Cllr Dave Shaw
- Cllr Julie Kerr
- Cllr Charlotte Lowe
- Cllr Tim Alban
- Cllr Lara Davenport-Ray

11. REASON FOR RECOMMENDATION

11.1. The Council remains committed to delivery of the objectives of the Climate Action Plan.

11.2. The strategy aims to support the growing EV use which will reduce the number of Internal Combustion Engine Vehicles in use. This supports the Council's Corporate Plan priority of creating a better Huntingdonshire by lowering our carbon emissions.

11.3. The developed strategy provides a clear role and remit for the Council. Its development has been informed by public engagement and analysis of local information.

11.4. Previously available external funding has stipulated a requirement for the Local Authority to have an EV Strategy. Based on this observed criteria, adoption of a strategy will likely increase the Council's eligibility for future available funding.

12. LIST OF APPENDICES INCLUDED

Appendix 1: Public Electric Vehicle Charging Strategy

13. BACKGROUND PAPERS

Huntingdonshire District Council: Climate Strategy Council (22nd February 2023)

https://democracy.huntingdonshire.gov.uk/moderngov/documents/s125879/Climate%20Strategy%20Report%20for%20Full%20Council.pdf

Huntingdonshire District Council: Climate Strategy

https://www.huntingdonshire.gov.uk/media/6882/climate-strategy-appendix-1-climate-strategy.pdf

Huntingdonshire District Council: Climate Action Plan adopted February 2023

https://www.huntingdonshire.gov.uk/media/6912/climate-strategy-action-plan.pdf

14. CONTACT OFFICERS

Operations Manager (GM)
Assistant Director Strategic Insight & Delivery (NS)

Huntingdonshire
DISTRICT COUNCIL

PUBLIC ELECTRIC VEHICLE CHARGING

Our Role: A Strategy for Huntingdonshire District Council

April 2024

Foreword

Our Corporate Plan to 2028 informs everything we do, including the priority **to create a better Huntingdonshire for future generations**. [1] Recognising the threat of climate change, our Climate Strategy sets out an Action Plan to guide our work. This includes enabling and encouraging local people and businesses to reduce carbon emissions.

Huntingdonshire's largest source of greenhouse gas emissions is transportation. Our residents and businesses are keen reduce their carbon footprint, changing behaviours and trying new technologies. Yet many do not have access to public transport. For those who may wish to use an electric vehicle, many do not have private off-street parking suitable for vehicle charging. Existing charge points are also unevenly distributed and concentrated around the settlements of Huntingdon, St Neots, St Ives, Buckden and Needingworth. Because of these challenges, achieving a just transition may require support from local government.

While recognising that Huntingdonshire District Council is not a transport authority, we aim to support and encourage residents by working in partnership with parishes, towns and community groups. To reach the national average, this strategy concludes that 70 additional public charge points would be required across our district, provided by a combination of local government and private businesses. We hope that adopting a Public EV Charging Strategy will unlock future funding sources that our Council can use to support local communities and businesses as they build our much needed EV charging infrastructure.

Guided by these principles and priorities, members of our cross-party Climate Working Group have worked with officers to develop a strategy that identifies the role our Council will play within the future public electric vehicle charging network of Huntingdonshire.

Lara Davenport-Ray
Executive Councillor for
Climate & Environment

In current times, when environmental issues are of paramount importance, it was an exciting opportunity for The Climate Working Group to participate in the entire project.

We met regularly and worked in collaboration with officers and Cllr Davenport-Ray to help develop the Public Electric Vehicle Charging Strategy. It was constructive to work cross party and be involved with the proposal from conception; initially understanding the needs, expectations and issues faced by residents by developing, promoting and analysing the questionnaire/survey; including site visits to potential local rural parish; before eventually assisting with forming the strategy.

Julie Kerr
Chair of HDC's Overview & Scrutiny Panel (Environment, Communities and Partnerships)
On behalf of the Electric Vehicle Charging Point working group

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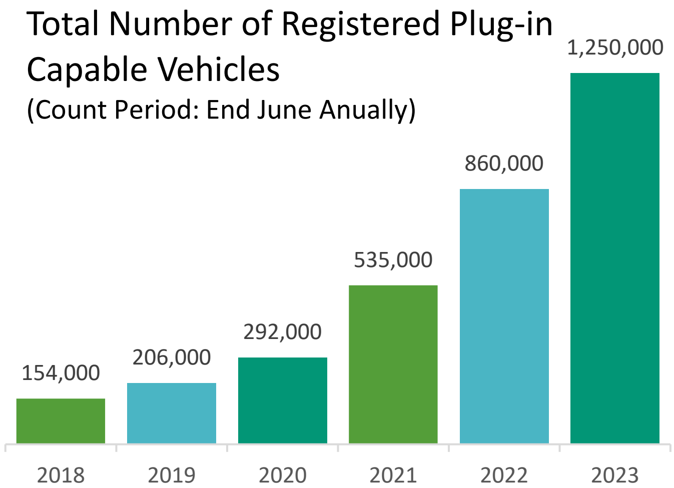
[1] HDC Corporate Plan, 2023-2028: https://www.huntingdonshire.gov.uk/media/vehhxpfr/corporate-plan.pdf

Contents

1. Introduction

Electric Vehicle use and charging is a subject at the forefront of Council agendas across the UK.



In the UK, there are over 33 million cars currently on the road with an increasing number of electric vehicles every month.

At the end of June 2023, the number of vehicles registered with the ability to be plugged in was in excess of 1.25 million. This continues the upward trend observed over previous years.

The scale of growth is expected to increase based on restrictions that will be imposed on the sale of new petrol and diesel vehicles from 2035.

Where do we fit in?

Our Council adopted a Climate Strategy in February 2023 [2] which recognises the theme of 'Travel & Transport.' Indeed, the largest source of greenhouse gas emissions across our district comes from transportation. [3] To address this challenge, the Climate Strategy sets out the Council's role in reducing these emissions across Huntingdonshire.

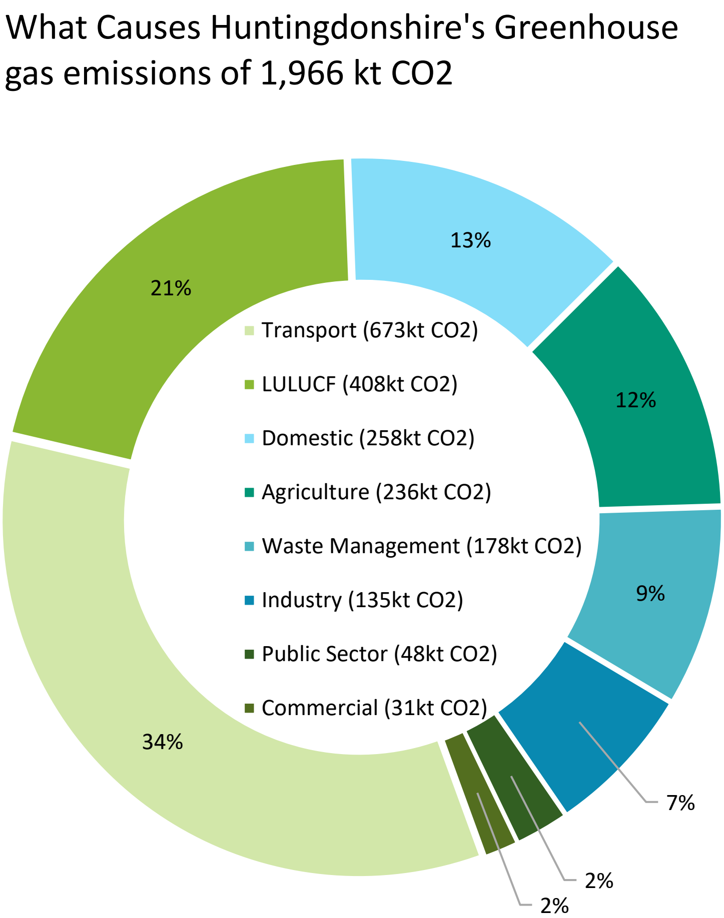
Our Council aims to be:

An Enabler:

- Seeking partnerships and funding to enhance our district's electric vehicle charging infrastructure.
- Working with partners to expand the infrastructure for sustainable and low carbon travel.

An Encourager:

- Promoting the health benefits of active travel and alternative travel choices



[2] HDC Climate Strategy, February 2023: https://www.huntingdonshire.gov.uk/media/6882/climate-strategy-appendix-1-climate-strategy.pdf

[3] HDC Climate Strategy, February 2023, Page 6

Priority 2 - Creating a better Huntingdonshire for future generations

Improving housing

Forward-thinking economic growth

Lowering carbon emissions

Our Climate Strategy sets out an Action Plan[4] to guide our reduction of emissions. The Council's cross-party Climate Working Group has undertaken the specific action to 'develop an EV strategy for Huntingdonshire.'

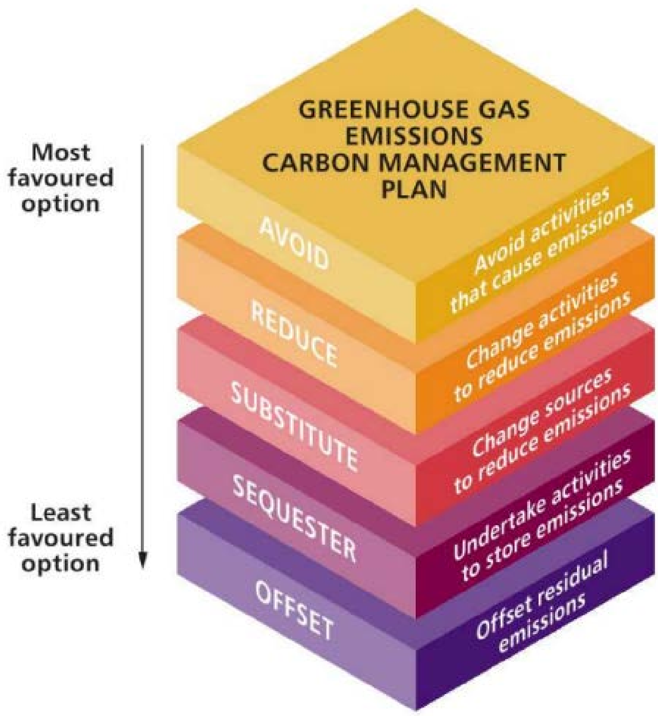
An overarching Cambridgeshire & Peterborough Combined Authority (CPCA) EV Infrastructure Strategy is currently under development. The aim of that document is to set out a high-level approach to EV Charging provision across our region. The CPCA Strategy is distinct from the aim of this document, which focuses specifically in defining the role that Huntingdonshire District Council will play in supporting or funding public charging provision within our District.

[4] HDC Climate Action Plan, February 2023: https://www.huntingdonshire.gov.uk/media/6912/climate-strategy-action-plan.pdf

2. Defining & Scoping Our Strategy

Our Council's Climate Strategy outlines our 'hierarchy of action' prioritising avoidance and reduction of emissions through changing activity and demand for energy and fossil fuels. Only after exhausting avoidance and reduction, will substitution of fossil fuels be investigated[5].

The Climate Working Group (CWG) considered that a reduction of carbon emissions can be achieved through the adoption and transition towards the use of public transport and active travel. The Government's Committee on Climate Change has calculated that the UK's 2050 net zero target is only achievable if at least 10% of car miles can be shifted to walking, cycling and public transport.



However, there is also a recognition that some residents will continue to require private transport. Many residents and businesses in Huntingdonshire, especially in rural areas, do not have access to public transport and do not have private off-street parking suitable for charging.

For many residents the cost of acquiring an electric vehicle represents a significant challenge. Achieving a just transition for these residents, including a transition to the 'substitute' of electric vehicles, may require encouragement and support from local government. Non-EV owners will benefit indirectly through region wide reductions of emissions and improvement of air quality.

It is estimated that in Huntingdonshire there will be 34,300 electric vehicles on our roads by 2030 and 120,550 by 2050[6]. By supporting electric vehicle charging, we can encourage users of private transport who would like to take the next step to reduce their transport emissions.

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[5] HDC Climate Strategy, February 2023: https://www.huntingdonshire.gov.uk/media/6882/climate-strategy-appendix-1-climate-strategy.pdf

[6] The source for this information is Cenex; a programme run on behalf of Central and Local Government to help support and develop the UK supply chain of low emission vehicle technology.

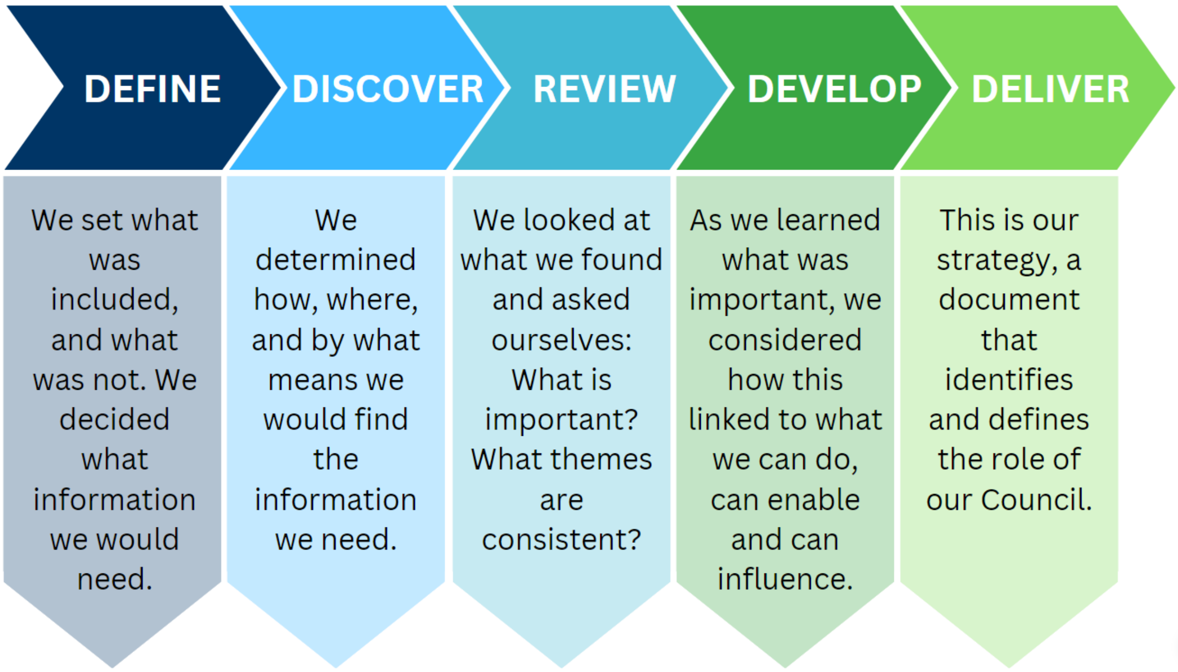
3. Our Methodology

To understand our Council's role in Huntingdonshire's charging infrastructure we needed to collect data to understand:

- What our residents' expectations are in relation to electric vehicles
- The current EV infrastructure in Huntingdonshire
- How we can support Towns, Parishes and Community Groups

From this, we would review our findings and begin the development of the strategy which defines the role and objectives for the Council.

We recognise that our role will be a mix of actions that our Council can take, whilst also looking at how we can enable and influence others.



The following areas are also under consideration in our Council's Climate Action plan as they are also significant sources of greenhouse gas emissions. They have been excluded from the scope of this strategy as they will be given separate consideration.

These excluded areas are:

- HDC fleet and commercial opportunities
- HDC corporate buildings and estate

4. Discovery

As part of our discovery phase, we have undertaken:

- Public EV Survey
- Parish Sites: EV Capability Study
- Assessment of EV Ownership in Huntingdonshire (section 5)
- Assessment of Local EV public charging provision (section 6)

Key Findings: Public EV Survey

We undertook an online survey which ran for a period of 6 weeks (05/06/2023 - 17/07/2023). This gathered over 400 responses.

The aim of the survey was to understand:

- Where do electric vehicle users want to see charging points installed?
- The behavior of electric vehicle users
- Would residents be willing to pay for the electricity they use when charging?
- The barriers that prevent people making the switch to electric vehicles

The survey responses highlighted the following key findings:

- Access to charging points is a key barrier to EV ownership.
- Public charge points are not the main charging location for the majority of EV owners.
- The use of public charge points by EV Owners is primarily for *top up* or *partial* charging as opposed to fully charge a vehicle.
- Both EV and Non-EV owners agreed it is fair for EV users to pay to use public charge points.
- The greatest downfall of public charge points is that there are not enough of them.

The results of the survey will inform the role HDC will play in public EV charging infrastructure.

More information can be found in Appendix 1.

Key Findings: Parish Sites EV Capability Study

In August 2023, funds were made available to HDC from the UK Shared Prosperity Fund (UKSPF).

This funding was allocated for use in relation to Electric Vehicle charging. As works were underway to develop a Strategy for HDC that identified our role in EV, the funding was used to explore the feasibility of installation of charge points at non-HDC locations.

We were pleased to have the opportunity to work with a number of Parish Councils from across the district. As future funding becomes available, we look forward to continuing this in 2024/25.

More information can be found in Appendix 2.

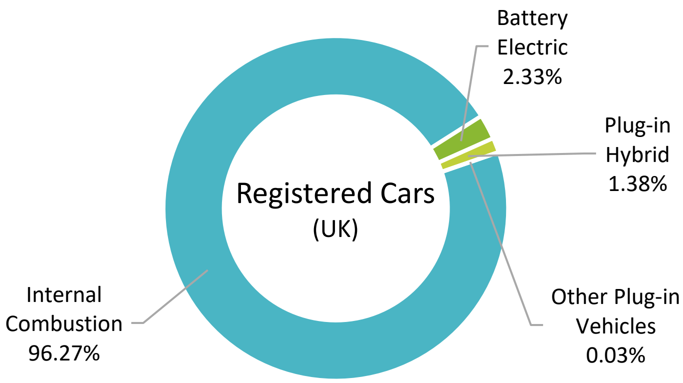
5. Review: EV Ownership in Huntingdonshire

Population estimates (mid 2021) published by the Office for National Statistics (ONS)[7] estimate the following populations:

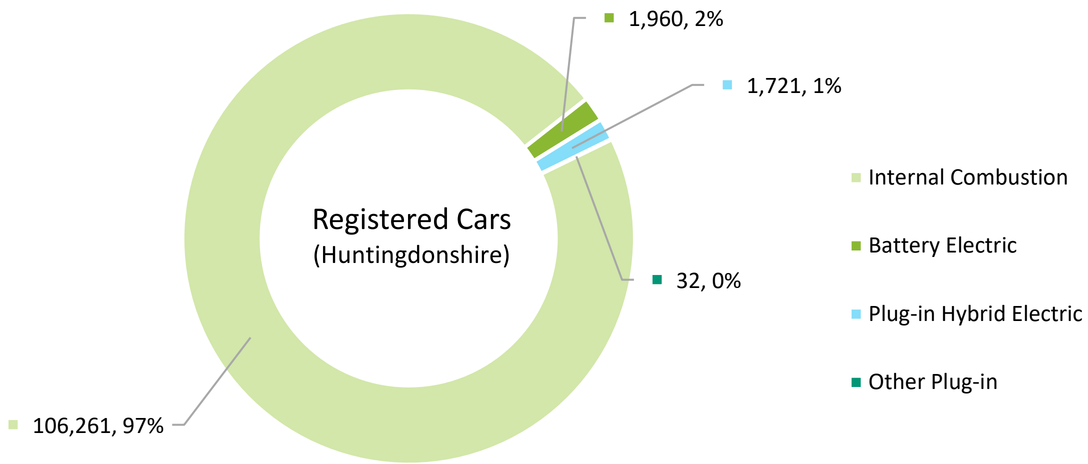
- UK (67,026,292)
- Huntingdonshire (181,800)

In the UK, the number of registered cars at the end of June 2023 was 33,488,236.

The breakdown of these vehicles by type is shown in the chart (right).



For Huntingdonshire the reported number of registered cars was 109,974. The breakdown of these vehicles by type is shown in the chart (below).



This data can be separated further to only include **privately registered cars** totaling 2,031 electric cars categorised as follows:

- Battery Electric (1,191)
- Plug-in Hybrid Electric (810)
- Other Plug-In Electric (30)

For Huntingdonshire, based on approximately 76,900 households per the 2021 Census, we can therefore estimate that there are:

- 1.43 cars per household
- 2.36 persons per household
- 1,420 homes with a **privately registered plug-in car**
- 3,351 residents with access to a **privately registered plug-in car** as a method of transport.

[7] The sources for the information in Section 5 are reported information provided by the Department for Transport (DfT), specifically VEH0101, VEH0105, VEH0142 & VEH9901. The DfT identifies Plug-in vehicles as road using vehicles that use plug-in technology to connect to a source of electricity. Vehicles are allocated to a local authority according to the postcode of the registered keeper. The address does not necessarily reflect where the vehicle is located.

6. Review: Local Public EV Charging Provision

The Council operates publicly accessible charging points in 3 market towns. These were installed in 2020/21 as part of a Parking Strategy with a vision to 'promote environmental sustainability by supporting alternative fuel and travel methods'. HDC provides 27 publicly accessible charge points across these sites.

Table 1 – Location of HDC operated Public EV Charge Points

St Neots		St Ives		Huntingdon	
Tebbutts Road	1* 7kW Twin	Cattle Market	1* 7kW Twin	Princes Street	2* 3kW Solo
Tan Yard	1* 7kW Twin	Darwoods Pond	1* 7kW Twin	Multi-Storey	4* 7kW Solo
Riverside	1* 7kW Twin	Globe Place	1* 3kW Solo	Mill Common	1* 3kW Twin
Priory Lane West	1* 3kW Twin			Great Northern Street	1* 3kW Twin
Brook Street	1* 3kW Twin			Ingram Street	1* 3kW Twin

HDC are not the only contributor to publicly accessible charge points in the District. The below table compares publicly accessible charging points vs the number of plug-in cars. HDC provides approx. 35% of this provision.

Data available from the National Charge Point Registry[8] shows that the location of publicly accessible EV charge points is focussed around Huntingdon, St Neots, St Ives, Buckden & Needingworth. There is a notable lack of sites within other Parishes across the District.

Table 2 – Public Charge Points Vs Plug-In Cars

	UK	Huntingdonshire
Plug-In Cars (company and private owned)	1,250,036	3,713
Publicly available EV chargers (all speeds)	49,220	76
Publicly available EV chargers per Plug-In car	0.04	0.02

The below table compares the total publicly accessible charging points per 100,000 residents.

Table 3 – Public Charge Points Vs Population

	UK	Huntingdonshire
Publicly available electric vehicle charging devices at all speeds per 100,000 population	73.4	41.8

[8] The source for this information is reports provided by the Department for Transport (DfT), specifically VEH0142 & 'Electric vehicle charging device statistics: October 2023'

7. Summary & Analysis

In 2021, over half of our residents (51%) who travelled to a fixed place of work travelled more than 10km. Of all residents who travelled to work, the majority (79.5%) travelled as a driver or passenger in a car or van[9].

The assessment of **EV Ownership in Huntingdonshire** illustrates the relationship between plug-in vehicles and population.

- UK plug in cars per person 0.0186
- Huntingdonshire plug-in cars per person 0.0204

This shows slightly above average ownership of plug-in cars per person in Huntingdonshire.

The assessment of **local EV charging provision** highlights two conclusions regarding Huntingdonshire's shortfall in publicly accessible charge points.

- 70 additional charge points would be required in our district to reach the national average shown in table 2.
- 57.4 additional charge points would be required to reach the average population ratio set out in table 3.

The assessment of **local EV charging provision** also highlights a significant lack of publicly accessible EV charge points outside of Huntingdon, St Neots, St Ives, Buckden & Needingworth.

The **Public EV Survey** received responses from 406 persons. The results highlighted participants felt:

- Access to charge points is a key barrier to EV ownership. Respondents would like to see more public charge points across all locations. With primary charging taking place at homes, we can support concerns around range concerns by providing public points.
- The use of public charge points by EV Owners is primarily for *top up* or *partial* charging as opposed to fully charge a vehicle.
- Both EV and Non-EV owners agreed it is fair for EV users to pay to use public charge points.
- Participants felt the greatest downfall of public charge points is that there are not enough of them. We can therefore look to balance quantity of points over speed.

During the **Parish Sites: EV Capability Study** we observed challenges that would be faced in installation at these non-HDC locations. Most notably, this relates to the 'Local Council General Powers' under s.137 of the 1972 Act and the General Powers of Competence as EV Charge Point operation is categorised as 'energy trading'.

Should a Parish Council wish to operate EV Charge Points, they must have in place a General Power of Competence (GPC). A Parish with GPC in place may operate and charge for EV charge points. If a Parish Council does not have GPC, we are able to assist them in accordance with legislations to help them explore the operation of EV Charge Points on their land.

[9] The source for this information the 2021 Census Office for National Statistics, 2022/23.

8. Our Role & Objectives

The Council's role in Public Electric Vehicle Charging will vary depending on the situation. We have the ability to take action ourselves as well as to enable and influence others. This strategy will act as a tool to attract external funding and set out our role and priorities.

As an **Enabler** we will:

- Support Towns, Parishes and Community Groups looking to pursue EV charging with advice and information about funding opportunities.
- We will support the emerging EV strategies from the CPCA and highways authority.

We will **Influence** local delivery of charge points by higher level authorities to:

- Fill the geographical shortfalls identified by our findings.
- Address the, often rural, Huntingdonshire locations currently not prioritised by private and commercial investment.

We will look to **influence** the expansion of electricity networks to ensure they are able to support the provision of EV infrastructure in Huntingdonshire.

In relation to what the Council will **Do**:

- Internal **HDC funds** will focus on **EV charging at our own car parks** offered as part of site facilities for our parking operations. We will look to support this with external funding where available.
- Where opportunities for **external funding** are available, we will look to obtain and utilise it to **prioritise support for rural off-street provision** in proximity to local amenities. We hope that these added facilities will also help to stimulate and support local businesses in the area.
- We will be **clear on the source of funding** of any charging provision installed, illustrating the minimal level of internal HDC funding available and significant dependence on external funding sources.
- If a Town or Parish wish to operate a EV charging but **lack the General Powers of Competence** to do so, we will look to support by acting as a 3rd party to **support their ambitions for EV installation**.
- Where the Council installs Charge Points, we will aim to keep these operable and accessible within the technology's life span.

9. Charge Point Installation

When considering **charging point type and operation** our Council will follow these **general principles**.

Charging point equipment:

- The quantity *of charge points and speed of charge will be carefully considered, taking into account the average dwell time of a site, and the average distance travelled by visitors. We will aim to achieve a minimum standard of 7kW charging capability unless prohibited by the constraints of a site.*
- The charging points installed across the District will look and feel the same, with consistent signage.

Charging point installation

- Installations will include the creation of charging bays with EV parking bay marking. These will be marked to ensure the use of the bay is apparent to all users.
- Signage will be installed with consistent signage information. It will be clear and concise, confirming that the use of bays is only for electric vehicles whilst charging.

Appendices

The following is a list of associated appendices:

1. Public EV Survey Findings
2. Parish Sites: EV Capability Study

Public EV Survey

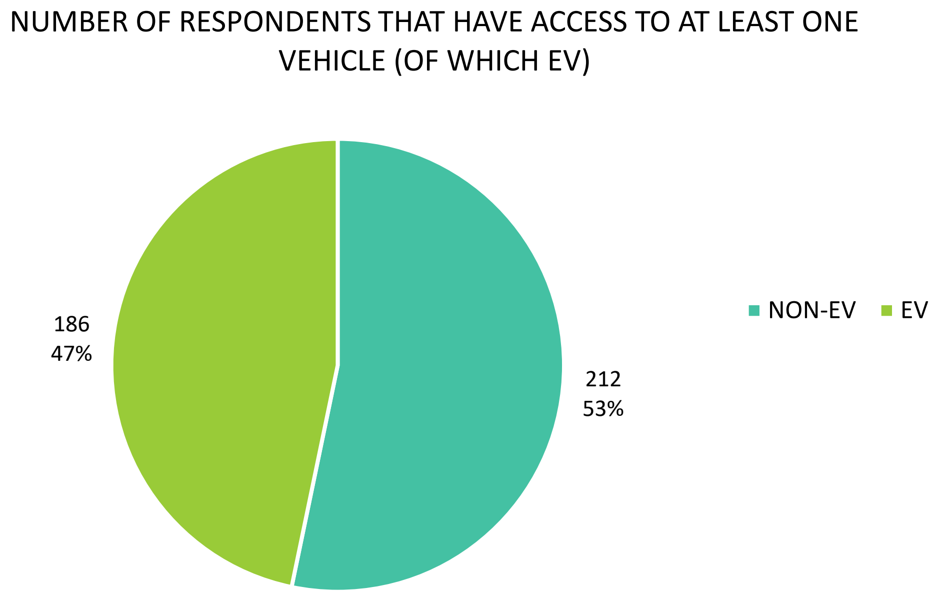
We undertook an online survey which ran for a period of 6 weeks from 5th June to 17th July 2023. The survey had a total of 406 responses with 393 being residents in Huntingdonshire. We also collected feedback included as comments in social media adverts for the survey.

The survey responses highlighted the following key findings which will be incorporated into our outcomes of the strategy:

- Access to charging points is a key barrier to EV ownership.
- Public charge points are not the main charging location for the majority of EV owners.
- The use of public charge points by EV Owners is primarily for *top up* or *partial* charging as opposed to fully charge a vehicle.
- Both EV and Non-EV owners agreed it is fair for EV users to pay to use public charge points.
- The greatest downfall of public charge points is that there are not enough of them.

1. Vehicle Ownership

Survey participants were asked if they have access to at least one vehicle. Of the total 398 that do have access to a vehicle, we asked if at least one vehicle falls into an electric category.



Of the 186 Electric Vehicle owners, 170 stated this was their main vehicle.

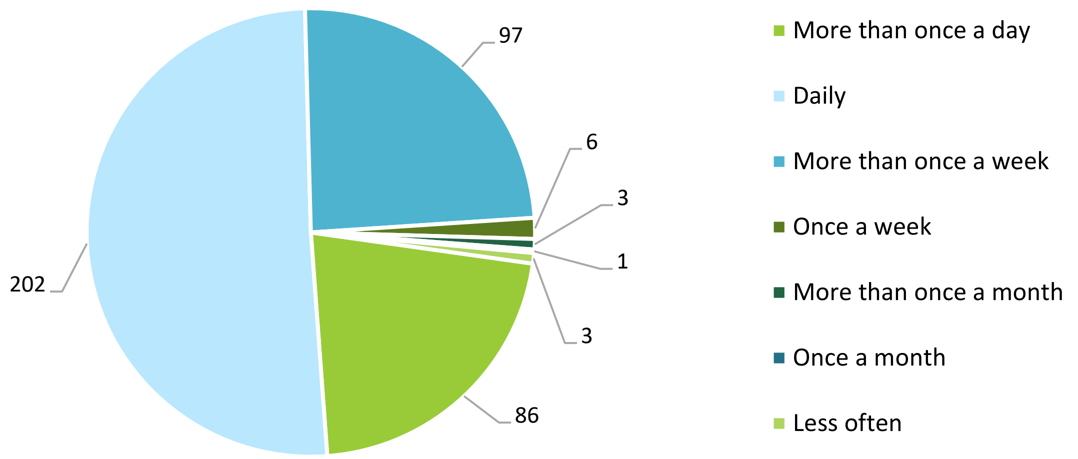
2. Vehicle Usage

Survey participants were asked about their vehicle usage.

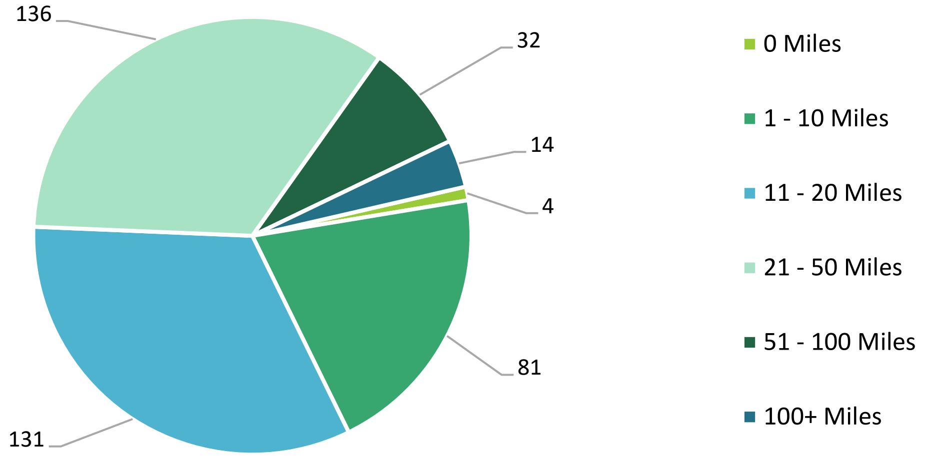
The results for EV and Non-EV owners were similar in both average miles, and frequency of use.

The most common use for both groups was daily, with the average miles being between 11 – 50 miles per day.

HOW FREQUENTLY DO YOU USE YOUR MAIN VEHICLE
(BOTH EV & NON-EV USERS)



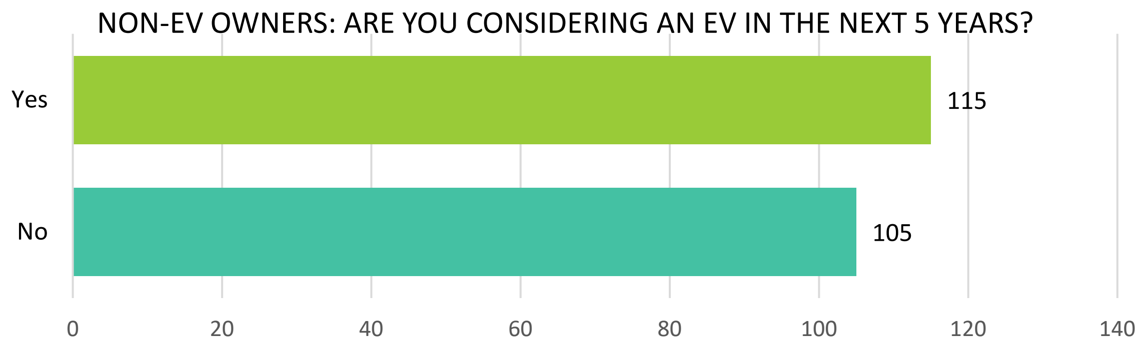
HOW MANY MILES A DAY DO YOU TRAVEL IN YOUR MAIN VEHICLE?
(BOTH EV & NON-EV USERS)



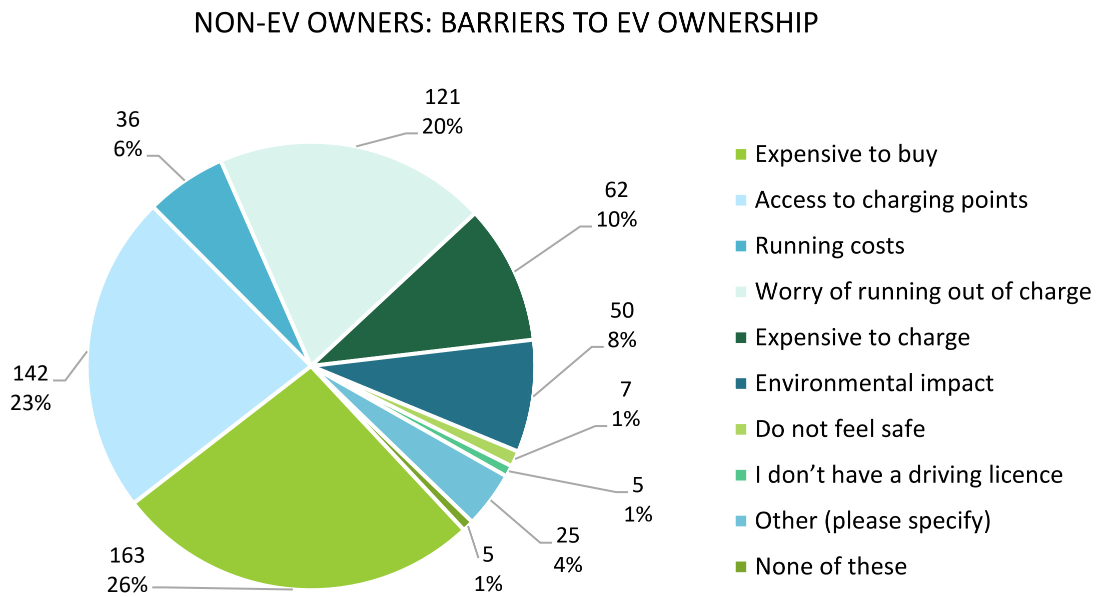
3. Barriers to EV Ownership

We asked Non-EV owners if they would consider buying an Electric Vehicle in the next 5 years.

The Majority indicated they would consider an Electric Vehicle in the next 5 years.



All current Non-EV owners were asked about the barriers the perceived to EV ownership. Respondents could select more than one barrier.

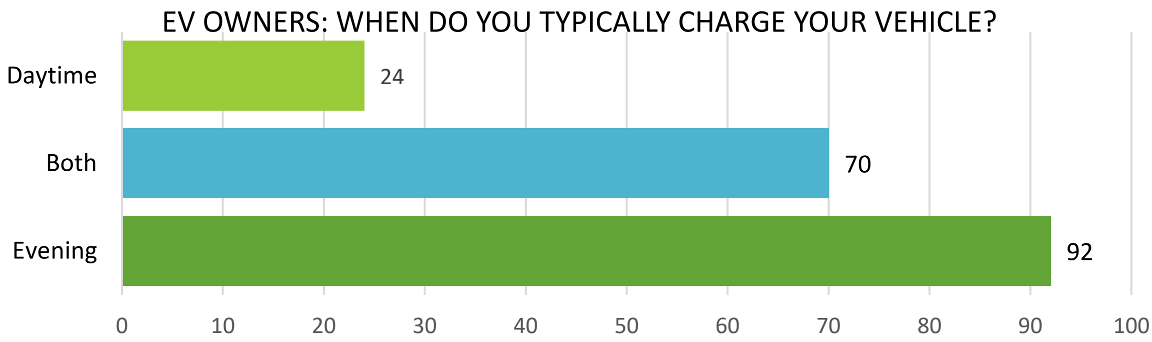


The responses highlight the greatest barriers as:

- The cost to buy an Electric Vehicle
- Access to charging points
- Concerns around charge capacity

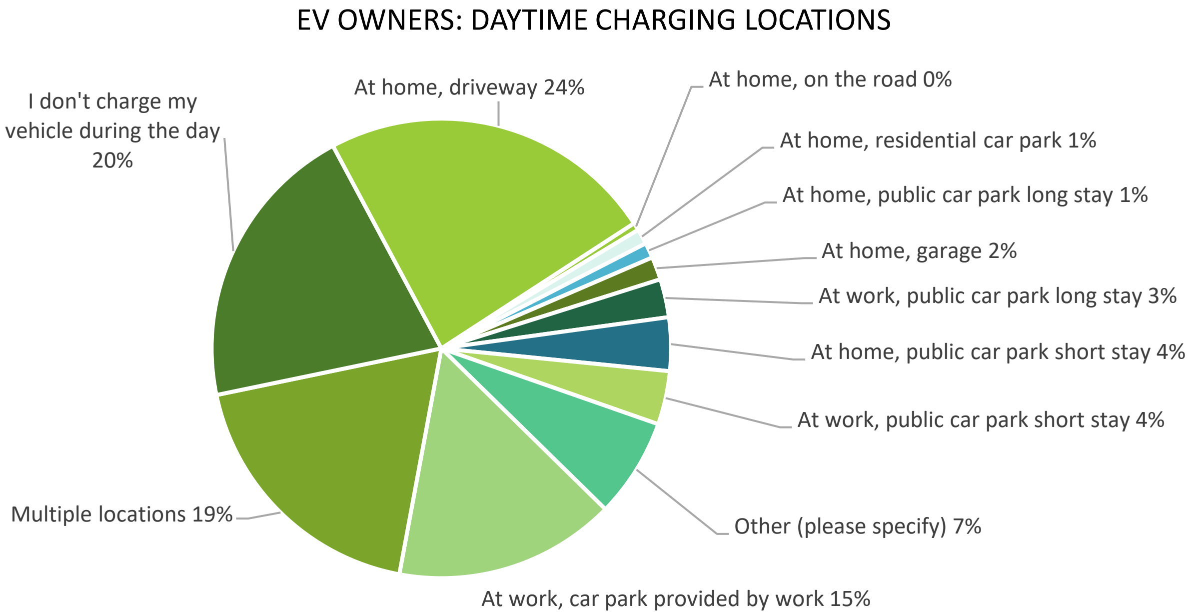
4. EV Owners: Charging Behaviour

Current EV owners were asked a series of questions relating to their charging behaviours to understand when they typically charged, and *how* they charged when using public charge points.

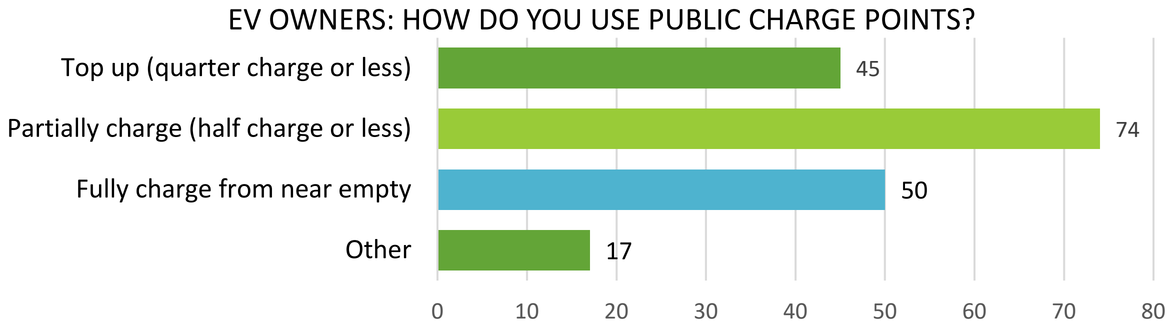


Overnight charging was typically done at home (driveway or garage) accounting for 73% of users.

Data obtained shows that public car parks are not a main charge location for EV users. The main reasons provided for lack of use link to the theme of the locations not being close enough.

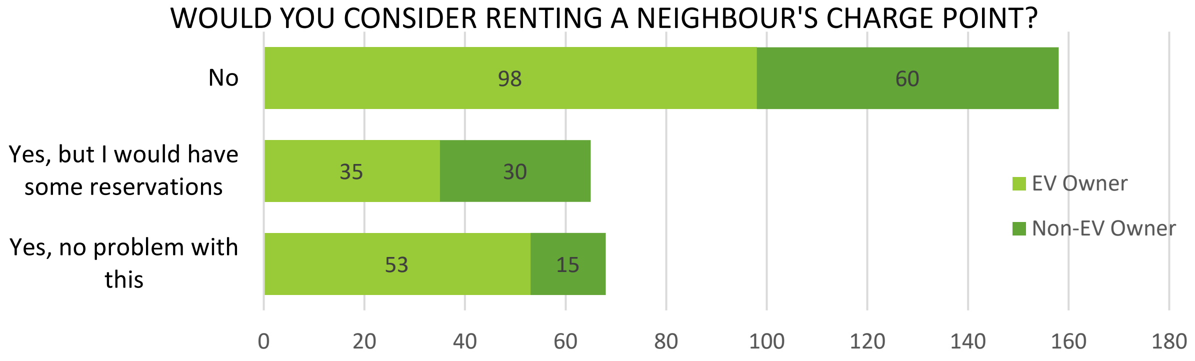


Data obtained shows that more EV Owners use public charge points for *top up* or *partial* charging that to fully charge a vehicle. *Other* was commented as partial up to 80%.



5. Charging Locations

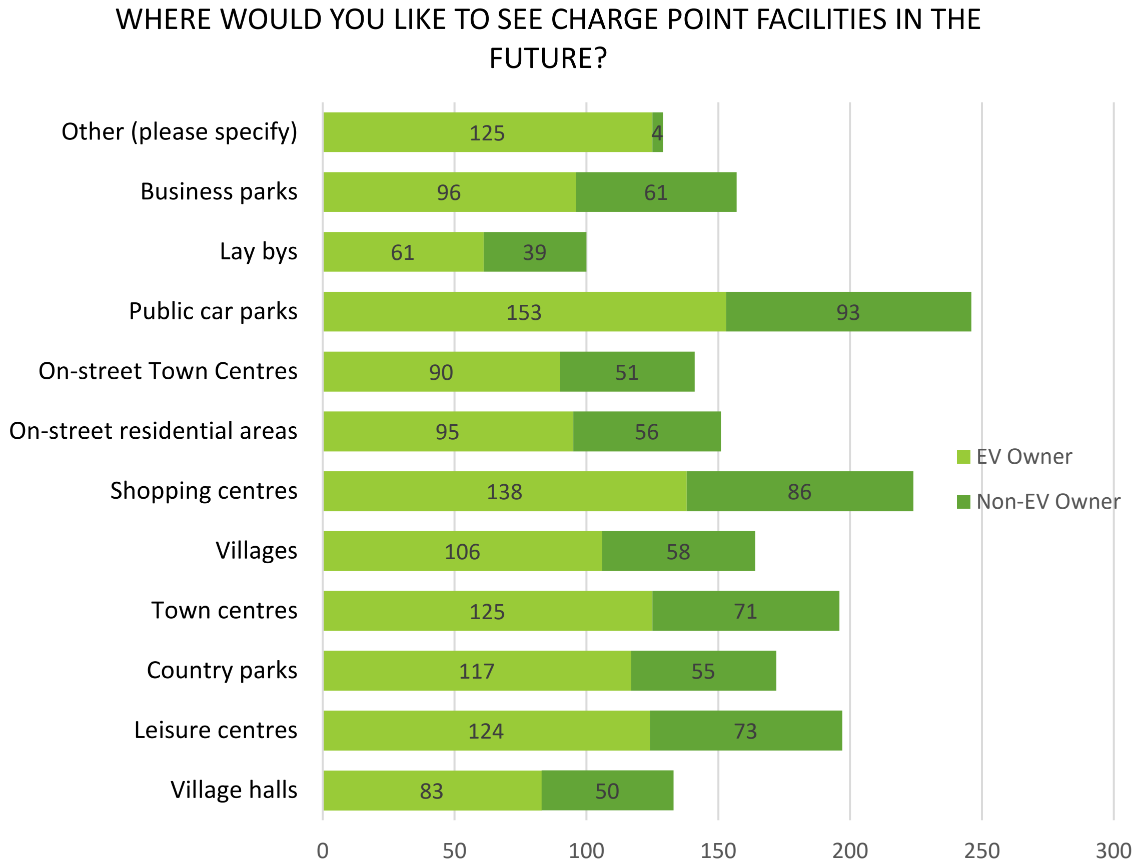
We asked all survey participants a series of questions relating to charge point locations.



A number of concerns were raised across both groups which included:

- Concerns over liability
- Inconvenience and access when needed
- Comfort with making the arrangement with a neighbour

All participants were asked where they would like to see charge points located. The results show a desire for points in all locations.

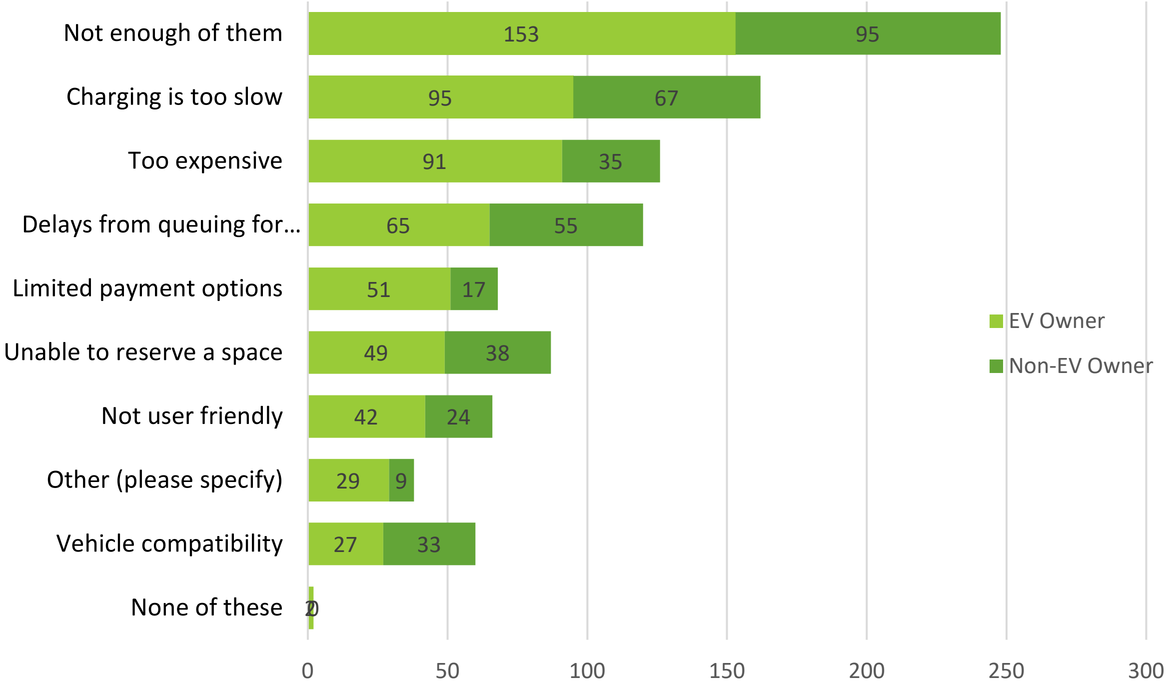


Common answers for 'Other' locations included Public Transport Hubs (e.g. Rail/Park & Ride), Trunk Road & Motorway Services, and a general desire for 'all' locations cars frequently access or park at.

6. Public Charge Points

We asked all survey participants a series of questions relating specifically to public charge points.

WHAT ARE THE CHALLENGES OF PUBLIC CHARGE POINTS?

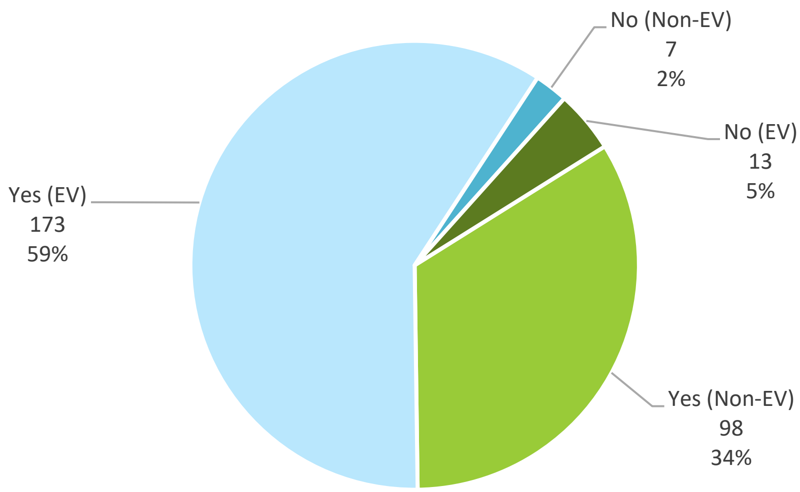


The responses for *other* included:

- Abuse of charge point bays by persons not charging
- Reliability of the charge points.

Both EV and Non-EV owners agreed it is fair for EV users to pay to use public charge points.

DO YOU FEEL IT IS FAIR FOR EV USERS TO PAY TO CHARGE?



Parish Sites: EV Charge Point Capability Study

In August 2023, funds were made available to HDC from the UK Shared Prosperity Fund (UKSPF).

This funding was allocated for use in relation to Electric Vehicle charging. As works were underway to develop a Strategy for HDC that identified our role in EV, the funding was used to explore the feasibility of installation of charge points at non-HDC locations. We contacted all Parish Councils in the District to give them the opportunity to be a part of this case study.

During this process, we noted key challenges that would be faced in installation at these non-HDC locations. Most notably, the challenges relate to the 'Local Council General Powers' under s.137 of the 1972 Act and the General Powers of Competence as EV Charge Point operation is categorised as 'energy trading'.

In summary, should a Parish Council wish to operate EV Charge Points, they must have in place a General Power of Competence (GPC). A Parish with GPC in place may operate and charge for EV charge points.

If a Parish council does not have GPC, they may still be able to explore EV Charge Points on Parish land, the following options are available:

a) Charge points may be installed by the Parish (subject to section 137 limits if funded by the Parish Council) and leased for operation by a 3rd party. A metered supply powering the charge points must be in place, separate from any supply to the Parish Council.
b) Land may be leased to a 3rd party to install and operate charge points. A metered supply powering the charge points must be in place, separate from any supply to the Parish Council.
c) A Parish Council may install charge points at a premises owned or operated by the Parish Council. This does not require any 3rd party involvement; however the Parish Council cannot charge for use of, or energy provided through the charge point.

In all of the above options, the 3rd party mentioned could be a District Council. This would be reflected in the Council's Role and Objectives.

1. Case Study

Using available funding, the Council wished to explore the feasibility of installation of charge points at non-HDC locations. We contacted all Parish Councils in the District to give them the opportunity to be a part of this case study.

We received 18 expressions of interest from Parish Councils across the district. Of these, 16 Parish Councils continued discussion and applied for consideration:

- Bluntisham
- Elton
- Earith
- Sawtry
- Keyston
- Holywell-Cum-Needingworth
- Great Gransden
- Grafham
- Hail Weston
- Yelling
- Yaxley
- Sibson-Cum-Stibbington
- Great Staughton
- Glatton
- Fenstanton
- Hilton

2. Suitability Evaluation

The applications received were considered against the following elements to determine if they would be suitable to be further explored as part of this study:

- Ownership - Is the site owned by the Parish Council?
- Location – what is the proposed area serving? Would anyone be able to access and use?
- Footfall – would the points likely be used?
- Lighting & Security of the site
- Landscape and surface structure of the area (e.g. are tree root zones expected?)
- Accessibility – is this car park open 24/7?

Following a review, it was agreed to proceed with the following sites for further exploration into feasibility of EV charge point installation:

- Sawtry, The Old School Hall, Green End Road, Sawtry PE28 5UY
- Holywell-Cum-Needingworth, Millfield Car Park, Overcote Lane, PE27 4TU & Mill Way Car Park, PE27 4TF
- Grafham, Village Hall car park, Brampton Road, Grafham, PE28 0UR
- Yaxley, 48 Main Street, Amenity Car Park, Yaxley, PE7 3LU
- Fenstanton, Chequer Street Car Park, Fenstanton, PE29 9JQ

3. Site Surveys

In October, site surveys were undertaken to understand:

- The suitability of the existing electric supply or if a new supply would likely be needed
- Mapping to suggest route from electric supply to location for install
- Hardware options considering site constraints
- Initial estimates for installation. Where needed this would include electrical supply uplift.

A number of sites would be able to support EV charge point installation, however others would likely to have a new/additional incoming site power supply put in place as part of the EV works.

4. Parish Council Charge Point Operation & Legislation

Through discussion with Cambridgeshire & Peterborough Association of Local Councils Ltd (CAPALC) around the requirements for a Parish Council to charge for electricity, it was concluded that under s.137 of the 1972 Act of the 'Local Council General Powers' and the General Powers of Competence Order, EV Charge Point operation would be classified as 'energy trading'.

This splits Parish Councils into 2 categories:

1) Those who have General Power of Competence (GPC);
2) Those who do not have GPC

The eligibility for General Power of Competence (GPC) is that a Parish must satisfy both:

- The clerk (no one else) holding the 'Certificate in Local Council Administration' (CILCA)
- At least 2/3 of Cllrs must be elected (electoral mandate element)

Parish Councils that do not have General Power of Competence have the following options for installing Electric Vehicle Charge Points on Parish owned land:

<u>Option A:</u> The Parish Council install the equipment. This equipment is leased to 3rd party EV operator.

<u>Option B:</u> The Parish lease the land to 3rd Party to install & operate the charge point equipment.

In both these options, a sperate energy meter is required for the charge point supply to ensure that it remains separate from energy used or provided to the Parish Council.

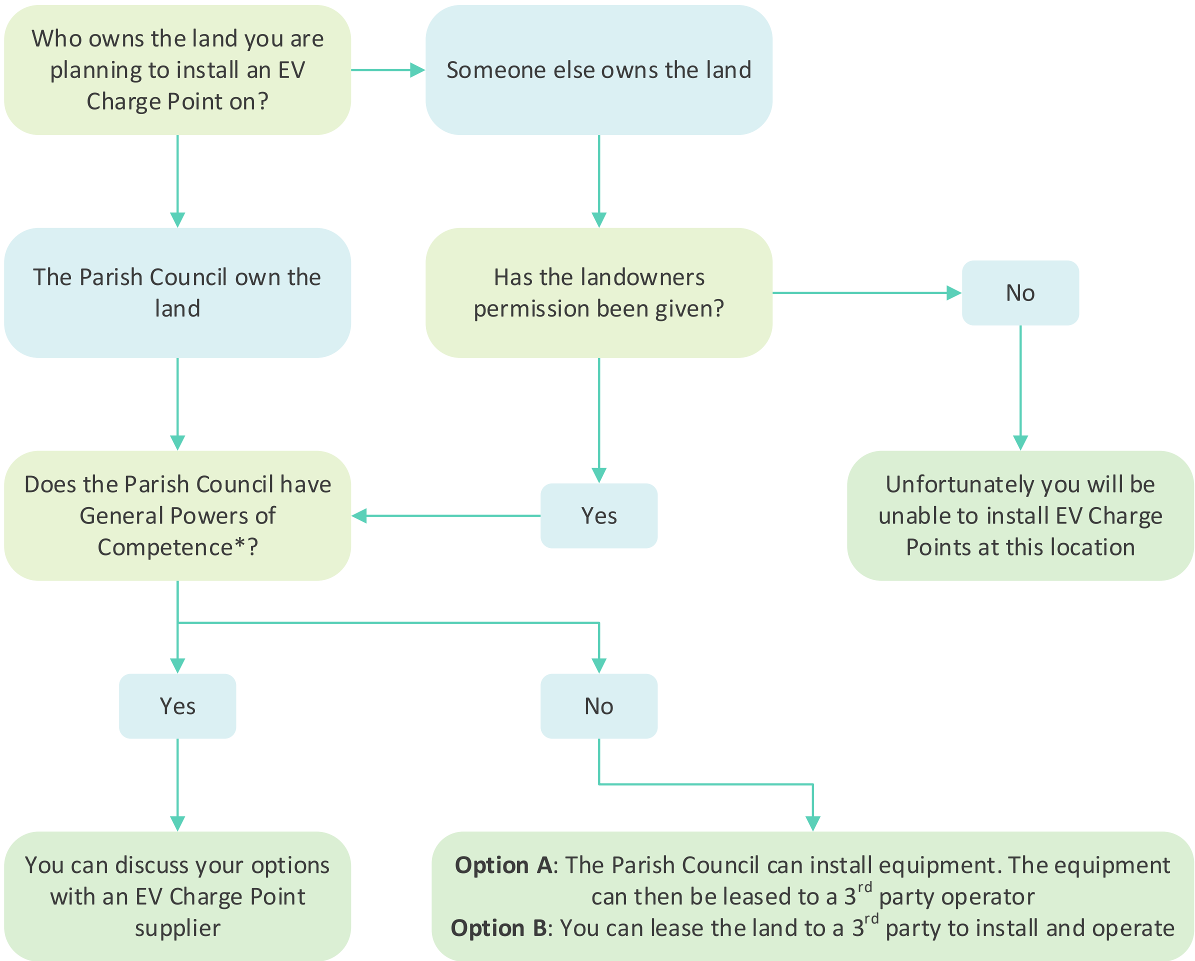
5. Summary

During this process we have noted issues that would likely be faced by Parish Councils when installing Electric Vehicle charge points. These issues are:

- Legislative restrictions
- Site constraints e.g. power supply or natural elements (likely tree root zones)

These issues have been noted by the Climate working group with options for how these may be overcome incorporated into the strategy where HDC's role in EV is identified.

Parish Council Decision Tree



*'The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012' provides details relating to the eligibility of a Parish to utilise the powers granted by the Order.

Both **Option A & B** will require the power supply to the charge points to be metered separately to Parish Council supply.

If you have any questions relating to the installation of EV Charge Points, please contact Huntingdonshire District Council at ParkingService@huntingdonshire.gov.uk

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Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Independent Review of the Long-Term Operating Model for One Leisure
Meeting/Date:	Overview & Scrutiny Panel (Environment, Communities and Partnerships) – 7th March 2024 Cabinet – 19th March 2024
Executive Portfolio:	Cllr Simone Taylor – Executive Councillor for Leisure, Waste and Street Scene (ST)
Report by:	Gregg Holland, Head of Leisure Services (GH)
Ward(s) affected:	All

Executive Summary:

The purpose of this report is to brief and seek endorsement from Members on the work undertaken by independent advisors on the Long-Term Operating Model for One Leisure.

The Interim Head of Leisure Services when appointed in May 2022 had a remit that was centred around three key elements, and these were:

- A review of One Leisure's commercial sustainability and operation.
- To implement a medium term financial and operational plan.
- To propose and implement a long-term operating model review for One Leisure.

Following a tender exercise, the Council commissioned First Point Management & Consultancy Limited (First Point) in September 2023 to undertake an independent review of its in-house leisure function, to consider initial transformation work undertaken, and to determine the most appropriate future operating model for One Leisure.

Following the completion of the independent review it has concluded that One Leisure should pursue a "Transformed In-House" operating model over the short-medium term.

The independent review **(Appendix 1)** was broken into three key areas:

1. Short Term Operating Models (2-3 years)
2. Built Facilities & Playing Pitch Strategies

3. Medium (3-5 years)- & Long-Term Operating Models (5+ years)

** A full tender scope of the key elements above can be found in (**Appendix 2)**.

Recommendation(s):

The Cabinet is asked to approve the following recommendations:

(a) that the Independent Review and its key recommendations be approved;
(b) to approve the continuation of One Leisure with the recommended “Transformed In-House” operating model;
(c) to commence the development of Outline Business Case’s (OBC’s) and feasibility studies on capital investment, subject to final Cabinet approval on any investment proposals that the feasibility studies recommend;
(d) that the proposed medium to long term operating model for One Leisure be approved and agree it will be reviewed in 3 years in line with recommendations by the independent consultant within this report;
(e) that an annual update on actions against all the recommendations made by the independent consultant be approved;
(f) acceptance by Cabinet that the Interim Head of Leisure Service has discharged his original remit by proposing and seeking endorsement for a proposed long-term operating model for One Leisure;
(g) to formalise the current leadership arrangements for One Leisure to ensure continuity and consistency be noted.

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to brief and seek endorsement from Members on the work undertaken by independent advisors on the Long-Term Operating Model for One Leisure. The review had a series of outputs as part of its commission:

a. To provide insight into the UK leisure market post COVID-19 and the subsequent challenges facing the leisure operating environment because of COVID-19. This can be seen in Appendix 1.
b. Provide an options appraisal on the different long term operating models best suited to One Leisure based upon the existing leisure market challenges.
c. The brief outlined an options appraisal which should include but not be limited to a review of the suitability of a series of operating models:
    - In-house management (Transformed In-House Model – One Leisure
    - In-house management via a Council owned company (wholly owned company (LATCo) / Teckal company)
    - Tendering the leisure service as a commercial service or concession contract
    - Creation of a Trust or not-for-profit entity
d. To review and use the actions within the Built Facility Strategy and Playing Pitch Strategy to inform this work, and to clearly identify a recommended priority list for capital investment.
e. To submit a proposed capital investment priority list to the Council with outline recommendations, illustrative costs and revenue benefits and proposed timelines.

2. BACKGROUND

2.1 The Council provides an in-house leisure offer through its 'One Leisure' brand that was established in 2010, the service has always been managed in-house and there is no history of it being operated by a third-party. The service comprises of:

- St Ives Indoor Leisure Centre
    - The Burgess Hall attached to the centre.
- St Ives Outdoor Centre
- St Neots Leisure Centre
- Ramsey Leisure Centre
- Huntingdon Leisure Centre
    - One Leisure Direct Call Centre (based at Huntingdon Leisure Centre)

2.2 The Council decided upon a move away from a traditional leisure services approach and undertook a thorough review of its assets, planning to invest c.£10m into its leisure facilities.

2.3 The capital investment and change in approach was based upon the premise of the service shifting from operating at a financial deficit to a commercially and financially sustainable position.

2.4 Following the completion of the capital investment and rebranding between 2015 – 2019 the Council commissioned an independent review (EELGA) of One Leisure with the aim of supporting its long-term goal of becoming a commercially sustainable business whilst supporting and providing the local communities it serves with affordable opportunities to be physically active.

2,5 The completion of the actions outlined within the independent review (EELGA) in 2019 were disrupted by the COVID-19 pandemic as leisure operators across the country faced a sudden and significant loss of income during the government-imposed closures and the subsequent restricted conditions placed upon re-opening facilities with reduced capacities and on-going business recovery.

2.6 An interim Head of Leisure Services was appointed in May 2022 with a clear remit to undertake:

- A review of One Leisure's commercial sustainability and operation.
- Implement a medium term financial and operational plan.
- Propose and implement a long-term operating model for One Leisure.

2.7 The review of One Leisure's commercial sustainability and the implementation of a medium term financial and operational plan have been completed, this report therefore focusses on the long-term operating models for One Leisure

3. OPTIONS CONSIDERED

3.1 As outlined within the "Executive Summary" of this report the independent review was broken into three key areas:

1. Short Term Operating Models (2-3 years)
2. Built Facilities & Playing Pitch Strategies
3. Medium (3-5 years)- & Long-Term Operating Models (5+ years)

Short Term Operating Models (2-3 years)

3.2 The Council identified four key delivery options to consider what could potentially be deployed for the operation of the Council's leisure facilities, these include:

1. Direct in-house delivery by One Leisure (the current model).
2. Establishing a wholly owned and controlled council company.
3. Commercial outsourcing to a third party.
4. Creation of a trust or not for profit entity.

Further details on what these options involve can be found in Appendix 1, Core Options (page 21).

3.3 The in-house option is considered as the 'Transformed In-House' model, the transformation foundations of this have already been laid through the appointment of an Interim Head of Leisure Services, adopting a more commercial approach to the service, the commissioning of the Built Facility and Playing Pitch strategies in 2022 and developing a detailed staff review.

3.4 Failure to implement change would result in the 'status quo' being maintained and the operational deficit continuing unabated; encouragingly the initial stages of transformation have been supported by the Council therefore the 'Transformed In-House' is the model considered as the direct delivery option against the other core options listed above.

3.5 To determine the best operating model for One Leisure the Council requested an options appraisal and the principles for this were set out by officers in the project brief. The principles we asked the independent advisors to score against were:

- financial modelling and assessment of financial impact.
- balancing the level of risk, the Council would be exposed to.
- the commercial return the Council could secure or guarantee.
- the social and wellbeing benefits the Council could achieve.
- the environmental factors that the Council expect to achieve through its Climate Strategy.
- the level of control the Council would retain over both strategic and operational matters.

3.6 Each element below is RAG rated as illustrated below:

	Most beneficial / advantageous to the Council
	Moderately beneficial / advantageous to the Council
	Least beneficial / advantageous to the Council

3.7 The table below provides a summary of the criteria set by the Council, a weighting applied to the assessment and the outcome.

	Set Up & Transitional Costs	Level of Operational Risk Transfer	Asset Mngt. Transfer	Level of Council Control	Scope for community Involvement	Potential to increase participation	Access to capital and investment funds
Transformed In House							
LATC							
Market Solution (Outsourced)							

Creation of a Trust or not-for-profit entity							

3.8 It is important to note that whilst the "Transformed In-House" option has received two red inserts under "Level of Operational Risk" and "Asset Management Transfer" that this is not negative, but the least beneficial as the Council would simply continue to be responsible for risk and asset management under the proposed approach. Therefore, this is no change to the current position.

3.9 Following the options appraisal assessment on the short-term operating model the independent review concluded the following:

3.9a In consideration of both the current Market Assessment, the Options Appraisal, the Transformed In-House model is considered to provide the best solution for the Council in the immediate short-term. It also ensures Council control is maintained at a time when the need for control and ability to respond to opportunity is likely to be significant.

Appendix 1 discusses in more detail the considerations and rationale for this recommendation.

3.9b Both service and corporate capacity to implement an alternative delivery currently would be challenging and may severely stretch the organisation. However, reviewing market conditions through an Early Market Engagement exercise and reconsidering the LATC option within the next year is worthy of consideration. The set-up costs and timescales associated to implementing any of the other options is likely to take until early 2025 to result in a change of operating model even for a LATC, assuming a decision to select an alternative model is taken in early 2024.

3.9c If the **Transformed In-House model** is approved and resourced, the transformation journey will effectively have had a 12-month head start on any of the other options to implement the changes required.

3.9d In each of the other models the operator is an independent entity, although less so with the LATC as the Council would be its sole member and can determine the continuation of the company.

3.9e **Post COVID-19 Leisure Operating Assessment**: The impact of the COVID-19 pandemic and market recovery, the acute rise in utility costs and cost of living crisis have resulted in a more cautious market and operators becoming risk adverse, changing, and suppressing the appetite of operators to take commercial risks. The disruption of a service transfer for the short term is unlikely to be beneficial to the financial or operational position. In theory, it could be argued that the required service specification, and performance framework for the LATC model provides the Council with control in all options, however each of these would require an enhanced 'client side' to monitor the contract whilst the Transformed In-House provides direct control and influence.

3.9f The **Local Authority Trading Company (LATC)** is only an attractive option if there is a commitment to a contractual term that would provide sufficient time to implement and benefit from commercial changes, the costs of creating such a vehicle would necessitate this.

3.9g **Community involvement** - The Transformed In-House and LATC are most likely to provide opportunities for community involvement as they will have existing relationships and connections with the communities they serve, although it is possible over time that the other operating models could achieve similar levels as they develop their understanding of the locality. It is not considered that there is any material difference between the models in terms of increasing participation as all models will have a clear focus on delivering this.

3.9h **Capital investment** - Access to capital and investment funds for large capital schemes for local authorities is likely to come from the Public Works Loan Board (PWLB) as the Council are owners of the assets; interest rates are competitive and offer good value for money compared to market financing solutions. We will evaluate funding streams as a council once the OBC's and feasibility studies outlined within this report have been tabled for review and approval. Appendix 1 discusses in more detail the considerations and rationale for this recommendation.

Built Facilities & Playing Pitch Strategies

3.10 The Indoor and Built Sports Facilities Strategy (IBF) and Playing Pitch and Outdoor Sports Strategy (PPOSS) 2022 - 2043 were commissioned in early 2022 with completion in November of that year and subsequently adopted by the Council in June 2023. The strategies are endorsed by Sport England insofar as they follow the accepted methodology in terms of an assessment of provision and projected need in line with population growth forecasts contained in the Local Plan over the next two decades.

3.11 A Sport England endorsed strategy is the 'gold standard' for the assessment of sports facilities; commissioning this work demonstrates a commitment to a robust evidence base to support and enable improved sporting facilities for Huntingdonshire residents. It is clear these strategies will help provide the evidence base to develop the right facility mix across Huntingdonshire; however, it does not resolve the issue of prioritisation or funding for One Leisure facility provision. These strategies will also support the updates to the Local Plan review and be considered as part of the Councils' Place Strategy and Climate Strategy.

3.12 Recent challenges across the leisure sector in terms of affordability of leisure provision and closures, should be taken into consideration when considering the district leisure requirements.

3.13 Both strategies for both indoor and outdoor sports facilities will support delivery at a local level and provide the needs assessments and strategic recommendations to act upon. These are strategies spanning some 20 years and relate to sport and leisure provision across the entire council area. The scope of this review is focussed upon and limited to the One Leisure estate.

3.14 The independent review outlined that the immediate capital investment priority should be to adequately resource and commission the feasibility studies and the Outline Business Case (OBC) of each proposal. The review also stated that the OBC should only be commissioned if a scheme is technically possible to deliver and is geared towards supporting a bid to secure capital funding (internally/externally).

3.15 To support the work undertaken as part of the Built and Playing Pitch Strategies the consultant provided a proposed list of capital investment priorities for One Leisure to present as part of this report. These are included within **Appendix 3**.

3.16 In addition and within **Appendix 4** the consultant has provided a proposed capital investment programme which has been structured over the short, medium, and long term and thus supportive of the nature of this report and the future direction of One Leisure. This includes an indicative capital cost for the delivery of these items.

3.17 The timescales for delivery of capital schemes will be dependent on the following:

- Findings from the Feasibility Studies
- Approval of the OBC
- Securing capital funding and approval
- Corporate capacity to deliver

3.18 Following the independent review of the Built and Playing Pitch Strategies the consultant concluded the following:

- The production of a financial appraisal as phase 2 of the Built and Playing Pitch Strategy work should be commissioned, as an understanding of the scale of the investment need may help to both influence and clarify potential funding sources, developer contributions and deliverability of schemes.
- Addressing the identified shortfall in provision across the district, will require a focussed approach over a long period of time, it should be remembered that the Built and Playing Pitch Strategy span a period of two decades, delivery is a 'marathon not a sprint.'
- The Council has a lead role in supporting the delivery of these strategies but should not be the sole owner or funder.
- Where there are existing and future opportunities for both indoor and outdoor shared or dual use facilities, it will be important that community access agreements provide good public and/or club access.
- A key element of this review has been to consider the operating model and sustainability on the current model, investment in the existing estate to refurbish or develop new facilities that enhance the offer will be essential to protect existing and increase revenues.

Medium (3-5 years)- & Long-Term Operating Models (5+ years)

3.19 The leisure sector and its long-established operating models has undergone significant change as a result of the COVID-19 pandemic and the challenges associated with the challenging market conditions now prevailing across the UK. Some external private operators have reduced in size and complexity to ensure business continuity. For One Leisure to provide a financially sustainable service offer it must operate as the Transformed In-House model, operating to optimum efficiency wherever possible, however that objective is reliant on adequate and continued investment in the facilities. The impact of Covid, has made the commercial sector more risk averse, while tax changes have reduced the advantages of a charitable or trust model. Given these factors, a transformed in-house model, as shown in the options appraisal above, offers the best balance of risk, control, and benefit.

3.20 Both the medium- and longer-term operating models should be determined by assessing the performance of One Leisure and how the transformation objectives have been delivered coupled with horizon scanning and testing the market through an Early Market Engagement exercise, and potentially leading to a full procurement event. Assessing market conditions in 2-3 years should also be sufficient time for the liability of the Terms & Conditions Audit to have been determined and resolved.

3.21 The operating model is only likely to be influenced by the capital investment plan if HDC has reached its borrowing capacity from the PWLB for a major capital scheme e.g., a new leisure centre, or in the unlikely event that market loan rates become lower than the PWLB. Operators that can potentially bring capital investment to facilities will seek to recover that investment over the contract term, which is highly likely to result in a higher cost of borrowing for the Council but spread over a long period. Capital investment and service delivery through a DBOM solution (a market solution to Design Build Operate and Maintain) is generally a long-term commitment of c.20 years or longer.

3.22 The real opportunity for One Leisure and the future leisure provision remains with developing partnerships with the health sector and in particular the relationship with a maturing ICB. That pivot to health requires and will allow the in-house team to develop a broader systems leadership role with partners and safeguard some of the financial risks of the leisure market. Securing long term investment in community outreach will also help deliver those outcomes linked to broader community targets contained in the new strategic plans recently endorsed.

3.23 An investment in feasibility studies and the OBC's that follow will determine what the capital investment priorities will and should be. The Built and Playing Pitch Strategies are long term strategies for the district not just One Leisure and identify projected needs over the next 20 years. The priorities and demand may change over time as activity trends can change too (the demise of squash and the rise in popularity of spin classes are examples of change over time); the anticipated pace of development may change too. Where some facilities may have reached the end of their natural life, consideration may be around full reprovision rather than refurbishment. As outlined within the main independent review it is too early to project the revenue benefits of potential schemes this would be developed through from the OBC work once the technical feasibility study of a proposed scheme has been completed.

3.24 Following the independent review of the Built and Playing Pitch Strategies the consultant concluded the following:

- It would be prudent to review the operating model periodically, doing this on a 3–5-year cycle is reasonable approach and building this cost into the council's long term MTFS would be advantageous.
- If it is agreed to continue with in-house provision in the form of One Leisure as the Transformed In-House model then a review in line with the suggested review cycle should be adhered to, this ensuring best value is being delivered.
- It is not considered that capital investment is a determining factor of the operating model of HDC's leisure offer unless access to the relatively low cost of borrowing through the PWLB ceases to be available to the Council or a full funding partnership is developed with health.

4. COMMENTS OF OVERVIEW & SCRUTINY

4.1 The Panel discussed the One Leisure Long Term Operating Model Report at its meeting on 7th March 2024.

4.2 Councillor Shaw expressed his support for the recommendations within the review and observed that the issues faced by the transfer of the Sawtry centre to an external company reinforced the need to continue to keep the service within the Council. This was a sentiment shared by Councillor Hunt, who enquired what changes users might expect during the transformation process. The Panel were assured that this work was underway and that although the changes to be made would ensure the commerciality of the centres remained this would also ensure self sufficiency.

4.3 Following an enquiry from Councillor Harvey relating to the potential reclamation of VAT, the Panel heard that this was being investigated by the Finance team and a further details would be brought to the Panel at a later date.

4.4 Councillor Burke stated that the proposed changes to the One Leisure St Ives Outdoor centre were good to hear, and enquired about the potential inclusion of Health Hubs within the centres. The Panel heard that the team continued to work with Health Partners to maximise and develop opportunities.

4.5 Following a request from Councillor Alban to clarify the increased budget figures for One Leisure, the Panel heard that the achieved figures for the 2022/23 budget had set the budget target for 2023/24 and was due to an increase in revenue, an agree price increase, a capital bid being brought forward and the continued trajectory of growth within the industry.

4.6 Councillor Alban requested an update on the Sawtry centre on behalf of Councillor Bywater, in response to which, the Panel heard that the centre had been transferred to another owner in 2019 and whilst the team have endeavoured to provide support and positive outcomes in the best interests of the local community, the onus to do so does rest with the private operator.

4.7 Following a further question from Councillor Alban, the Panel heard that One Leisure Direct were more than a call centre, and that a consultation was currently underway which included a review of all One Leisure staff structures and responsibilities.

4.8 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

5. KEY RISKS

5.1 The table below illustrates the risks and possible impact of not adopting the outlined recommendations listed in **Appendix 5.**

Risk	Likelihood	Impact	Mitigation
Leisure provision not fit for future	Medium	Medium	These proposals, and the continued evolution of One Leisure to support financial sustainability.
Failure to respond to changing consumer behaviour leading to drop in usage and income.	High	High	Continuation of One Leisure performance reviews to allow for clear decision making and targeted interventions.
Inability to adapt to change and keep up with direct competitors	High	High	Continuation of One Leisure performance reviews to allow for clear decision making and targeted interventions.
Affordability challenges if One Leisure continue to operate with a reliance on a financial subsidy	High	Medium	Review of wider One Leisure service as a non-statutory service and identification and collaboration with external health partners.
Lack of provision for wider health and wellbeing benefits of physical activity to residents	High	Medium	Continuation and development of Built & Playing Pitch Strategy capital investment plans to ensure One Leisure provide provision based

			upon demand over coming years.

5.2 The mitigation against all these risks will be the ongoing monitoring of performance of the Transformed In-House operating model.

6. TIMETABLE FOR IMPLEMENTATION & ACTION

6.1 The Built and Playing Strategies were presented to Overview and Scrutiny and Cabinet in June 2023. The reports presented requested approval for three key actions, and these were:

1. The new strategies would be made available on the HDC website and used to support future negotiations with sports clubs, partners, and developers. – **Delivered**
2. HDC will review and utilise the actions within the Built and Playing Pitch Strategies to clearly identify a priority list for capital investment, either directly or by identification of external Capital pots that can be accessed. - **Delivered**
3. Finalise and present a capital investment plan for the development of existing facilities and creation of new assets to support physical activity and commercial revenue generation. – **Ongoing as part of the Long-Term Operating model activity**

6.2 In addition to this and as part of the original remit of the Interim Head of Leisure Services and within section 2.6 of this report it was to “Propose and implement long term operating models for One Leisure”. – **Discharged via this report.**

6.3 The Independent Review of the Long-Term Operating Model for One Leisure” enables the council to achieve two key priorities. Firstly, it allows the council to review what the best options for the short-, medium- and long-term operating model are and secondly through the strategic review (Built and Playing Pitch Strategies) of its existing leisure facilities what the district may require over the next 20 years. - **Delivered**

6.4 The completion and earlier endorsement by council of the Built and Playing Pitch Strategies allowed for an independent review of what capital investment would be recommended over the short, medium, and long term all of which is outlined in **Appendix 3 & 4**. This is extremely important, and it significantly influences the decision making surrounding the best suited operating model for One Leisure moving forward. **Delivered (June 2023) & capital investment plans discharged via this report.**

6.5 To allow for continued momentum and direction on the operating model and capital expenditure workstreams we would outline the key actions as follows:

1. That One Leisure are given approval to pursue and commence operation with the recommended short term “Transformed In-House” operating model.

2. Approval to proceed and commence work on OBC's and feasibility studies on capital investment identified within **Appendix 3 & 4.**
3. Provide a commitment that One Leisure will come back to Members with OBC's, and feasibility studies for final approval.
4. Approve that the medium to long term operating model for One Leisure will be reviewed in 3 years in line with recommendations within this report and by the independent consultant.
5. A further commitment that One Leisure will return to Members and update on actions against all the recommendations made by the independent consultant identified in **Appendix 5.**
6. Acceptance by Members that the Interim Head of Leisure has concluded item 3 of his original remit by proposing and implementing a long-term operating model for One Leisure.
7. Agreement from council that the capital expenditure plans identified by the independent consultant in **Appendix 3 & 4** satisfy the outstanding action (item 2 from 6.1 above) from the report tabled to council in June 2023.
8. Approve also that item 3 in 6.1 can be delivered through actions 2 & 3 in section 6.5.

7. LINK TO THE CORPORATE PLAN

7.1 The work undertaken on the Built and Playing Strategies and the Independent Review both strongly support the council's new corporate plan and its key priorities which are:

1. Improving quality of life for local people
2. Creating a better Huntingdonshire for future generations
3. Delivering good quality, high value-for money services with good control and compliance with statutory obligations

7.2 The Built and Playing Pitch Strategies have allowed the council to evaluate its existing leisure facilities and that of the wider district to fully gauge how it should proceed, invest, and support other stakeholders with the information they need to gain funding to develop their own clubs and groups.

7.3 Wider than this it demonstrates a commitment from the council that it is prepared to review its existing stock of facilities and spaces and strategically identify what the district will require over the next 20 years to ensure it supports improving the happiness and wellbeing of its residents and thus their quality of life.

7.4 Through utilising the Built and Playing Pitch Strategies and reviewing the most suited short term operating model for One Leisure it has allowed senior officers to prepare and submit as part of this report (Appendix 3 & 4) a suite of capital investment options that can be considered by the council. As part of this it has been identified and recommended that we should move forward with feasibility studies and in the short to medium term the decarbonisation of the rest of the One Leisure facilities. Ramsey Leisure Centre was fully decarbonised in 2021.

7.5 Decarbonising the rest of the leisure facilities would support the corporate plan priority of lowering carbon emissions and working towards its target of becoming net zero by 2040. This would have a significant impact on both the council and One Leisure. It would enable One Leisure to trade more efficiently and as evidenced within the council's Climate Strategy the leisure facilities as part of the council buildings contribute significantly to its ongoing carbon emissions.

7.6 The recommendation proposed as part of this report is for One Leisure to continue with a "Transformed In-House" operating model. This is the feedback from the independent consultant, and this is based upon the work that has already been completed by the Interim Head of Leisure. This approach was geared around One Leisure working towards a commercially sustainable operating model which would be at no cost to the council as a non-statutory service.

7.7 Therefore, in the short term as a "Transformed In-House" operating model One Leisure will continue to offer good quality, high value for money services and compliance with statutory obligations. Moving forward and as part of the submission of the proposed capital investment priorities in **Appendix 3 & 4** and the recommendation of the "Transformed In-House" operating model the council would maintain control and oversight of what is best for the residents and the services the council provide them. This approach will enhance the quality, value for money and opportunities for residents and create a better Huntingdonshire for future generations.

8. CONSULTATION

8.1 To ensure that a thorough and robust independent review of One Leisure could be undertaken the consultant met with several senior council officers and elected members. This is outlined within **Appendix 6.**

9. RESOURCE IMPLICATIONS

9.1 The Interim Head of Leisure as stated earlier in this report was employed by the council in May 2022 and tasked with delivering three key priorities which centred around a review of One Leisure's commercial operation, implementation of a medium term financial and operational plan and lastly to propose and implement a long-term operating model for One Leisure.

9.2 Following the submission and approval by council of this report and its recommendations it would be requested that the council also note that the Leadership of the Leisure team will be moved onto a permanent basis which would allow continuity and consistency to proceed and implement the short-term operating model and feasibility works for capital investment and commercial activities.

9.3 In addition and to assist the One Leisure team and to ensure that projects/recommendations outlined in the independent review are delivered a new 18-month fixed term position of Leisure Programme Manager was created, commencing on 1st February 2024.

9.4 The Leisure Programme Manager is funded from the central council transformation fund and will focus on proving support to plan, prepare, and submit all relevant proposals back to council to enable the delivery of these projects on time and on budget once the plans have been established and approved.

9.5 One Leisure commits to return to council when feasibility and investment strategies have been developed for approval.

9.6 This Leisure Programme Manager role is dedicated to supporting One Leisure on the delivery of this Long-Term Operating Model and other committed activity.

10. HEALTH IMPLICATIONS

10.1 The independent review acknowledged the work undertaken by the Active Health team by providing sport and health related activities to promote a healthy population across the district.

10.2 The review identified that the Active Health team works closely with several partners to help provide these activities, such as young people holiday programmes, disability sports clubs and health walks. Support is also offered to local sports clubs to help provide access to leisure. The review highlighted the wider contribution Active Health can make with partners across the wider health per se and it remains a key delivery component of the local service operating model proposed and as part of this is a key opportunity for One Leisure.

10.3 It stated also that the service should seek to develop this function across a wider partnership landscape and exploit the opportunity that currently exist within the Cambridgeshire and Peterborough Integrated Care System. The leverage of additional funds to support longer term health conditions across communities covering the district will require close collaboration and work at a senior executive level. This systems leadership function could help pivot One Leisure into a more coherent community focused service: moving away from leisure centre facility management into a greater integrated leisure service delivering tangible outcomes across communities.

10.4 Ensuring the service has the capacity and capability to develop these partnerships and access the funding that is available for preventative and recovery interventions will not only improve the health and wellbeing of residents, but it will also position One Leisure as the provider of choice for multiple partners.

11. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

11.1 A key priority for the council under its corporate plan and as stated previously within this report is its aim to lower carbon emissions.

11.2 The independent review and stemming from this the development of a capital investment programme has identified the possibility of decarbonising the remaining One Leisure sites. This would support the corporate plan and the council's climate strategy and enable the council to work towards its net zero target by 2040. Within the climate strategy one of the key priority actions is to "review councils' assets to understand opportunities to improve the building fabric, energy efficiency and carbon impact on our buildings".

11.3 By undertaking feasibility studies on the remaining One Leisure sites will enable the council to determine the positive impact this will have towards its priorities within the corporate plan and climate strategy but also support One Leisure to provide an efficient, value for money service that is sustainable for future generations.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 Accepting the independent review and its recommendations allows One Leisure to operate under a "Transformed In-House" model providing the team the opportunity to continue its journey towards a self-sustaining service.

12.2 Embracing the Transformed In-House model of operation will provide One Leisure continuity and consistency in service delivery and allow its wider teams to focus on operational compliance, programming, health and wellbeing and commercial activities.

12.3 The capital expenditure programme and priorities provide the council an independent strategic plan that supports the short, medium, and long term of One Leisure and allows the council to make important and measured decisions with its finances.

12.4 Adopting the Transformed In-House operating model allows the council to retain control of its assets and provides the residents of Huntingdonshire with first class leisure facilities.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – Independent Review – Full Report
Appendix 2 – Full Tender Scope for Independent Review
Appendix 3 – Capital Investment Priorities
Appendix 4 – Capital Investment Programme
Appendix 5 – List of Independent Review Recommendations
Appendix 6 – Consultation List

14. BACKGROUND PAPERS

Indoor and Built Sports Facilities Strategy and Playing Pitch and Outdoor Sports Strategy - Cabinet – 20th June 2023

CONTACT OFFICER

Name/Job Title: Gregg Holland – Interim Head of Leisure Services
Tel No: 07791274315
Email: Gregg.holland@huntingdonshire.gov.uk

Appendix 2 – Full Tender Scope for Independent Review

1. Short Term Operating Models (2-3 years):
   a) An independent assessment of the UK leisure market post COVID-19
   b) Outline of the subsequent challenges facing the leisure operating environment as a consequence of COVID-19, and based on this insight.
   c) Provide an options appraisal on the different long term operating models best suited to One Leisure based upon the existing leisure market challenges. Risks and benefits should be clearly defined. The options appraisal should include, but not be limited to a review of:
      i. Option 1 - In-house management (Current Model – One Leisure)
      ii. Option 2 - In-house management via a Council owned company (wholly owned company (LATCo) / Teckal company)
      iii. Option 3 - Tendering the leisure service as a service or concession contract.
      iv. Option 4 - Creation of a Trust or not-for-profit entity
   d) The options appraisal should be based upon the following principles:
      i. financial modelling
      ii. balancing the level of risk, the Council is willing to take
      iii. the commercial return the Council wishes to secure or guarantee
      iv. the social and wellbeing benefits the Council is seeking to achieve
      v. the environmental factors that the Council expect to achieve through its Climate Strategy
      vi. the level of control the Council would retain over both strategic and operational matters
   e) In order to review the different options, the four options should be assessed across the following criteria (with the inclusion of any other factors you would recommend on agreement):
      i. Set-up and transitional costs
      ii. Level of operational risk transfer
      iii. Asset management responsibility transfer
      iv. Level of Council control
      v. Scope for community involvement
      vi. Potential to increase participation
      vii. Access to capital and investment funds
   f) The options should be quantified and evaluated against each other as follows:
      i. Green: Most beneficial / advantageous to the Council
      ii. Amber: Moderately beneficial / advantageous to the Council
      iii. Red: Least beneficial / advantageous to the Council
   g) Provide a presentation with supporting evidence and analysis around decision making to the Council outlining key recommendations for short to medium term operating models for One Leisure based upon 1a – 1f
      i. The consultant will be required to present the recommendations to the Council's Overview and Scrutiny Committee and Cabinet meetings with support from the Interim Head of Leisure

2. Staff Review:
    a) Complete an independent review of work undertaken to date on existing leisure centre workforce structures and payroll and provide assurance to the Council that the work undertaken supports a long-term operating model

3. Bulit Facility & Playing Pitch Strategies:
    a) To review and utilise the actions within the Built Facility Strategy and Playing Pitch Strategy to clearly identify a priority list for capital investment.
    b) Complete and submit the capital investment priority list to the Council with outline recommendations, illustrative costs and revenue benefits and proposed timelines.
    c) Identify and evidence potential opportunities for utilising external funding opportunities to deliver the capital investment programme

4. Medium (3-5 years)- & Long-Term Operating Models (5+ years):
    a) Carry out a high-level review of the Built Facility Strategy and Playing Pitch Strategy and provide the Council with outline recommendations on the medium- and long-term operating models for One Leisure. This should be centred around the required capital investment into the Councils leisure facilities as outlined by the consultant and within section 3. This should also include illustrative costs and subsequent revenue projections.

Appendix 3 - Capital Investment Priorities

Theme	Action	Outcome
Decarbonisation	Feasibility Study of Huntingdon Dry Side site. Feasibility of all other sites in line with investment strategy.	Implementation of decarbonisation plan at Huntingdon Dry Side site Implementation of decarbonisation works aligned to agreed investment strategy. Supports HDC Climate Strategy; and financial sustainability of One Leisure.
Swimming Pools	Commission the development of an Aquatics Strategy to set-out the long-term options for aquatics to inform the strategic investment and decisions re: new/replacement swimming pools. Explore the viability of an interim solution for retaining/increasing capacity and community access at Sawtry Swimming Pool. Commission a feasibility study to develop an agreed vision for a sports & health hub at Huntingdon with the Town and County Councils, health partners and other stakeholders. Commission feasibility studies to upgrade swimming pools at St Neots and St. Ives to meet increased future demand. The study for St Neots to include feasibility of relocation of the leisure centre in consideration of the Local and Neighbourhood Plans. On completion of feasibility studies, commission OBC's as determined by feasibility findings; the indicative priority order would be: 1.Huntingdon 2.St Neots 3.St Ives	Aquatic Strategy produced setting out a vision and long-term options for developing and sustaining aquatic activity in the HDC area. Interim arrangement agreed with CMAT to access & operate Sawtry Swimming Pool and meet demand and access targets. Vision agreed with stakeholders with potential disposal of old wet side facility and re-provision of new pools integrated with the dry side site that includes a community health offer. Replacement of ageing pools will ensure current and future demand is met by increasing capacity, improving the customer experience, protecting existing and growing revenues. Reprovision of the entire leisure centre at St Neots to a new site would provide a modern 'fit for future' centre with minimal disruption to service. HDC's capital capability would need to be assessed if this option was brought forward which then opens the potential for a DBOM solution and a review of the service operating model at that point.
Sports Halls	Explore the optimum location of an additional 4 court sports hall to address identified shortfall, potentially as part of the sports & health hub concept at Huntingdon.	Addresses identified shortfall and the creation of a multi-sport facility.
Fitness Centre	Develop a strategic plan to support growth and meet demand of 500 additional fitness stations across the district.	Addresses identified shortfall in provision.

	One Leisure to explore opportunities to distribute old fitness equipment to community facilities/hubs in more isolated communities. Review and audit current fitness equipment provision and highlight potential areas for growth to offset shortfall identified in the IBS. Benchmark current One Leisure fitness centres versus industry standards to ascertain utilisation and inform future provision.	Potential to create local access to fitness equipment in more isolated communities. Provides an evidence base for 'right sizing' provision. Provides an evidence base provision.
Dance Studios	Develop a short-term refurbishment/ improvement programme for existing dance studios to address demand. Assess the viability of creating extra studio space at Huntingdon in current soft play area and transfer kit to St Ives Indoor. Explore options for creating new studio space to support increased levels of physical activity and to provide greater retention opportunities over medium to long term in line with emerging capital investment plans.	Refurbishment plan developed and implemented. Additional studio space created within existing facilities. Medium – long term plan developed for new studio space across the One Leisure estate with increased participation and customer retention levels.
Football Pitches (3G -ATPs)	Liaise with Football Foundation and other stakeholders to commission a feasibility study to develop a new 3G pitch at St Ives Outdoor as the preferred option. Liaise with Abbey College/Football Foundation re: operating agreement and refurbishment of small ATP at rear of the Ramsey Leisure Centre to create a small 3G pitch with community access. Submit a grant funding application to the Football Foundation for the construction of a new full size 3G pitch at St Ives and a small 3G at Ramsey.	Feasibility study completed for new 3G pitch at St Ives. New operating agreement in place for the small 3G pitch at Ramsey. Grant funding applications submitted and approved. Delivery of a new 3G pitches.
Commercial Opportunities	Commission design work for the refurbishment and re-modelling of the café/bar at St Ives Outdoor. Commission a feasibility study to explore other revenue generating activity related opportunities across the One Leisure estate and or HDC land e.g., Golf Driving Range or Adventure	Completion of re-modelling and design proposals of the café/bar at St Ives Outdoor. Feasibility study completed with options to move on to OBC phase.

	Golf at St Ives Outdoor; Laser Tag; High Ropes etc. Where financial viability is evident progress schemes to OBC stage.	Complete OBC's as determined from feasibility work and secure funding for full business case and delivery.

Appendix 4 – Facility Investment Programme Options

Action	Short Term	Medium Term	Long Term	Indicative Capital Cost
Decarbonisation Feasibility (x3 sites)	X			£400k
Deliver Decarbonisation Scheme (x3 sites)	X	X		£10m
Produce an Aquatic Strategy	X			£10 - £12k
Digital Innovation	X			£20k
Sawtry Swimming Pool Interim Arrangement	X	X		CMAT Investment
Huntingdon Sports & Health Hub Feasibility	X			£25k
Huntingdon Sports & Health Hub Delivery		X	X	£6.7m[1] - £11.56m[2]
St Neots Leisure Centre Feasibility	X			£25k
St Neots Leisure Centre Delivery		X	X	£12.36m[3]
St Ives Leisure Centre Pool Expansion Feasibility	X			£20-25k
St Ives Leisure Centre Pool Expansion Delivery		X	X	£5.85m[4] - £7.5m[5]
Ramsey Leisure Centre Gym Expansion	X			£50k - £70k
Sports Halls Feasibility	X			£3k - £5k[6]
Sports Halls Delivery		X	X	£2.86m[7]
Fitness – Additional Stations	X	X	X	£200k - £600k[8]
Dance Studios – Refurbishment Programme	X	X		£23k - £28k
3G Pitches Feasibility	X			£20k - £25k[9]
3G Pitches Delivery	X	X		£1.4m[10]
Commercial Opportunities				
• **Café Bar Refurbishment Design & Delivery**	X			£35k - £40k
• **Feasibility of Commercial Opportunities**	X	X		£10k - £15k
• **Delivery of Commercial Project**			X	£300k - £1m[11]

[1] 6-lane x25m pool plus secondary pool
[2] 4 court sports halls
[3] New facility - 6-lane x25m pool plus leaner pool, 4 court sports hall, 100 station health & fitness gym, 2 studios.
[4] Assumes a new 6-lane x25m pool and an allowance for retro-fit.
[5] Allowance for retrofit construction & additional spectator seating.
[6] If not feasible to provide at Huntingdon Sports & Health Hub
[7] If not delivered at Huntingdon Sports & Health Hub
[8] Cost variation determined by recipient of equipment i.e., private clubs etc.
[9] Potential Football Foundation grant funded.
[10] Potential Football Foundation grant funded.
[11] Cost determined by feasibility work, and Return on Investment potential.

Appendix 5 - List of Independent Review Recommendations

It should be noted that are a number of variables that need to be progressed as highlighted within this review in order to determine the long-term operating model and take the service forward; a 3-year Action Plan of recommended actions is included as a timeline at Appendix 6.

Recommendations from this Independent Review of the Long-Term Operating Model for One Leisure are presented for consideration below; It is recommended that:

- The immediate short term operating model for the Council's leisure function should be an adequately resourced and empowered Transformed In-House service.

- Review the membership architecture to provide enhanced customer choice and invest in digital innovation to improve the customer journey.

- Determine the senior management arrangements within One Leisure, necessary to lead and drive service transformation.

- Establish a set of Transformation Design Principles and an Outcomes Framework for the service.

- Produce or commission a financial plan to accompany the Indoor Built Facility Strategy and Playing Pitch Strategy to conclude that stage of work.

- An Early Market Engagement exercise should be undertaken in parallel to the commencement of the Transformed In-House service, to provide assurance to the Council as part of due diligence and help inform future arrangements.

- Conclude the Terms & Conditions Audit as soon a practically possible and assess the on-going implications for One Leisure.

- Upon the conclusion of the Early Market Engagement exercise and the Terms & Conditions Audit, re-evaluate the Local Authority Trading Company option and market solution.

- Implement the proposed staffing structure and the associated specific actions:

    - The proposed staff review should be progressed commencing with an Equality Impact Assessment in respect of staff potentially impacted by the review.

    - Develop a comprehensive stakeholder engagement plan to support the review.

    - Establish a cohesive and resourced plan to deliver the staff review in conjunction with internal business partners.

    - Develop a key outcomes framework that provides clarity of task and targets for the service and staff.

    - Develop a Learning & Development Plan that supports career progression and delivery of service objectives.

    - Develop a robust stakeholder communications plan that addresses both staff and customer communications on all relevant aspects on the change process to ensure business continuity.

    - Consider developing a set of design principles underpinning the staff review and any subsequent transformation phases.

    - Develop a contingency plan within the 2024/25 budget planning process to reflect any potential implementation delays and subsequent impact on delivering the projected efficiency target.

    - Undertake a post project implementation review to assess if the proposed change has met its objectives and produce a learned document to support on-going improvement.

- Develop a structured approach to effectively engaging with the Cambridgeshire & Peterborough Integrated Care System that creates opportunities for One Leisure to broaden its delivery of health improvement interventions.

- Develop an Aquatic Strategy that sets the future direction of swimming and water-based activity.

- Commission decarbonisation feasibility studies across the One Leisure estate.

- Develop a programme of feasibility studies for potential capital investment schemes across the leisure estate aligned to the Indoor Built Facility Strategy, Playing Pitch Strategy and commercial opportunity.

- Review and manage the delivery of the proposed 3-year Action Plan.

Appendix 6 - Consultation List

Elected Members	
Stephen Cawley	Councillor and Overview & Scrutiny Member
Lara Davenport-Ray	Executive Councillor for Climate and Environment
Brett Mickelburgh	Executive Councillor for Finance & Resources
Simone Taylor	Executive Councillor for Leisure, Waste and Street Scene
Officers	
Leigh Allayer	Business & Operations Manager
Nicki Bane	Strategic Human Resources Manager
Paul Fox	Interim Corporate Director – People
Gregg Holland	Interim Head of Leisure Services
Clara Kerr	Chief Planning Officer
Oliver Morley	Corporate Director – People
Pam Scott	Regeneration and Housing Manager
Neil Sloper	Assistant Director – Strategic Insights and Delivery
Karen Sutton	Director of Finance and Corporate Services
John Taylor	Chief Operating Officer
Zoe Warren	Council Tax and Business Rates Manager

Independent Review of the Long-Term Operating Model for One Leisure

First Point Management & Consultancy Limited

December 2023

Table of Contents

Version	Author	Date	Comments
Draft v0.1	PA	11/10/23	Initial Draft
Draft v0.2	PA	14/10/23	Section Additions
Draft v0.3	PK	18/10/23	QA & Internal Challenge
Draft v0.4	PA	20/10/23	Updated – new LATC & HR info from client
Draft v0.5	PA	23/10/23	Minor Revisions & formatting
Draft v0.6	PA	29/10/23	Section Additions
Draft v0.7	PK/PA	30/10/23	QA & Internal Challenge
Draft v0.8	PA	04/11/23	Timelines & Exec Summary Added
Draft v0.9	PA	06/11/23	Issued to Client for Review
Prelim Draft v1.0	PA	17/11/23	Amends & Clarification – Issued to Client
Final Report	PA	20/12/23	Minor Additions following Member feedback

Executive Summary

The leisure management function of Huntingdonshire District Council has historically been delivered as an in-house service and was re-branded in 2010 to operate as *One Leisure* as is the case currently. Following the appointment of the Interim Head of Leisure Services some 18-months ago, the service is in the early stages of transformation, taking a more commercial approach to service delivery and working towards post pandemic sustainability.

This review has explored delivery options open to the council over the short, medium and longer term. In addition, the recently adopted Built Facilities and Playing Pitch Strategies provide an assessment of future need as the local population continues to grow. These strategies have been considered alongside how the potential capital investment priorities could be funded and help support the sustainability of One Leisure. However, it should be remembered that these strategies span two decades and are for the entire district not just the Councils' facilities and its leisure offer.

The maturing of the leisure market over the past 30 years has seen the marketplace shift from a near monopoly of local authority provision to a much more diverse delivery landscape across the country, with the emergence of charitable leisure trusts, hybrid trusts and the private sector. More recently, in-sourcing and the implementation of the Local Authority Trading Company (LATC) model have gained some popularity.

It is unquestionable that the impact of the Covid-19 pandemic on the leisure sector has disrupted and changed what was, pre-pandemic, an established and a mature market. Business recovery has been further hampered by the spike in energy costs and inflation that has not only increased operational costs but pressurised income as the cost-of-living crisis has impacted customers disposable income choices. The combination of all these factors has resulted in operators becoming increasingly risk adverse and reduced the opportunities to transfer risk and liability to the operator. Consequently it is considered that there is unlikely to be sufficient market tension currently to secure a best value outcome in the short term.

Recent changes to the treatment of value added tax by HMRC for in-house leisure operations, has removed this advantage previously enjoyed by non-profit distributing organisations (such as charitable trusts) over the in-house service. However, Non-Profit Distributing Organisations such as charitable trusts or carefully established LATC's have the distinct advantage of being able to secure 80% rate relief; delivering the service through this model in Huntingdonshire has the potential to reduce the operational cost by c.£500k.

Despite the attraction of seeking a market solution and an operator that may be able to avail itself of the substantial rate relief the Council are in the midst of a Terms & Condition Audit where there is currently an unquantifiable and potentially significant financial liability that is likely to increase uncertainty amongst external operators that are already risk adverse. This current issue is particularly pertinent, as external operators will often be seeking to implement changes to employment terms over the medium to long term to provide greater flexibility and reduce operational costs. If a LATC model was deployed to simply take advantage of the potential without actually delivering the charitable objectives stated within its Articles of Association, it runs the risk of being challenged.

Establishing a local trust does not negate the need to undertake a procurement exercise. A charitable trust must be independent and not influenced by the Council. A newly established trust is unlikely to be able to compete successfully in a competitive process as it will not have the necessary infrastructure or financial standing to procure the necessary support and services required to bid for a large contract even before mobilisation issues are considered.

It may be possible to create a subsidiary of the Councils existing trading company. However, the trading company does not currently manage high volume transactions or deliver customer facing services, therefore all the infrastructure requirements would need to be established in a similar way to that of a local trust and it offers no distinct advantage over the short term. It is therefore recommended that if this was a delivery model the Council wished to deploy now or in the future a new LATC should be established; this would still negate the need for a procurement event.

A transformed in-house option is the recommended approach for the short term, this should allow sufficient time for the risk and uncertainty surrounding the Terms & Condition Audit to be resolved, and for the service to optimise the service before considering medium and long-term delivery options. It is unlikely that established operators would be interested in a short-term contract, as a 10-year term with a potential extension period is commonplace. Where capital investment is sought through the contract a term of 25-30 years may be expected.

For One Leisure to continue with and pursue a transformation agenda, it will be essential it is appropriately resourced and continues to be led and driven by its management team. The proposed staff review should be progressed as it is designed to make the service more effective, more commercially focussed and ultimately more financially sustainable that provides best value.

Proactively developing meaningful partnerships with the health sector and the regional Integrated Care Board is essential for both One Leisure and the Council per se. The importance of a close relationship between public leisure and public health is increasingly acknowledged as an important element of future service provision and will require a broadening of the leisure offer into community settings, which will in turn need One Leisure to utilise its expertise and think beyond the leisure centre.

The Transformed In-House model is heavily reliant on some key individuals to drive the service forward. This in itself creates a continuity risk, should these key roles be vacated; recruitment in local government is proving to be challenging currently across the country and recruiting to a position at this level is unlikely to be a quick process and risks momentum being lost. Additional capacity either internal or external will be needed to support the transformation and provide delivery assurance.

Undertaking an Early Market Engagement exercise will assess operators' growth appetite and stance on contract terms, risk transfer, investment and the probable financial returns or subsidy requirement and help inform the optimum approach for the future. This exercise should be considered to provide additional reassurance to the Council as part of its due diligence obligations, this could be done in parallel to the on-going Terms & Conditions Audit. It is good practice to periodically review the operating model.

The Council has a lead facilitation role to play in implementing and addressing the deficiencies in provision identified in the Built Facilities and Playing Pitch Strategies as far as possible. However, clubs and other sport and leisure organisations must be proactive in fund raising and securing third party grant funding themselves also. These strategies span two decades, therefore there is a need to consider capital investment over the long term and be responsive to opportunities and changes in future demand projections and market trends.

It will be important to invest in existing facilities, refurbishing, re-configuring, expanding or replacing completely. The decarbonisation of One Leisure sites has commenced at Ramsey and should be a priority, continuing through the leisure estate at pace. Major refurbishment or new build schemes should consider adopting the most carbon efficient construction methods such as building to Passivhaus standards; where the potential net benefits of this approach can be assessed within the Outline Business Case.

Feasibility work on existing One Leisure facilities is required to determine what challenges and options exist, it is suggested this starts as soon as possible so the scale of investment is quantified, a project pipeline developed and capacity to deliver is in place and managed appropriately. Capital investment does not necessarily need to be conflated with decisions over the service delivery model. The assets will remain in the ownership of the Council under most circumstances and access to the preferential lending rates of the Public Works Loan Board will remain accessible to the Council.

It is not considered that capital investment is likely to be a determining factor of the operating model of HDC's leisure offer unless: access to the relatively low cost of borrowing through the PWLB ceases to be available to the Council or; a full capital funding partnership is developed with health or; a substantial scheme is proposed such as a new leisure centre where a Design Build Operate and Maintain solution become the preferable option.

The Transformed In-House model provides the Council with a realistic option for the immediate short-term, based on an assessment of market conditions, the unquantified risk and liabilities associated to the Terms & Conditions Audit, and in consideration of the service and corporate capacity to delivery change currently. Undertaking an Early Market Engagement exercise, without commitment to a procurement event will help inform future delivery arrangement whilst the transformation seeks to optimise the service, as the post pandemic leisure market recovery continues.

Background

Context

Huntingdonshire District Council (HDC) has commissioned First Point Management & Consultancy Limited (First Point) to undertake an independent review of its in-house leisure function operating under *One Leisure* to consider initial transformation work undertaken in the context of determining the most appropriate future operating model for One Leisure.

The review is broken into four key areas:

- Short Term Operating Models (2-3 years)
- Staff Review
- Built Facilities & Playing Pitch Strategies
- Medium (3-5 years)- & Long-Term Operating Models (5+ years)

The client requirements are included as Appendix 1.

Huntingdonshire District Council Headline Statistics

Huntingdonshire is a large (900 square kilometres) and predominantly rural area. However over 40% of the population live in the three largest market towns of St Neots, Huntingdon, and St Ives.

With an estimated 180,800 residents and 76,900 households in 2021, the population has grown significantly over recent decades (up by 47% since 1981). The district has an ageing population with 36,500 residents aged 65 plus, up by 33% since 2011 alone.

The latest estimates indicate that the number of residents in the district born outside the UK was 22,400 at March 2021 (12.4% of all residents). Poland is now ranked as the most common non-UK country of birth for the district's residents, followed by the United States and Romania.

Most people in the district identified their ethnic group within the ‘White’ category (92%) in 2021. Around 3% identified their ethnic group within the ‘Asian, Asian British or Asian Welsh’ category, 2% within the "Mixed or Multiple" category, 2% within the ‘Black, Black British, Black Welsh, Caribbean or African’ category and the remaining 1% identified their ethnic group within ‘other ethnic groups’.

In 2021, most of the district’s residents described their health as at least ‘good’ (84%), around 12% self-reported their health as ‘fair’, with the remaining 4% of the population describing themselves as having ‘bad’ or ‘very bad’ health. An estimated 16% of the population were disabled in 2021, with 6% stating their day-to-day activities were limited a lot.

The majority of Huntingdonshire residents in 2021 travelling to a workplace or depot travelled more than 10 kilometres (51%) and just over half (52%) of those who travelled to work were drivers or passengers in a car or van. Just over 6,000 residents travelled to work on foot (7%).

There are pockets of higher deprivation within the district, but most areas have relatively low levels, as measured by the 2019 Indices of Deprivation. Economic activity (64% of those aged 16+) and employment rates (61.6% of those aged 16+) are both higher than the national average.

Corporate Plan 2023 - 2028

The Council has recently launched a new Corporate Plan 2023 – 2028, within the Plan it states:

> *This Corporate Plan to 2028 will inform everything we do as we refocus our vision, review our priorities and work with staff, residents, partners, communities, and businesses to lead Huntingdonshire into the future with confidence.*
>
> *It will not always be easy. With a decreasing pot of government funding, rising costs and inflation and greater pressure on our services we will need to find ways to save money or generate income in order to continue providing high quality services.*
>
> *We are also facing the threat of climate change. This requires decisive action and fundamental changes in how countries, cities and communities live and work. Our recently adopted Climate Strategy and action plan sets out how we can be better prepared to adapt to the impacts of climate change at a more local level. We will apply a "green lens" to all our decision making – embedding the climate and green agenda into all we do and considering environmental impacts and opportunities to improve the environment*
>
> *As we grapple with the real issues facing us, we must be bold and set aspirational targets that challenge us to make a difference, whether that is by doing things directly ourselves or trying to influence change on a wider scale. With that in mind, this Corporate Plan outlines our three key priorities:*

Priority 1 - Improving quality of life for local people:

1. Improving the happiness and wellbeing of residents
2. Keeping people out of crisis
3. Helping people in crisis

Priority 2 - Creating a better Huntingdonshire for future generations:

1. Improving housing
2. Forward thinking economic growth
3. Lower carbon emissions

Priority 3 - Delivering good quality, high value-for money services with good control and compliance with statutory obligations:

One Leisure

The Council provides an in-house leisure offer through its 'One Leisure' brand that was established in 2010, it is understood that the service has always been managed in-house and there is no history of it being operated by a third-party. The service comprises of:

- St Ives Indoor Leisure Centre
    - The Burgess Hall attached to the centre
- St Ives Outdoor Centre
- St Neots Leisure Centre
- Huntingdon Leisure Centre
- Ramsey Leisure Centre
- Active Health & Sport Development teams
- One Leisure Direct Call Centre (based at Huntingdon Leisure Centre)

The Council decided upon a move away from a traditional leisure services approach and undertook a thorough review of its assets, planning to invest c.£10m into its leisure facilities. The capital investment and change in approach was based upon the premise of the service shifting from operating at a financial deficit to a commercially and financially sustainable position. It has been suggested that some of the financial projections were overly ambitious and whether or not the return on investment was achieved as envisaged is unclear.

Following the completion of the capital investment and rebranding 2015 – 2019 the Council commissioned an independent review of One Leisure with the aim of supporting its long-term goal of becoming a commercially sustainable business whilst supporting and providing the local communities it serves with affordable opportunities to be physically active.

The completion of the actions outlined within the independent review in 2019 were disrupted by the COVID-19 pandemic as leisure operators across the country faced a sudden and significant loss of income during the government-imposed closures, the subsequent restricted conditions placed upon re-opening facilities with reduced capacities and on-going business recovery.

An interim Head of Leisure Services was appointed in May 2022, now extended to March 2024 with a clear remit to undertake:

- A review of One Leisure's commercial sustainability and operation
- Implement a medium term financial and operational plan
- Propose and implement long term operating models for One Leisure

The review of One Leisure's commercial sustainability and the implementation of a medium term financial and operational plan have been completed, this report therefore focusses on the long-term operating models for One Leisure.

Review Methodology

First Point Management & Consultancy Limited

Established in 2006, First Point Management & Consultancy is a micro consultancy practice with over 30 years of public and private sector experience, providing a flexible interim management and consultancy service, utilising trusted professional and expert associates as necessary.

We have a refreshing and direct approach combining extensive senior management and consultancy experience across the leisure industry bringing together objective and analytical skills with operational expertise. We offer our clients, honest and pragmatic advice, providing professional opinion and solutions that can help influence and transform organisations in a positive and sustainable way.

Regardless of whether it is a discrete project, interim management or transformational support, we apply the most relevant best practice working within the context of existing and emerging policy combining this knowledge with our practical experience of what actually works.

We understand and appreciate that all our clients have different needs and challenges. Our extensive knowledge, expertise and understanding of the leisure sector within local government, not for profit and commercial context across the UK.

As a micro consultancy, we provide a bespoke and dedicated service to our clients, ensuring the named consultants are committed to working on the project, and will not use 'back-office' junior consultants. Collectively we have the skill sets and experience that will deliver the specific requirements of the Council and provide a quality assurance and sense check derived from our collective and extensive experience in the sector both at a strategic and operational level.

The Approach

Following the Inception Meeting in mid-September 2023, in order to develop and understand the existing service, facilities and proposals for the future a site visit was facilitated in early October 2023.The project was designed to be delivered in key stages for each key element of the client requirements as illustrated below.

In response to the detailed client requirements across the four areas for consideration the approach taken is summarised below. At the request of the client the assessment of the proposed Staff Review was advanced in the programme and was also completed in early October 23.

In addition, consultation with senior officers was undertaken to provide some different perspective on the future operational model for leisure, the challenges and opportunities, a list of consultees is contained at Appendix 2.

Short Term Operating Models (2-3 Years)

Through our network and connections with established leisure operators and based on recent experiences in a post pandemic environment, we will provide an assessment of the current market conditions and challenges facing the sector.

Delivery Options were considered as set out in the Client Specification, following dialogue with the client on the current operating model and an assessment of its performance in the current operating environment and as projected by the market over the next 2-3 years. The financial modelling will be based upon the current operation as a benchmark and assessed at a high level across other options based on opportunity/risk and our experience of other models. The collective experience of each of the delivery options described in the Client Specification, will be applied as part of the assessment including the in-house model, establishing a Local Authority Trading Company, the charitable trust model and outsourcing.

Staff Review

As referenced above this element of the project was advanced at the request of the client and undertaken by reviewing the proposals developed by the client and applying our practical and operational experience of implementation in a local authority and leisure management operations. We have also considered the challenges and complexities of transformation within the public sector.

Built Facility & Playing Pitch Strategy

The strategies commissioned by the Council were reviewed and considered in the context of latent demand, broader developments, population growth, observations from the site visits and engagement with key stakeholders. Recent experience suggests the current climate for capital projects is volatile, primarily associated to rising construction and labour costs; therefore, any illustrative provided can only be valid as ‘a moment in time’ and will need extensive and additional professional support to develop design concepts, financial appraisals and robust business cases to support each proposal.

The volatility of the construction sector is mirrored to some extent by the changing landscape of capital financing options and potential external funding opportunities for leisure schemes, therefore the ‘moving feast’ of opportunities will need to be kept under constant review as current funding streams close and new opportunities emerge that can support pipeline projects.

Medium (3-5 years) & Long-Term Operating Models (5+ years)

The approach taken was to apply our experience of capital investment programmes and how this may influence medium- and long-term operating models given the timescales to bring projects to fruition given the complexities of procurement, planning and financing alongside the prevailing market conditions.

Summary of Technical Matters

Qualifications

At this stage, no decisions have been taken by the Council in terms of its future operating model over the short, medium or long. First Point have been commissioned to provide an independent review of the future delivery models available to the Council and make recommendations for the future delivery of its leisure function currently delivered directly by its in-house service (One Leisure).

It should be noted that First Point are not lawyers or VAT specialists, therefore the findings and recommendations of this review are based on our professional experience of the sector and are presented in good faith. We would always recommend that the Council consult with its own legal and VAT officers as part of its own due diligence taking expert external advice as deemed necessary.

Legislation, regulations and guidance from government departments and HMRC are always subject to change therefore it is important that the Council considers any amendments or fundamental change that may be made in the future.

HDC’s leisure services have always been delivered in-house, albeit re-branded as One Leisure in 2010 and subject to realignment to capital investment through the subsequent decade. More recently the service has been responsive to a changing landscape within the sector as part of post pandemic recovery.

Like many local authorities, the Council has been experiencing increasing financial pressures on its revenue budgets and needs to reduce costs wherever possible. It has been widely reported that many public leisure facilities are at risk of closure, Gateshead being among one of the first authorities to close a facility due to the pressure on its finances.

The provision of leisure services is not a statutory requirement, and if the Council is to continue to provide the public services it needs to reduce costs to an affordable level.

Legal Considerations

Local authorities have to act within the powers granted to them by Parliament, failure to do so can result in their actions being deemed to be ultra vires and therefore at risk of challenge via Judicial Review. A contract or other arrangement such as issuing a lease or licence to operate that has been granted outside the Council's powers can be declared null and void.

The general power of competence by section 1 Localism Act 2011 is generally accepted as providing a direct power to enter into contracts and grant leases to third party operators of the type relevant to this exercise, including a Local Authority Trading Company (LATC).

Procurement

It is both prudent and good practice for local authorities to periodically assess service delivery options to ensure the duty of Best Value is maintained, reviewing options every 3-5 years is not uncommon giving due consideration of market conditions at the time and service performance. Decisions on delivery options do not need to be permanent, as circumstances may change over time.

Should the Council decide to opt for a market solution at some point, contract awards would need to adhere to the Public Contracts Regulations 2015 (PCR). However, whilst PCR remains in place currently it is anticipated that primary legislation may be introduced in 2024 or later, therefore it is something to monitor on the horizon. Adopting a market solution through a procurement exercise would require the Council to follow a procedure for seeking market interest, develop a specification, evaluation criteria and award notification, all of which will need to be a transparent and competitive process unless the Teckal exception applies.

Teckal

The Teckal exemption provides for the Council to award a contract and lease to an entity that it owns and controls without any competition, subject to compliance with HDC's own Standing Orders. The Teckal exception could apply to the LATC option, where competition is then not required as the Teckal exemption acknowledges that if a contracting authority contracts with a company that it owns and controls, this is effectively no different from the services being provided in-house. The government's Procurement Green Paper did not propose changes to the Teckal exemption; therefore, it is likely that this remains an option to local authorities regardless of any reforms to the PCR in the immediate future.

Regulation 12(1) of the PCR states that a public contract falls outside the procurement rules where all of the following conditions are met:

- the contracting authority (e.g., the Council) exercises over the legal party concerned (e.g., a wholly owned subsidiary) a control which is similar to that which it exercises over its own departments;
- more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority;
- there is no direct private capital participation in the controlled legal person.

The PCR also confirm that contracts with a wholly owned subsidiary which is owned by more than one public authority are not subject to procurement rules, nor are contracts granted by the wholly owned subsidiary to the parent local authority (e.g., contracts for support services).

In-House Service

There are no specific implications under PCR, if the Council wish for the services to remain in-house, although the need to demonstrate value for money and the Duty of Best Value still apply.

Good practice would be for the Council to develop a detailed specification for the in-house service with key outcomes, this is not intended to be a micro-management tool but something that is transparent in terms of performance and accountability.

Transferring assets to the LATC

Section 123 of the Local Government Act 1972 provides the Council with the power to dispose of property including the license or leasehold interest in its leisure assets currently operated in-house. The Council will need to demonstrate that entering into a transaction will meets its obligations as below:

- Councils' duty to obtain value for money,
- Councils' statutory duty to achieve best consideration reasonably obtainable,
- Councils' standard procedures with respect to the disposal of land and
- Councils' statutory duty to deliver Best Value with regards to its functions.

Value Added Tax (VAT)

Historically the supply of sporting services was exempt from VAT if those services are provided by an eligible body (essentially a non-profit distributing body that is not subject to commercial influence). However, the UK made a distinction between a non-profit distributing organisation (NPDO - e.g., a charitable trust) and those governed by public law (e.g., a local authority). The UK's application of VAT regulations disadvantaged in-house provision to some extent.

In July 2017 Ealing Council won a case against HMRC at the European Court of Justice claiming that its supplies of sporting services should also be exempt from VAT, the court found in favour of the Council and that HMRC's differentiation between non-profit making bodies and public bodies was not compliant with EU VAT law.

A recent policy paper issued by HMRC, states that local authorities in the UK are no longer required to pay VAT on leisure services provided to members of the public. This change in VAT treatment was introduced in

March 2023 and is applicable to in-house leisure services for gym memberships, sporting activities, and other facility visits.

Previously, local authorities were required to treat these supplies as business activities for VAT purposes and either charge their customers VAT at the standard rate or apply the exemption. However, following the legal challenge by a number of local authorities (including Ealing), the courts have found that local authorities' leisure services are provided under a statutory framework and can be treated as non-business for VAT purposes.

As a result of this ruling, local authorities can review their position and apply the non-business treatment to their supplies of leisure services. Additionally, there is the potential for consideration of submitting claims to HMRC for overpaid output tax in previous years.

This change in the treatment of VAT between different providers has changed the landscape to some extent. By removing the net income benefit of different VAT treatment between in-house delivery compared to an external organisation has 'levelled the playing field' to some extent. However, this may also impact on the ability of local authorities to recover VAT on their expenditure and potential implications for capital expenditure will need to be carefully considered in the wider context of the local authority's VAT position.

It is recommended that the Council seek specialist VAT advice to determine the net benefit of a claim to HMRC for output VAT paid in previous years and any broader VAT implications.

NNDR (National Non-Domestic Rates)

The Council does not benefit from any relief on NNDR for its leisure facilities managed by One Leisure. Charitable organisations and other Non-Profit Distributing Organisations (NDPO) including carefully constituted LATCs with charitable objectives would be entitled to 80% rate relief, HDC's Discretionary Rate Relief Policy (2023-2026) states it can grant the additional 20% at its discretion, taking into consideration the following:

- The extent their activities meets the Councils' corporate objectives and a demonstrable impact to the local community.
- The extent to which the organisation is local to Huntingdonshire and the benefits of the Authorities residents.
- The financial position of the applicant.

Many of the major leisure operators have charitable status in order to access the 80% relief, a LATC would only be able to access the discretionary relief. However, under the Business Rates Retention Scheme (2013), the granting of discretionary relief effectively results in the Council funding all or some of the 20% relief itself and offers limited financial benefit to the Council.

Following a recent valuation, the NNDR for the leisure estate is currently £1,117,500 in total. Many leisure operators are established with charitable objectives so delivery via this model could potentially reduce the operational cost by a net sum of c.£536,000. The discretionary rates relief policy is capped at £51k; all of the leisure facilities are above this threshold and would therefore not qualify for consideration. The rateable value of each site is contained at Appendix 3.

Consultation Requirement

The need for public consultation is something for potential consideration particularly if it is proposed to change the delivery model or fundamentally change the service, given that leisure is a customer facing service. Although the core function is unlikely to change the customer experience to any significant extent a change in delivery model may warrant further consultation to establish the key priorities of the new operator, such as approach to and its policy on accessibility.

The Council's duty to undertake consultation is derived from:

- statute (section 3(2) of the Local Government Act 1999 (LGA 1999);
- a contractual commitment to do so;
- any policy or stated promise/representation that it would consult (in a council document, website, press notice or other public document) which will give rise to a potential legitimate expectation of consultation;
- Council policies.

Conclusion - Technical Matters

The delivery options available to the Council, are bound by legislation and directives as set out in this section (above). The recent change in the treatment of VAT by HMRC for in-house leisure operations, eliminates one of the advantages that NPDO operators have historically had over in-house provision. The complexity of legislation varies according to the selected delivery model; however, all are considerations of determining that model.

Post Pandemic Market Assessment

Post Pandemic Leisure Market

This section provides an assessment of the prevailing post pandemic market conditions as the sector continues on its recovery journey following the significant negative affect of the COVID-19 pandemic; seeking to inform recommendations for the short-term operating model.

Limitations

There are some limitations to this market assessment of business recovery:

- data collection on a macro scale takes time and is reliant on Sport England and/or industry bodies undertaking a comprehensive study of the market;
- a soft market testing exercise will consume additional resources to undertake and is unlikely to provide a guaranteed position as operators are likely only to respond in generalities in order to protect their commercial position;
- only by investing in a full procurement exercise will the market response be certain, procurement on this scale is a costly exercise and there is no guarantee that procurement will secure any significant benefits to Council in the current climate;
- the assessment of market conditions is based on the data available, informal dialogue with operators' observation of current trends and market activity.

Market Assessment

The impact of the COVID-19 pandemic has significantly changed the leisure market. Pre-pandemic the sector was buoyant across private and public organisations and both the private and public fitness market was booming.

This assessment focusses on the public sector, facilities provided by the local authority and operated by various organisational forms (in-house; arm's length Local Authority Trading Company (LATC), independent charitable trusts, social enterprises and the private sector).

Pre-pandemic many public sector contracts were seeing operational subsidies reduce as revenues grew and although not the norm, a number of contracts let to operators as a 'commission contract' whereby the operator paid the local authority a fee to operate its leisure facilities.

As Covid took a grip on the country, the government introduced a series of 'lockdowns'; from March 2020, these enforced closures of leisure facilities had a catastrophic impact on the sector. When facilities were permitted to re-open later in the year, strict operating restrictions were imposed, with significantly reduced capacities, social distancing, customers being required to pre-book sessions, and enhanced cleaning regimes being introduced were all factors that contributed to income being dramatically reduced as operating costs increased. These factors coupled with a change in customer behaviour, including the increase of outdoor activity and digital activity programmes, the loss of customer confidence, (particularly vulnerable users) resulted in a significant disruption to the market.

Government support schemes such as furlough, rate relief and other covid recovery schemes such as the National Leisure Recovery Fund and crucially in most instances the understanding and financial support of local authorities to protect these important local services allowed some hope that post pandemic recovery was realistic and a new priority.

Commentators in the sector at the time were predicting 2-3 years before it would return to 'business as usual'. Evidence from Sport England's *Moving Communities* report (April 2022) suggest that was not far from reality (see Appendix 3) as participation nationally, although recovering is still below pre-pandemic levels with outdoor activities (87%), swimming (83%), swimming lessons (74%), and gym activity (72%) this is broadly reflective of the One Leisure position at the time, with the exception of swimming lessons that is performing exceptionally well.

Financial Impact

With the inevitable financial pressures that all leisure operators faced as a result of Covid, leisure provision became an increasingly prioritised conversation within many local authorities as the viability of provision under threat. Dialogue with third party operators became a 'live' issue as re-negotiating terms and/or the level of financial recovery support required put pressure on the already stretched public purse. The same pressures applied to directly delivered services or those delivered via an arm's length council-controlled company.

At the same time Covid made local authorities reconsider its leisure provision, operators were becoming increasingly risk adverse. This was then exaggerated further by the rapid spike in utility costs, unprecedented and sustained inflation and the impact of the cost-of-living crisis, that was squeezing its revenue streams from the paying customer.

As contracts were being renegotiated or coming to a natural end, the risk appetite of the main operators in the sector was understandably changing to a considerably more cautious and risk adverse approach from that seen in previous years. Risk transfer was once a key attraction of outsourcing; however, operators have adopted a more cautious approach to risk and generally focussing on consolidation of market share rather than growth, this may include bidding for contracts as other are lost.

During the review, the consultants were made aware of a potentially significant operational and financial risk with regard to the Terms & Conditions Audit being undertaken by the Council.

The Audit has identified an unquantified risk (to date) re: departure from NJC 'Green Book' conditions for a significant number of One Leisure employees that may result in pay enhancements such as weekend and anti-social hours working having to be paid to employees stretching back for up to 5 years. As this is to date an unquantified risk, potential operators are likely to approach this matter with caution; even if the Council agreed to underwrite this cost it will undoubtedly be disruptive to the workforce and may hinder any future changes to terms and conditions that an operator may seek to introduce.

More recently there have been a number of authorities starting on the journey of insourcing including several London Boroughs, it is likely that this is due to a mix of political ideology, demands of third-party operators in contract renegotiation and changes to VAT regulations that is levelling up the playing field to some extent in terms of some historic outsourcing advantages.

Competitive Tension

Overall there currently appears to be little competitive tension in the market for leisure operators, except for the larger and potentially more lucrative contracts, although there are some early signs of the market revival. Covid recovery remains a key factor, however other challenges such as utility costs, inflation and the impact of the cost-of-living crisis on disposable income of customers all are maintained as material risks to the sector.

Given that operators are currently risk averse and generally seeking terms that are less attractive than in the pre-pandemic period, a number of authorities are not prepared to make the considerable investment in a major procurement exercise, where the outcome is so uncertain and unlikely to offer any improvement on the current position in the short term. External providers are likely to seek a minimum term of 10 years with an option to extend, as reducing employee and other operational costs will take several years to execute.

Some operators may however consider strategic geographic growth, whereby they will seek to secure contracts in neighbouring authorities that would allow them to distribute their management overhead costs across a wider base and operate more efficiently and spreading their operational risk

- Considering strategic geographic growth around the HDC area, it is noted that: GLL are operating facilities for Cambridge City Council and East Cambridgeshire District Council;
- Trilogy Active is a local trust operating facilities in Northampton

- Abbeycroft Leisure are a not-for-profit organisation, operating facilities for West Suffolk Council and Babergh & Mid Suffolk District Council;
- Freedom Leisure is operating facilities in Fenland District Council, Great Yarmouth Borough Council, Milton Keynes, North Northamptonshire Council.

Peterborough have moved its leisure facilities into its LATC that was established primarily for waste and recycling services, it remains unclear if this is a temporary move pending market recovery. Each operator will have its own business recovery and growth strategy, it's a case of opportunity, capacity and timing will be factors in determining operators' level of interest in a procurement opportunity alongside the financial viability of the contract and the associated risks.

Early Market Engagement

The market assessment has been undertaken without the benefit of an Early Market Engagement exercise; therefore, assumptions have been made based on experience and observations within the market. The Council may wish to consider undertaking an exercise to test the potential appetite of leisure operators, that will offer further reassurance as part of its own due diligence and may also help to better inform future decisions in the medium and longer term, even if not the short-term delivery model. An Early Market Engagement exercise typically takes 6-8 weeks to conclude.

The Case for Leisure Provision

Local sport & leisure facilities are unquestionably part of the social fabric and physical infrastructure of the communities they serve. However, the leisure provision is a non-statutory function, and there is no legal requirement for local authorities to provide these services.

The question of provision is valid particularly as authorities become under increasing financial pressure and it could be argued that there is an established private sector market. However, private sector provision tends to be biased towards gym/fitness facilities (swimming pool provision is predominantly within the public domain); even where there are multi-functional facilities, accessibility is a factor as memberships are not affordable for everyone, thus exaggerating the health inequalities of low-income individuals and families.

The government has an ambition to improve the health of the nation, reduce health inequalities and improve co-ordination across health and social care through:

- improving physical activity especially among the most deprived, should lead to a reduction in diseases (thus alleviating pressure on the healthcare system and reducing treatment costs);
- improved quality of life and the associated economic returns, and
- a reduction in health inequalities (by reducing the gap in healthy life expectancy between the lower and higher social economic group) also contributing to a reduction in NHS expenditure.

There is evidence of the growing importance for local health collaboration across the country. The Integrated Care Systems (ICS) brings together health and care organisations, local councils, and third sector organisations to make a difference locally, reducing health inequalities and supporting prevention. HDC is a partner authority of the Cambridgeshire & Peterborough ICS and has received £249,600 to offer residents evidence-based interventions for those with mild to moderate frailty and those at risk of cardiovascular disease. One Leisure can play a key role in delivering these types of health interventions and other social prescribing initiatives; however it will need to broaden its horizons beyond the existing leisure centres and take activity into the community.

Sport England, the Association for Public Service Excellence (APSE), Community Leisure UK (CLUK), the Local Government Association (LGA) and the Chief Leisure Officers Association (CLOA) all champion the need for public leisure facilities as a critical component of the community infrastructure supporting health and wellbeing, community cohesion, tackling inequalities, and creating a positive and active environment for local people.

The continued evolution of a financially sustainable public leisure offer is likely to be reliant and focussed on, active wellbeing, where commissioned public health programmes are integrated with traditional leisure activities and become a core component of the leisure offer.

Conclusion – Market Assessment

In summary, in the short term (2-3 years) it is considered unlikely that there will be sufficient market tension currently to secure a Best Value outcome from a competitive process currently, given the probable contract term sought by operators and the unquantified risk arising from the Terms & Conditions Audit. However, as referenced previously good practice would be to test this through an Early Market Engagement exercise and keep this under review as market conditions and circumstances may change.

The COVID-19 pandemic created unprecedented pressures and hardship across all aspects of society, public and commercial organisations. In terms of the leisure sector, what it did highlight very clearly is that regardless of how councils have decided to provide and manage its public leisure services, risk of failure cannot be divested away from council assets and the local authority is always likely to be the funder of last resort in contract renegotiations.

The opportunity for One Leisure to exploit and maximise the community benefits of its relationship with the ICB, if taken, can only strengthen the case for continuation of the in-house offer, although other providers can argue that they could fulfil community health and wellbeing interventions equally as well and some operators are adept in this area. The creation of LATC's to deliver leisure functions has increased in popularity more recently and if constituted correctly can secure NNDR relief.

Short Term Operating Models (2-3 yrs.)

Service Delivery Options
As commented on above, the COVID-19 pandemic has dramatically changed and disrupted the leisure market; this section will explore the potential delivery options available to the Council in the short term.

At this stage, it should be reiterated that no decisions have been taken by the Council in terms of its future operating model over the short, medium and long term. First Point have been commissioned to provide an independent review of the future delivery models available to the Council and its leisure function currently delivered directly by its in-house service (One Leisure).

Whilst the Medium-Term Financial Strategy sets out a fairly positive picture overall compared to a number of other authorities, in common with many across the country, the Council remains under sustained financial pressures on its revenue budgets and needs to deliver its services in the most cost-efficient way possible, this necessity is heightened for non-statutory services such as leisure.

Facilities
One Leisure is the trading name of the Council's in-house leisure service that fulfils the leisure function delivering services from five sites:

- Huntingdon Leisure Centre
- Ramsey Leisure Centre
- St. Ives Leisure (Outdoor)
- St. Ives Leisure Centre (Indoors)
- St. Neots Leisure Centre

From the site visits undertaken, it is clear that from a customer perspective the facilities appear well presented, and clean, although there is a need for refurbishment, modernisation, re-configuration and in most instances the opportunity for expansion.

Core Options
The Council have identified 4 key delivery options to consider that could potentially be deployed for the operation of the council's leisure facilities, these include:

- direct in-house delivery by One Leisure (the current model);
- establishing a wholly owned and controlled council company;
- outsourcing to a third party;
- creation of a trust or not for profit entity.

In discussion with the client, the in-house option is considered as the 'Transformed In-House', the transformation foundations of this have already been laid through the appointment of an Interim Head of Leisure Services, adopting a more commercial approach to the service, the commissioning of the Built Facility and Playing Pitch strategies in 2022 and developing a detailed staff review that has been considered as part of this report. Failure to implement change would result in the 'status quo' being maintained and the operational deficit continuing unabated; encouragingly the initial stages of transformation have been supported by the Council therefore the 'Transformed In-House' is the model considered as the direct delivery option against the other core options listed above.

However, there are other potentially other less prevalent options for service delivery as described below; these options can be more complex, consume more resources and take longer to establish and implement. Although we have summarised the basic purpose and arrangements of these options below, these are not considered in further detail at this stage given current market conditions and their complexity to establish, although they may be a consideration for the medium/long-term.

Joint Venture Company (JVC)

A joint venture company is a business entity created by two or more organisations (in this case the Council and another organisation) the two parties pool resources, expertise, and capital to undertake a specific business project or objective. The organisations involved in the joint venture remain separate legal entities, but they work together to achieve a common objective.

In a joint venture, the responsibilities, risks, and profits are shared between the parties involved according to the terms of the agreement. Joint ventures can take various forms, such as equity joint ventures where both parties own a percentage of the joint venture company, or contractual joint ventures where the companies work together under a contractual agreement but do not form a new separate legal entity. The Council could consider seeking a partner to establish a JVC; however, the proposition will need to be at a scale and sufficiently commercially attractive to potential partners. The only known JVC in the UK public leisure market is between Sunderland City Council and SLM (trading as Everyone Active), established in 2015 when the market was buoyant.

Joint Delivery Area Model

Similar to the JVC the opportunity exists to create or join a consortium approach when considering the future operating structure of the service. This is more commonplace with the Local Authority sector often more widely seen in the Shared Service Models. As the leisure sector continues to evolve and alternative operating models are considered by neighbouring local authorities, the opportunity to consolidate services with likeminded partner authorities in Cambridgeshire provides a potential vehicle for change in the future; however, the complexity of contract alignment of existing arrangements and developing partnerships should not be underestimated.

Options Appraisal

Consideration of the four core delivery solutions is set out below.

Transformed In-House

This is potentially the easiest option for the short term. However, for this to be successful, transformation must be supported and resourced, with the initial service changes embedded and full transformation pursued with vigour. Tweaking the operations will not be enough, and it is likely that unless a transformation plan is developed and driven by service management, it will only ever result in a sub-optimum outcome.

In-house transformation can be developed on a sliding scale, determining the depth of transformation the Council requires and has both the appetite and capacity to achieve. The aim should be to operate as leanly as possible, adopting best practice from the sector (regardless of the delivery model) and the benefits of the local authority infrastructure, its wider connectivity and local focus. The service will need sufficient scope and leeway to operate with flexibility such as working within agreed parameters to change prices or apply promotional offers without recourse for additional approvals, thus being able to respond to the market in a more dynamic way, similar to its external competitors. It may also need support services to adapt and change the way they interact with the Transformed In-House model, which can be challenging when they are still providing support for the entire organisation.

It is acknowledged that the optimum operational position from a pure finance perspective is unlikely to be palatable or possible e.g., moving away from NJC terms & conditions and even the Local Government Pension Scheme (LPGS); indeed, as a good employer some of this may not be desirable at all and have a negative impact on recruitment and retention. However, changes to operational practice that enable the service to operate in the most efficient way possible in line with the sector ‘norms’ can be achieved. HDC has recently commenced work on its Workforce Strategy. It will be important for the service to engage with this initiative to ensure that it meets the needs of its transformation plan e.g., a reward and renumeration or commission scheme for sales above target and flexibility within the workforce that is appropriate for a 7-day-a-week service. It is not possible for the directly delivered in-house model to access any NNDR relief.

Local Authority Trading Company (LATC)

The Localism Act gave local authorities new powers to trade, resulting in the increase in popularity of the LATC model and the creation of new companies, delivering a wide range of services including leisure. Whilst there are variants to this approach, in this instance the LATC is considered to be a wholly owned and controlled Council company. It is possible for the LATC to be part of a JVC or Joint Area Delivery Model at some point in the future. Current procurement regulations continue to provide the powers for public authorities to create LATC's and award contracts directly without competition.

The LATC is an arms-length incorporated company and potentially could benefit from increased flexibility in decision-making to the same extent or potentially beyond that of an optimised Transformed In-House model. This would provide the LATC with the capability to operate more commercially and the potential to generate trading surpluses that can be reinvested back into the service and local community in accordance with its Articles of Association. It is assumed that the LATC model will not be simply a 'lift and shift' of the current One Leisure model, but it will share the current and future transformation objectives of the Transformed In-House model, providing the LATC with the ability to operate freely will be a key determinant of its success.

However, establishing a LATC does require resourcing. It was discovered during the review that HDC already has a LATC, *Huntingdonshire District Council Ventures Limited*; although it is understood that the company does not fulfil any frontline delivery functions. It should be possible to establish a leisure subsidiary of Ventures Ltd, subject to a review of and possible amendment of its Articles of Association, although it may be preferrable to create a new LATC. Reviewing the articles of the existing LATC is outside of the scope of this review.

Key to its success will be the relationship between the local authority and the LATC, company, and managing the potential conflicts of interest between the commercial interests of the company and the public interest of the local authority. The benefits of the LATC are generally predicated on taking a long-term view and the Council being supportive of potential changes to terms and conditions of employment such as weekend enhancements and alternative pension provision for new entrants, that could potentially make significant savings to employee costs. Despite being an arms-length organisation the LATC is wholly owned by the Council and that inevitably brings into question that this could be considered by the trade unions as creating a 'two-tier' workforce where changes are proposed and may be resisted by the trade unions. Given the recent spotlight on employment terms through the Terms & Conditions Audit, changes of this nature may be more difficult to achieve in the short term.

If constituted correctly as an NPDO with charitable objectives clearly stated in its Articles of Association it is possible for the LATC to secure the 80% NNDR relief afforded to NPDO's, however it is not and never can be a charity as governed by the Charities Commission.

There are multiple examples of LATC's across the country including: *Brio* (Chester and Chester West), *Lampton Leisure* (Hounslow), *Leisure SK* (South Kesteven), *Life Leisure* (Stockport), *Plymouth Active* (Plymouth), *Volair* (Knowsley).

Outsourcing to a Third-Party

There is a mature leisure market that has been established across the country for several decades. This commenced with the introduction of Compulsory Competitive Tendering (CCT) in 1998 and continued to develop with the Best Value regime that followed, providing a variety of outsourced models; the three main types are as below:

- Large NPDO's – these will have all been developed from local authorities and have grown considerably to successfully operate multiple contracts beyond their original 'home' authority and across the UK. Some of these operators such as Fusion, GLL (trading as 'Better') and Freedom manage both local and high-profile facilities such as the Olympic Legacy venues.

- Private operators such as Places for Leisure, Parkwood, Serco and SLM (Everyone Active) often deploy a 'hybrid trust' model, whereby they can distribute profit back to their controlling company.

- Smaller local NPDO's (Trusts) have usually emerged from their 'home' authority, generally with little ambition for growth beyond their own geographic area and wholly focussed on a contract with their host authority. Whilst providing a focussed local service, the vulnerability of a single contract is a risk, examples of this type of organisation can be found at Burnley, Harlow, Pendle and Warrington.

If this option was selected a full procurement exercise would be required, this includes the option of the Council establishing its own charitable trust, that by its very nature must be wholly independent from the Council who can have no controlling interest in the trust. The resources to undertake a procurement event should not be underestimated. The market assessment concludes that this is not recommended for the short-term solution, as the Council should be seeking to 'squeeze the value' out of the service before considering going to the market and should also keep the situation under review.

Trust or Not for Profit Entity

Many local authorities established charitable trusts or similar vehicles to deliver their leisure services from their own in-house service (as commented on above) from the inception of CCT in the late 1980's. This option was attractive to many authorities, as it effectively shielded the service from any form of robust or an open procurement process and created access to many charitable benefits; one of the key benefits being 80% NNDR relief and often the additional 20% discretionary relief afforded by some authorities. This option remained available to local authorities until 2016 when direct awards (without following a competitive process) became only permissible in very exceptional and strictly interpreted, circumstances set out in Regulation 32 of the PCR (2015).

An award of a contract under regulation 32(2)(c) allows the use of the negotiated procedure without prior publication for the award of service contracts "*insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with".*

The circumstances invoked to justify extreme urgency must also not be attributable to the contracting authority. This means that direct awards have to be strictly necessary, the urgency of doing so must be extreme and the events giving rise to the urgency must have been unforeseeable by and not attributable to the Council and it must not be possible to procure the services using one of the accelerated tender processes under the PCR.

It should be noted that it is still possible to create a charity or not for profit organisation, however it will need to compete in a transparent procurement process. A new charity must be a wholly independent organisation, most will be a limited liability company incorporated under the Companies Act 2006. As such it has all the characteristics of a normal company, including legal personality and limited liability of members and must comply with all requirements set for companies, such as the requirement to file accounts, certain resolutions and regular returns with Companies House.

A new charity will have no financial or operational track record as such, Trustees will need to be recruited and a Board established, management and staff recruited, and back-office support services sourced and secured. The likelihood of a successful procurement outcome against established operators in a competitive environment is low. However, given the market is suppressed currently this may present an opportunity, although the risk of external competition cannot be ruled out. Given the uncertainty of the procurement outcome, staff may be resistant to commit to the move across to it and it may only technically become a TUPE situation when the charity has a contract award.

Additionally, the Council will not be able to control or unduly influence the operation and affairs of the charity as it must be an independent body to become a registered charity governed by the Charities Commission.

Another common form of a not-for-profit organisation is the Community Interest Company (CIC), an enterprise set up to benefit the community.

CICs have been set up to run community facilities such as swimming pools, community centres, and other assets that were being sold off by local authorities. There are thousands of CICs of all sizes across the UK, operating in a wide range of sectors, including health, the arts, media, education and social work.
The basic legal structure of a CIC is similar to a charity insofar as it would be a limited liability company incorporated under the Companies Act 2006 and have the characteristics of a normal company as described above in relation to a charitable trust. A CIC is therefore not a separate form of company, but merely a company with certain characteristics.

What makes a CIC distinct is that it has a 'lock' on its assets and is limited to the profits it can distribute to shareholder/members, which in this instance would be the Council if established by HDC. All assets have to be used for the community purpose; if the assets are sold, the proceeds have to be used for the community purpose. If a CIC ceases trading, the assets have to be transferred to a similar asset-secured company.

It should be noted that the Council could establish a LATC that would be a not-for-profit entity, this can be incorporated in the form of a Company Limited by Guarantee (CLG) or a CIC and like any other company will be bound by company regulations.

The Community Interest Test

When applying to set up a CIC at Companies House, the Council would need to undertake the a 'community interest test'; demonstrating that there is a clear benefit to the wider community and not just to the Council. All the directors have to sign a community interest statement to this effect.

Differences Between CICs and Charities

One major difference is that directors of CICs can be paid a salary and retain control of the company whereas charities tend to be run by volunteer boards. The asset lock is also unique to CICs and thanks to the social-purpose of the enterprise, they can legitimately apply for grant-funding usually restricted to charities. Charities that operate trading arms could convert to the CIC model, although the CIC may not benefit from all the tax advantages as charitable organisations.

Analysis of Options

As commented on above, we have assumed the in-house option will be a Transformed In-House service, building on the initial work that has commenced over the past c.18 months.

The options appraisal is based on the principles set out by Council in the project brief, these have been considered as the underlying principles of each aspect commented on below. The principles are:

- financial modelling
- balancing the level of risk, the Council is willing to take
- the commercial return the Council wishes to secure or guarantee
- the social and wellbeing benefits the Council is seeking to achieve
- the environmental factors that the Council expect to achieve through its Climate Strategy
- the level of control the Council would retain over both strategic and operational matters

The assessment is based on the market assessment and our practical experience of each of the models. It is not possible to determine with total accuracy which model may actually be most advantageous to the Council without undertaking a soft market testing exercise and/or a full procurement exercise, where through dialogue with potential operators the proposal can be comprehensively considered. This may be something for consideration in the medium/long term options at the appropriate time.

Each element below is RAG rated as illustrated below:

	Most beneficial / advantageous to the Council
	Moderately beneficial / advantageous to the Council
	Least beneficial / advantageous to the Council

Set Up and Transitional Costs

The Transformed In-House model is likely to have the lowest cost to implement. However, there will be a need to invest in management and staff to ensure it has the capacity and capability to optimise performance.

The current Head of Service has been integral to initiating and driving service improvement over the past 18 months or so, it is understood that the postholder is only contracted to March 2024, this not only generates a delivery risk but potential recruitment cost. The Transformed In-House option could be implemented immediately; although external transformation support may be required if there is not sufficient internal capacity within the Council to affect the cultural shift required. The estimated cost of external support is c.£20k-35k depending on the depth of support required.

Establishing a leisure subsidiary of the Council's existing LATC or creating a new LATC, is likely to require external support, unless there is spare capacity within the Council to project manage its inception and mobilisation. Carefully establishing the LATC to be Teckal compliant and to secure NNDR relief may require additional external support. Although the transfer from in-house to LATC should be relatively seamless, it would be prudent not to underestimate the volume of work involved including some highlighted below:

- Articles of Association with charitable objectives.
- Producing a client service specification; Memorandum of Agreement/Funding Agreement, performance framework, operating leases/licences etc.
- Establishing new governance and oversight mechanisms (may be more involved for a customer facing service).
- Subsidiary or NewCo established and incorporated including; Articles of Association (or review and amendment to existing), VAT registration, producing a Business Plan for consideration by the Council and;
    - establishing its own banking and financial arrangements; regulatory procedures, appointment of an auditor;
    - support service requirements (buying back from the Council or sourcing externally);
    - comprehensive suite of policies and procedures (although these could potentially just be adopted from One Leisure initially);
    - payroll arrangements and compliance with HMRC requirements for an arms-length company;
    - internal and customer comms and re-branding;
    - ICT systems interface with the Council;
    - Board recruitment (although this could initially be existing Councillors and/or Senior Managers) of Company Directors with the requisite sector experience and skill sets required to control a leisure company;
    - Company Director training for the Board etc. (if new Directors are appointed);
    - HR support to manage the TUPE transfer, in accordance with legislation.

There is a potential reduction in demand for Council support services if the LATC source alternative providers that are more cost effective, however in most instances of LATC's being established there is a minimal impact on central support costs that are generally redistributed across the council.

Based on previous experience elsewhere, whilst creating the LATC as a 'shell' company or subsidiary is relatively straightforward and can be done in days, getting to 'go-live' for a customer facing service in readiness to trade could take anything from 6-12 months dependent on the speed of decision making/delegations for each aspect of establishment with an estimated cost of c.£75k - £125k (excluding re-branding costs, uniforms, signage etc.), depending on what internal capacity exists to support the implementation of this option.

Outsourcing to a third party would require a comprehensive procurement exercise in accordance with the Procurement Act (2023) that received Royal Accent on 26th October 2023. It is anticipated this new procurement legislation will 'go-live' in October 2024 following a minimum of 6-months advance notification. Local authorities have been asked to consider their procurement pipeline for the next 12 months in light of the Act being introduced, this would not restrict the Council undertaking an Early Market Engagement exercise. Procurement of leisure services can be a complex and lengthy process that is likely to need external support depending on internal capacity across most disciplines. Typically for the leisure contracts a minimum of 9-12 months should be allowed from the point the decision to outsource to award. Established operators will have their own back-office support functions therefore there would be in theory be a reduction in demand for corporate support services, however as the leisure function is often a small proportion of a particular activity, realisation of cost reduction in this regard is limited. The cost of procurement alone is estimated to be c. £100k- £150k.

The creation of a charitable trust or not for profit entity will still require a procurement exercise as described above and have a similar impact of Council support services. In addition, the trust will need to recruit a Board of Trustees, typically these consist of up to 12 independent Directors with the requisite skills to govern a charity (with a maximum of two local authority representatives under this format). The trust would need all the management and operational arrangements put in place as per the LATC option, which could be developed in tandem with the procurement exercise but as a NewCo it will need to establish and initiate all the business infrastructure unlike an existing operator. It should be noted that this option would all be undertaken 'at risk', as the outcome of a successful procurement exercise cannot be guaranteed.

The attraction of outsourcing to an organisation with charitable objectives including a correctly formed LATC with charitable objectives, is securing the 80% NNDR mandatory relief (net benefit 60% of this sum after accounting for loss on rates income to HDC). However in the short-term the cost of procurement, uncertainty of a beneficial outcome and other 'live' issues all detract from the potential NNDR advantage if seeking an external delivery solution; there would be no requirement for procurement with a LATC option.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Level of Operational Risk Transfer

The Transformed In-House model offers no change to the current position with One Leisure as the Council remain liable for all operational risk transfer. For the LATC model it could be argued that there is some risk transfer, but it is minimal as despite being a separate entity in theory, the Council are its sole Member, therefore it retains some liability albeit at arms-length

For both the outsourced and trust/NPDO option day to day operational risk would sit with the operator, however if either option went into financial crisis and/or liquidation the Council remains would be the funder of last resort, so are the risk transfer is not absolute.

The unquantified risk associated to the Terms and Condition Audit, can only really be mitigated for an alternative delivery model if the Council state at the outset that they will underwrite the liability. However, as the quantum is currently unknown and resolution is likely to take some considerable time, the financial impact to the current and future service offer is likely to create a significant non-transferrable risk. The uncertainty this creates amongst potential operators may result in them seeking full indemnity for this and other unforeseen historic liabilities regardless of their own due diligence.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Asset Management Responsibility Transfer

The notion of 'full repairing leases' is a long way from reality in most leisure contracts. In all instances the Council is likely retain ownership and responsibility for the main structural elements of the facilities such as the roof, walls, drainage, major capital works etc. Even where a degree of asset management transfer was possible as determined by contract and/or negotiation, the Council would assume the 'landlord' responsibility under a typical 'landlord and tenant' lease arrangement.

As the Council will retain ownership of the facilities and be responsible for major capital works in each of the models considered, there will be no material difference in terms of carbon reduction schemes and access to grants as the Council is still likely to take the lead on these projects supported by the operator. Outsourcing to one of the larger operators is likely to bring some additional experience to carbon reduction schemes in leisure facilities; however, the Council has already successfully completed a project at Ramsey Leisure Centre, therefore this is not considered to offer any significant advantage.

Utility consumption for leisure facilities is a significant operational cost, particularly those with swimming pools; the recent spike in energy costs has highlighted this more widely. Pre-pandemic the operator was generally liable for utility costs, and generally accepted this level of risk, even if this was based on a 'cap and collar' arrangement. The recent spike in energy costs effectively triggered a renegotiation of contract terms between many operators and the local authorities, as this along with the loss of revenues due to the pandemic this threatened the viability of many contracts. Local authorities can often secure preferable unit costs and achieve economies of scale particularly if they are part of an energy consortium; some of the larger leisure operators can achieve similar rates where they operate multiple contracts. The newly established trust/NPDO would however be reliant on the Council continuing to provide utilities as it is unlikely to be able to secure the best unit costs as a new entity with a single contract.

Risk transfer on utilities alone is unlikely to be significantly different for any of the options currently. External operators will be reluctant to take on the utility risk, without 'risk pricing' in their commercial offer or negotiating shared risk.

One of the key determinants of whether this is advantageous to the Council or not will be the condition of facilities and the split of liabilities. In each of the models, it would be common for day-to-day repairs, and small capital work to fall to the operator who would factor this in the commercial offer based on recent condition surveys undertaken by the Council. Prospective operators will inevitably assess the risk and factor that into contract negotiations. Achieving any additional liability transfer maybe possible, however the cost of risk transfer in the commercial considerations may equate to or be higher than the risk of the Council retaining responsibility.

On the assumption that outsourcing the service to an established operator who has established relationships with contractors some aspects of asset management could be satisfactorily undertaken, however the Council may have established contractual relationships with local suppliers that supports the local economy. For a newly established trust or NPDO with no account history with contractors the advantages are likely to be marginally better than the Transformed In-House or LATC option but not as good as an established operator.

The Transformed In-House model offers no change to the current position with One Leisure as the Council remain liable for all operational risk transfer. For the LATC model it could be argued that there is some risk transfer to an arms-length company but in reality, the liability would not stray from its single member, the Council. In current market conditions where operators are risk adverse, transfer of liabilities may be possible but will come at a cost to the Council and may only offer a marginal advantage.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Level of Council Control

With the Transformed In-House model, the Council would maintain full control, albeit to maximise the advantages of this approach, freedom to operate and flexibilities need to be applied. The LATC will have its own company Board of Directors and must have the latitude to operate commercially, however ultimately the Council is its sole member and can decide to terminate the arrangement with the LATC as and when it chooses to do so, therefore the degree of control is considerable.

The Council's level on influence and control of both the outsourced and LATC/NPDO option is effectively governed by the contract and service specification it has in place with the service provide. Typically, the Council may have two representatives on a Board of twelve Directors for a locally established independent charitable trust. However, the Council nominees are Directors of the trust/NPDO and bound by the responsibilities and duties of a Director to entity and not the Council; as such the level of control is the same as the outsourced option.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Scope for Community Involvement

In theory there should be no discernible difference between the options if the requirement for community involvement is clearly specified in the client requirements, as each of the options could in theory work with the Council and community partners to engage with the community. However, in practice a Transformed In-House and LATC option is likely to have existing relationships across the Council and with community groups therefore would have a 'head start' on the outsourced and trust/NPDO option even if staff transfer across under TUPE. Local authorities are established organisations, embedded in the local community ad generally 'trusted' organisations, this does give the Transformed In-House and the LATC model a slight advantage in this area.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Potential to Increase Participation

The service specification and/or client requirements should include the need to increase participation. All of the delivery models will be focussed on increasing participation where it increases generated income and drives up community participation that delivers health and wellbeing outcomes, attracts third-party funding and delivers against the contractual performance targets. Retention of existing and new customer is equally important to maximising participation rates, investment in digital tools and targeted marketing will support this objective, alongside a membership architecture that provides options and choice for customers. Whilst the Transformed In House and LATC may appear best placed with existing connections and local intelligence, given TUPE applies it is not considered that this provides any distinctive difference between the delivery models.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Access to Capital and Investment Funds

Currently Prudential Borrowing through the Public Works Loan Board (PWLB) despite recent interest rate increases offers the most preferential lending rates compared to borrowing from the market. Even where leisure facilities are operated by a third-party organisation, the local authority often finance capital schemes through PWLB; project management responsibility can be led by the council or the operator depending on capacity and capability that would need to be agreed between the parties.

If HDC reached its borrowing capacity limits, an established operator could potentially borrow from the market to deliver a scheme on behalf of the council. However, this would need to be negotiated with the operator on the understanding that a management fee may be applied by the operator in addition to a higher rate of borrowing than the PWLB and the arrangement would be dependent on the length of the contract. A newly established trust/NPDO will have limited financial or credit history and may find it more difficult to secure capital funding than any of the other options.

Access to major sources of third-party funding e.g., Sport England, Football Foundation, National Governing Bodies is likely to be accessible regardless of the delivery model, although as asset owners, the Council is likely to be required to guarantee longevity of use. Access to some funding schemes is restricted to charitable organisations, providing some possible advantage for the trust/NPDO's although it should be noted that many of the major operators fulfil this criterion.

Given that the PWLB is likely to be the preferred source of financing capital schemes regardless of the service delivery option, then there is no difference in this regard. An established operator will potentially have the ability to secure funding from the market, if necessary, where this is less likely for a newly established trust/NPDO. Some funding streams will be restricted to organisations with charitable status, therefore overall, this provides a marginal favourable position to that of the Transformed In-House and LATC option.

It will be important that capital investment in leisure is fully immersed in the thinking and opportunities to finance or contribute to schemes from the Community Infrastructure Levy (CIL) and/or Section 106, creating a pipeline of potential investment aligned to development and regeneration schemes.

Transformed In House	
LATC	
Outsourced	
Trust or NPDO	

Options Summary

The tables below provide a summary of the criteria set by the Council, a weighting applied to the assessment and the outcome.

Table 1 - Criteria Assessment

	Set Up & Transitional Costs	Level of Operational Risk Transfer	Asset Mngt. Transfer	Level of Council Control	Scope for community Involvement	Potential to increase participation	Access to capital and investment funds
Transformed In House							
LATC							
Market Solution (Outsourced)							
Creation of a Trust or not-for-profit entity							

Conclusions – Short Term Operating Model

In consideration of both the current Market Assessment, the Options Appraisal, and the recently identified risk associated to the Terms & Conditions Audit, the Transformed In-House model is considered to provide the best solution for the Council in the immediate short-term. Both service and corporate capacity to implement an alternative delivery currently would be challenging and may severely stretch the organisation. However, reviewing market conditions through an Early Market Engagement exercise and reconsidering the LATC option within the next year is worthy of consideration.

The set-up costs and timescales associated to implementing any of the other options is likely to take until early 2025 to result in a change of operating model even for a LATC, assuming a decision to select an alternative model is taken in early 2024. If the Transformed In-House model is approved and resourced, the transformation journey will effectively have had a 12-month head start on any of the other options to implement the changes required. Resolving the currently unquantified liability of the Terms & Conditions Audit is key as employee costs are the largest expenditure item for leisure and until this issue is resolved it would not be possible for the LATC to develop a Business Plan with any degree accuracy.

The impact of the COVID-19 pandemic and market recovery, the acute rise in utility costs and cost of living crisis have resulted in a more cautious market and operators becoming risk adverse, significantly changing and suppressing the appetite of operators to take commercial risks.

Council control is maintained with the Transformed In-House model. In each of the other models the operator is an independent entity, although less so with the LATC as the Council would be its sole member and can determine the continuation of the company. The LATC is only an attractive option if there is a commitment to a term similar to that an external operator may seek, in order to implement change e.g., 10 years with an extension option. If an authority was only considering the LATC model as an interim position to secure NNDR benefits, then due regard should be given to the negative impacts of this approach. The disruption of a service transfer for the short term is unlikely to be beneficial to the financial or operational position. In theory, it could be argued that the required service specification, and performance framework for the LATC model provides the Council with control in all options, however each of these would require an enhanced 'client side' to monitor the contract whilst the Transformed In-House provides direct control and influence.

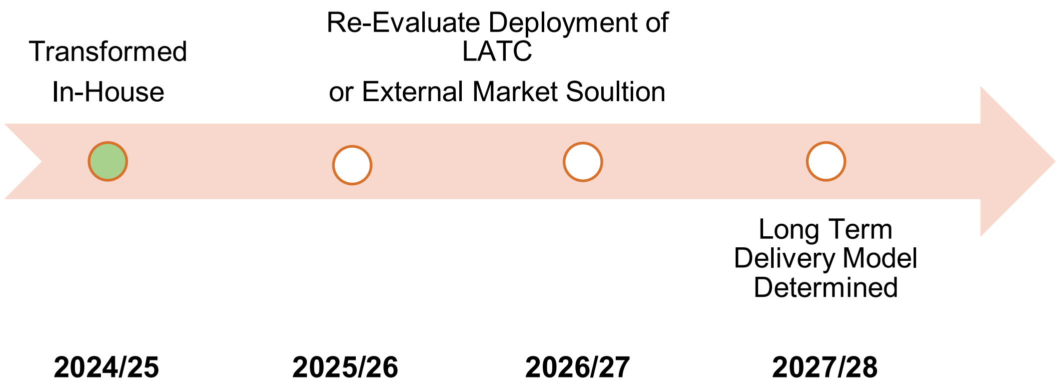
The Transformed In-House and LATC are most likely to provide opportunities for community involvement as they will have existing relationships and connections with the communities they serve, although it is possible over time that the other delivery models could achieve similar levels as they develop their understanding of the locality.

It is not considered that there is any material difference between the models in terms of increasing participation as all models will have a clear focus on delivering this.

Access to capital and investment funds for large capital schemes is likely to come from Prudential Borrowing as the Council are owners of the assets; interest rates are competitive and offer good value for money compared to market financing solutions. If the Council reach capacity on its borrowing or have other priorities it would be possible for an established operator to secure capital financing from the market although this is not ‘free money’ and would and ultimately cost the Council more to repay.

However, if at some point in the future the Council considered a significant capital project to build a new leisure centre(s) that was upwards of c.£20m then a market solution to Design Build Operate and Maintain (DBOM) may be an attractive option if the Council had exhausted its capital borrowing limits. This however is not a scenario for the immediate future or the short-term, if this became a live option, the operating model should be reconsidered at this time.

Operators with charitable status may be eligible for some external funding streams which the local authority are excluded from although these are generally associated to programme delivery rather than infrastructure projects. A timeline summarising the proposed short-term delivery arrangement is illustrated below.



Proposed Staff Review

Introduction

This section provides a high-level diagnostic review of and provides comment on the preliminary work undertaken to date on the proposed staffing structure for HDC's Leisure Services.

The review critiques the recent paper presented to the Council's SLT and HR (September 2023) on the proposed staff review of One Leisure in conjunction with associated supporting documents provided by the client

The purpose of the review was to fulfil the following key objectives which are identified as:

- A structure that allows for a clear pathway to career progression and better training and development opportunities for staff
- Provide a staffing structure that supports financial efficiency and growth
- Improve financial performance of One Leisure

Limitations

The limitations of a high-level review mean that Job Descriptions and Person Specifications are not considered. Additionally, and possibly more crucially, the competence and capability of existing staff and any new appointments that are required to deliver any change in service delivery is unknown to the consultants and will only become evident after implementation. Comments on the proposed structure are therefore provided in the context of these limitations.

Huntingdonshire Built Sports Facility Strategy

In 2022 the council commissioned external support to produce an Indoor and Built Sports Facility Strategy and Playing Pitch and Outdoor Sports Strategy for Huntingdonshire. Endorsed by Sport England, the strategies provide a comprehensive review and assessment of facilities and pitches and provide strategic recommendations in line with population growth forecasts contained in the Local Plan.

The strategies are key features of the wider One Leisure review and play a central part of the proposals emerging across this wide and expansive staff review.

Plans are in place that these strategies are to be utilised by partners and providers to benefit and enable the leisure and sporting landscape across Huntingdonshire as a whole.

The service vision expressed on HDC's website is:

> *To create and maintain high quality, sustainable leisure and sports facilities which meet community need, increase participation, help tackle health and age issues and provide accessible, inclusive activities for Huntingdonshire residents as part of an active lifestyle.*

It is important that the proposed staff review is aligned to the development of these important strategies, supports financial imperatives and sustainability.

The key purpose of the overarching One Leisure staff review is to support the delivery of the new corporate plan priorities and aid full post pandemic business recovery whereby the service can eliminate the operating deficit, move to breakeven and ultimately to a position where it generates an operating surplus. The clear intent remains as reported on in the paper to SLT/HR, that the proposed staff changes will result in a more efficient and effective structure that is outcome focussed with improved staff retention, recruitment, and career pathways.

However, it is recommended that for the proposed structural changes to be effective a Learning & Development Plan is developed and adequately resourced to support individuals and the service to achieve its objectives. In addition, an objective post implementation review should be undertaken to determine if the changes have delivered the anticipated outcomes.

It is recognised that the work undertaken to date and phased approach to a new model of delivery has allowed a detailed review to take place on the joint outcomes that can be better delivered by a more purposeful and collaborative approach across all leisure sites within One Leisure.

National Context

HDC acknowledged that change was required across broad Leisure functions and the One Leisure Business model to reposition the traditional offer of public leisure into a more commercially viable offer in parallel to an active wellbeing service, doing more to create healthier and more active communities across HDC. The appointment of a more commercially focussed Interim Head of Leisure is testimony to the commitment to change.

Nationally Sport England have recently published *The Future of Public Leisure report.* The impact of the Covid 19 pandemic, rising energy costs and cost of living crisis has accelerated the appetite for local authorities and their partners to review leisure services and more broadly re- examine the purpose of provision. This includes their alignment with broader strategic outcomes, particularly health. The report recommends expanding the traditional offer of public leisure into an Active Well-being service, doing more to create healthier and more active communities. It will be important that the proposed new structure has the roles and personnel with the capacity and capability to effectively engage with partners, particularly in health, where there are opportunities to secure funding to deliver community focussed services.

Leisure Operational Focus

Previous data analysed cited covering the last 5 years of actual staff and income information and the 2023-2024 budgeted position. One Leisure has typically operated at a financial deficit position with a staff to income ratio of between 60 – 65%.

Prior to Covid and the significant business disruption encountered across the leisure industry per se, it has widely been accepted that generally most commercial operators will aim to deliver a service at around 50-55% staff to income ratio. Although it should be noted this figure does vary considerably based on accuracy of data and local circumstances aligned to the delivery model (private/Trust/in house etc.), and the specific priorities and ambition of the service. The proposal is geared towards a leaner more efficient structure, with opportunity for growth.

Staffing is the single largest cost to operating leisure centres and the current structure within One Leisure (prior to any changes proposed) is delivering a high cost to income ratio. It is noted that feedback from staff engagement sessions facilitated by senior managers across One Leisure in May and June 2023 suggested there was no evidence of a progressive career pathway for staff. This positive engagement should continue to be an integral part of any change process and service restructuring.

One Leisure management have undertaken a review of current and proposed structures that has considered:

- Core operational hours of leisure centres
- Core customer opening hours
- Lifeguard operational review
- Fitness consultant appointment review
- One Leisure Direct telephone call review

The review of these operational elements is comprehensive and geared to delivering an efficient service that meets current service demands with flexibility to scale up for growth also. This work has made a valuable contribution in the design of the new delivery model for the service and its individual sites.

It is clear the proposed changes represent a change of direction with a clear focus on a more commercial approach that is in keeping with industry ‘norms’ of the major service providers in the sector and overall, greater strategic alignment with council priorities. The introduction of 3 new posts:

- Activities Manager
- Events & Hospitality Manager
- Business Support & Compliance Manager

These roles are designed to support both the financial objectives of the service and deliver community outcomes; these new posts coupled with greater emphasis on revenue generation, service standards, and compliance are key features of a more dynamic leisure operator. Converting outcomes to deliverables will also be a key feature; it is recommended that the service should develop a Key Outcomes Framework that that is integrated with individual and team target setting that supports this new focus

Data and insight will be key to supporting the services as it seeks to deliver its objectives and demonstrate how sport and leisure can play an integral role in delivering community outcomes. It is anticipated the new Business Support and Compliance Manager will provide the tools and analysis to all informed decisions to be taken.

It is noted that the proposed structure includes the deletion of the current Marketing and Communications Coordinator. The impact of this proposal is unclear from this desk-top review, it is however essential that the duties and capabilities are accommodated within the proposed structure. Effective marketing, communications and use of social media platforms are key to commercial success; therefore, assurance should be sought that these functions are adequately covered in the proposed structure.

The proposed staff re-structure compared against the current 2023-2024 budget indicates that overall, the staff weekly hours are maintained, however, the proposal can potentially reduce expenditure by £257k per annum. The cost efficiencies are considerable and support the move towards breakeven and ultimately an operational surplus and can be considered a commercially sound approach to pursue.

The restructure proposal presented to SLT/HR in September is focussed on providing added value to the service and supporting the delivery of local priorities as a strategic priority. However, the proposed changes will have varying degrees of impact on individuals across the service, therefore it will be important to assess potential impacts such as net loss/gain of posts and undertake an Equalities Impact Assessment.

The proposed changes to the Personnel Training (PT) model seek to address some purported weaknesses in process and historic poor management practice. The proposal may have an adverse effect on some existing staff, although this is considered necessary to re-set service delivery practice. Whilst the proposal of contracting PT provision to a third party is not unique and a perfectly valid approach, it will be important to ensure an effective communication plan is in place for both staff and customers to avoid any risk of confusion and loss of business. It is recommended that management should ensure measures are in place that do not jeopardise the commercial objectives of the service including the projected staff cost savings.

Based on experience from similar structural changes in local authorities, the timeline for implementation of the proposed changes is ambitious but not impossible. If approvals, consultation, and implementation do not encounter any significant delays then the full efficiencies savings can be secured in 2024/25, however it would be prudent to consider a contingency in budget planning in the event of any implementation delay.

Implementation will require a mobilisation plan to ensure smooth transition into the new ways of working and will need to be carefully managed to ensure the service quality and customer confidence is not adversely impacted, in what remains a highly competitive market and challenging trading conditions prevailing in the sector per se.

Establishing a set of design principles for the service is worthy of consideration, this will not only provide the foundation for structural review but the on-going service transformation. Some common themes and ambitions for the remodelling of One Leisure could include:

- Commerciality and Sustainability – to ensure the sustainability of services through growth of revenue/reduction of costs; waste minimisation and carbon reduction.
- Careers - career development and career pathways that any new model of delivery will help achieve.
- Adaptability - flexible and adaptable roles within any new alternate delivery model designed to meet the needs of the public. The intent to move to a more expansive and wide range of opening times across all areas of the service.
- Customer Centric – clear customer focus – maximising the opportunities to cross sell and grow revenue/income.
- Community - opportunities for the community to be involved and to co-deliver services in particular community health programmes.
- Synergy - service synergy where this makes sense – between sites and community outreach especially Public Health delivery.
- Resilience - ensuring long-term service resilience and post Covid recovery to deliver wider service outcomes.

The service has been progressing through a whole service transformation programme for c.18 months since the appointment of the Interim Head of Leisure, the direction of travel is clear and the foundations for success are in place.

Links to wider Public Health Initiatives

The One Leisure Active Lifestyles team offers a wide range of sport and health related activities to promote a healthy population within the district.

The team works closely with a number of partners to help provide these activities, such as young people's holiday programmes, disability sports clubs and health walks. Support is also offered to local sports clubs to help provide access to leisure. This team and the wider contribution it can make across wider Health partners remains a key delivery component of the local service delivery model proposed.

The service should seek to develop this function across a wider partnership landscape and exploit the opportunity that currently exist in particular within the Cambridgeshire and Peterborough Integrated Care System.

The leverage of additional funds to support longer term health conditions across communities covering the borough will require close collaboration and work at a senior executive level. That systems leadership function will help pivot One Leisure into a more coherent community focused service: moving away from leisure centre facility management into a greater integrated Leisure service delivering tangible outcomes across communities. Ensuring the service has the capacity and capability to develop these partnerships and access the funding that is available for preventative and recovery interventions will not only improve the health and wellbeing of residents, but it will also position One Leisure as the provider of choice for multiple partners.

Some broader community orientated interventions designed to tackle health inequalities are already in place across the council area; this should provide the foundation for increased partnership activity in this area (see link below).

https://www.huntingdonshire.gov.uk/news/grant-from-huntingdonshire-district-council-enables-community-groups-to-offer-health-activities-to-residents/

Risks & Benefits

As with any change process there are a number of risks and benefits associated to both implementation and/or failure to implement the proposed changes.

The identified risks/benefits of the proposed staff review are highlighted below.

- **Failure to implement the proposed review in part or full**;
  - this would negatively impact on the projected efficiencies and is likely to result in One Leisure continuing to operate at a sub-optimum level with a financial deficit;
  - career progression opportunities may be stifled and consequently an increased risk of losing talent from the organisation;
  - the future of One Leisure to operate as a commercial entity and achieve financial sustainability would be jeopardised.

- **Implementation of the proposed staff review would:**
  - create the conditions for success and short-term sustainability of One Leisure;
  - support the efficient operation of leisure facilities;
  - provide operational flexibility and resilience;
  - provide career pathways and opportunities for existing staff to progress with appropriate reward/renumeration;
  - afford the opportunity to implement a learning & development plan for staff that supports career progression;
  - retain talent within the organisation;
  - potentially place some staff 'at risk' of redundancy if they were unable to secure alternative positions within One Leisure and/or the Council.

Conclusions - Staff Review

It is acknowledged that the current service configuration across One Leisure is fragmented and not coherent. Identifying some practical steps to reduce costs, improve efficiency, effectiveness and sustainability of local services and support for local systems through greater collaboration is a key ingredient of the proposals emerging on the staff realignment.

The proposed restructure has been carefully considered by the senior management of One Leisure, with detailed reviews of site-specific role and resource allocations. It is evident from the work conducted to date that the proposal is designed to provide a more commercially orientated cost-effective service that is customer led and responsive to demand, with closer alignment to the new Corporate Plan.

A genuine opportunity now exists under the leadership of the Interim Head of Leisure Services to change the service configuration alongside the staffing model; with a sustained focus on the end user and wider communities across HDC.

It remains important this service review is aligned to a wider place-based community interventions and ambitions in order to maximise opportunity and impact.

A new target operating model aligned to this review will need a detailed financial analysis in parallel to the stated outcomes that the change could help deliver. The cost benefits associated with the proposed staff review are clear, however the outcomes have scope for further development and greater clarity.

Consideration should be given to producing a set of overarching design principles to underpin the new structure and applied to subsequent phases of service transformation.

The proposals set out for the service provides the opportunity to significantly reduce staff costs and become a leaner operation that is more commercially focused applying the simple principle of reducing costs and increasing revenue generation.

The proposals are generally consistent with the approach taken by commercial operators in the sector and seek to achieve current industry standards and 'norms' i.e., the staff to income ratio.

The proposal also affords the opportunity to reach out to the hard-to-reach communities to ensure equity of access and inclusion, remaining agile, flexible, and responsive to demand and ultimately more sustainable.

Recommendations

- The proposed staff review should be progressed commencing with an Equality Impact Assessment in respect of staff potentially impacted by the review.
- Develop a comprehensive stakeholder engagement plan to support the review.
- Establish a cohesive and resourced plan to deliver the staff review in conjunction with internal business partners.
- Develop a key outcomes framework that provides clarity of task and targets for the service and staff.
- Develop a Learning & Development Plan that supports career progression and delivery of service objectives.
- Develop a robust stakeholder communications plan that addresses both staff and customer communications on all relevant aspects on the change process to ensure business continuity.
- Consider developing a set of design principles underpinning the staff review and any subsequent transformation phases.
- Develop a contingency plan within the 2024/25 budget planning process to reflect any potential implementation delays and subsequent impact on delivering the projected efficiency target.
- Undertake a post project implementation review to assess if the proposed change has met its objectives and produce a learned document to support on-going improvement.

Built Facilities & Playing Pitch Strategies

Strategy Overview

The Indoor and Built Sports Facilities Strategy (IBF) and Playing Pitch and Outdoor Sports Strategy (PPOSS) 2022 - 2043 were commissioned in early 2022 with completion in November of that year and subsequently adopted by the Council in June 2023.

The strategies are endorsed by Sport England insofar as they follow the accepted methodology in terms of an assessment of provision and projected need in line with population growth forecasts contained in the Local Plan over the next two decades. A Sport England endorsed strategy is the 'gold standard' for the assessment of sports facilities; commissioning this work demonstrates a commitment to a robust evidence base to support and enable improved sporting facilities for Huntingdonshire residents.

It is clear these strategies will help provide the evidence base to develop the right facility mix across Huntingdonshire; however, it does not resolve the issue of prioritisation or funding for One Leisure facility provision.

These strategies will also support the updates to the Local Plan review and be considered as part of the Councils' Place Strategy and Climate Strategy.

However, there is no financial plan that supports any proposed development, the omission of any form of financial assessment, makes it difficult to assess future need, therefore the suggestions put forward are based on observation, dialogue with the client and a degree of speculation. It is understood that the financial plan that would normally accompany the IBF and PPOSS to help inform options for future development was to be a phase 2 consideration. To date this work has not been commissioned.

The PPOSS should be a supporting document to the Local Plan Update. Any action plan arising from the strategy should be flexible; and be regularly reviewed in order to ensure it will continue to be a deliverable plan and one that fits the emerging/expanding communities across the HDC area.

Recent challenges across the leisure sector in terms of affordability of leisure provision and closures, should be taken into consideration when considering the district leisure requirements.

Both strategies for both indoor and outdoor sports facilities will support delivery at a local level and provide the needs assessments and strategic recommendations to act upon.

However, it should be reiterated that these are strategies spanning some 20 years and relate to sport and leisure provision across the entire council area. The scope of this review is focussed upon and limited to the One Leisure estate.

Investment Priorities

The immediate capital investment priority should be to adequately resource and commission the feasibility studies and the Outline Business Case (OBC) of each proposal.

The feasibility study should consider:

- if the scheme objective is technically possible to deliver
- design issues and options
- land and property related matters
- high level cost projections

The OBC should only be commissioned if a scheme is technically possible to deliver and is geared towards supporting a bid to secure capital funding (internally or externally). The OBC should address the following:

- the strategic context and rationale
- option variants
- economic appraisal and value for money
- non-monetary benefits
- risk appraisal
- procurement options
- project outcomes
- affordability
    - capital cost
    - financial modelling & appraisal
    - potential funding partners
- project management
- timeline
- risk management plan

The potential to capitalise this essential preliminary work and potentially the project management element of these actions should be explored.

The Council has already completed the de-carbonisation of Ramsey Leisure Centre and should progress feasibility studies of carbon reduction solutions across the One Leisure estate, in line with the suggested facility investment priorities.

Facility development costs are difficult to predict, as local complications such as land ownership, ground conditions and development constraints are variable. Where consideration is given within the feasibility study to relocating facilities, land valuations and future use of a ‘disposed’ site are all factors to assess.

Within Sport England’s Design and Cost Guidance, they produce quarterly facility cost updates which provide a good indicative cost of new facilities (see Appendix 5). These costs should be applied to as an initial guide to capital costs, although some facility refurbishments, expansions and ‘retrofits’ can often generate design complications and cost implications, all of which should be identified in the initial feasibility study work.

The complexity of meaningfully projecting revenue benefits at this ‘blue sky’ stage is not really possible, with return-on-investment considerations being determined by the nature of the scheme e.g., there is unlikely ever to be a financial return on installing an athletics track, whilst a 3G pitch or upgrading a fitness suite is likely to be more financially successful. This will be better determined once the feasibility studies have been completed. Net benefit will need to consider not only generated revenue from service users, but the level of capital investment, the nature of the development, and the potential cost saving on utility costs by putting carbon reduction at the forefront of design principles such as adopting Passivhaus standards across the estate where possible.

Post pandemic, swimming has become an increasingly popular activity across the country and the demand for swimming lessons is stretching pool time capacity. HDC does not have a competition swimming pool, all the Council pools are only 4 lanes x 25m, a competition pool needs to be at least 6 lanes, with an appropriately sized spectator gallery to facilitate competition galas. Although there are some other school pools in the area, community and club access is limited. Local authorities are always likely to be the main provider of swimming pools for public access; they are also the costliest element of provision.

There are some discrepancies between Sport England’s estimate of a shortfall of pools and that of Swim England due to different methods of calculating deficiency of supply. Unmet demand is focused in the south and southeast of the district (Huntingdon, St Ives, and St Neots).

The IBF highlights that pools on One Leisure sites are approaching the end of their life cycle and will need refurbishment or replacement in the short term. Whilst suggestions are made re: future pool space, these are made in the absence of a specific Aquatic Strategy and based on the IBF strategy report, demand, and observation. Therefore, it is suggested that future provision should be based on a 6-lane x 25m pool, with a separate teaching pool; the viability of a moveable floor should be explored at feasibility and OBC stage as this would provide optimum pool flexibility and increase swim school capacity. If the 6-lane pool was the standard specification for refurbishment or replacement of existing pools at the three sites where there is unmet demand (as above) this would exceed the provision shortfall based on the Sport England Facility Calculator 0.7 of a pool (3 lanes) but meet the higher Swim England needs estimate.

Huntingdon Leisure Centre is split over two separate site, dry side provision is within HDC ownership and is new, compared to the aging wet side provision that c. 200m away and accessed via an external pathway. The sports and leisure footprint at Huntingdon has Town, District and County Council land ownership including Tennis and Bowls facilities leases to clubs by the Town Council and a cricket field that is infrequently used (possibly due to dilapidated condition of the pavilion) that is also in the ownership of the Town Council. If a shared vision for the entire site could be developed and agreed with stakeholders, there is genuine potential to create a sports hub at this site.

One Leisure have previously operated the pool and leisure facilities at Sawtry on behalf of the Cambridge Meridian Academy Trust (CMAT). The pool, like HDC's pool stock will be in the need of investment in the short to medium term and has been under the threat of closure for some time and was closed by CMAT in December 2022. If HDC were to progress the redevelopment of its own pools, gaining access to operate the Sawtry site on a fixed term arrangement could mitigate the displacement of swimming lessons and keep the pool open for community use in the short term.

The IBF and PPOSS highlight deficiencies in supply in a number of other activities, there is a shortfall of three 3G pitches across the district, c. 500 fitness stations, dance studios and a 4-court sports hall, for One Leisure these are core activities and should considered as investment priorities too.

The Football Foundation could potentially provide a high % of the capex required to install a new 3G fenced and floodlit pitch, which are normally positive revenue generators. Locating a new 3G pitch at the St Ives Outdoor site could help expand the sports hub concept; whilst the poor condition of a small sand filled Artificial Turf Pitch at Ramsey could potentially be converted into a small 3G pitch or small sided junior games or training.

In consideration of generating revenues at this site, and the sustainability of One Leisure per se, the 'blue sky' thinking should not be bounded by the IBF and PPOSS; the café/bar is looking tired and unappealing, the scope of feasibility work should therefore consider secondary income opportunities such as refurbishing the bar area that could become the focal point of the sport hub, scoping the viability of installing a golf driving range, adventure golf or high ropes course to generate revenue and support the café/bar are all potential options that will also create a different offer and broaden the appeal and customer base.

The Council is likely to be the principal funder of One Leisure facilities, with the Council's own capital programme and the PWLB being the most likely primary source of funding for most schemes. Sport England are no longer a major funder of capital schemes but may be a potential contributor along with some sport specific National Governing Bodies (NGB). The Football Foundation have been known to contribute 90%+ of funding for new 3G pitches and pitch development. The government's Public Sector Decarbonisation Scheme continues to offer a potential funding stream to support the decarbonisation programme across the leisure estate, as it has already done so at Ramsey Leisure Centre. Although the Levelling Up Fund administered by the Department of Levelling Up Housing & Communities has not directly allocated funds to leisure, as Huntingdonshire continues to grow, developer contributions through s106, or CIL funding and future government regeneration programmes could become a possibility for sport and leisure schemes. If the Council were to implement a NDPO solution either with a third-party or a LATC, then consideration could be given to the reinvestment of some of the NNDR efficiencies back into the service, this would clearly require negotiation with the operator and subject to the financial position of the Council.

The health sector through the ICS and regional ICB could also be potential funding partners for integrated facilities and the co-location of services where there are opportunities to bring public leisure and public health closer together under the principles of the One Public Estate approach.

It should be remembered that the IBF and PPOSS are district wide strategies, aside from the Council's own facilities, it should be an advocate and facilitator for specialist or one sport clubs and other organisations to develop and provide new or better facilities. However, this does not automatically translate to the Council becoming the principal funder, as the Council cannot provide facilities for every sport; clubs and organisations should be encouraged to fund raise and seek grant funding as widely as possible.

Realisation of significant investment will take several years to bring to fruition, feasibility studies, OBC's and securing funding to deliver schemes is likely to result in delivery as medium to long term objectives. The immediate investment priorities are indicated in the table below.

Table 1 Investment Priorities

Theme	Action	Outcome
Decarbonisation	Feasibility Study of Huntingdon Dry Side site. Feasibility of all other sites in line with investment strategy.	Implementation of decarbonisation plan at Huntingdon Dry Side site Implementation of decarbonisation works aligned to agreed investment strategy. Supports HDC Climate Strategy; and financial sustainability of One Leisure.
Swimming Pools	Commission the development of an Aquatics Strategy to set-out the long-term options for aquatics to inform the strategic investment and decisions re: new/replacement swimming pools Explore the viability of an interim solution for retaining/increasing capacity and community access at Sawtry Swimming Pool. Commission a feasibility study to develop an agreed vision for a sports & health hub at Huntingdon with the Town and County Councils, health partners and other stakeholders. Commission feasibility studies to upgrade swimming pools at St Neots and St. Ives to meet increased future demand. The study for St Neots to include feasibility of relocation of the leisure centre in consideration of the Local and Neighbourhood Plans. On completion of feasibility studies, commission OBC's as determined by	Aquatic Strategy produced setting out a vision and long-term options for developing and sustaining aquatic activity in the HDC area. Interim arrangement agreed with CMAT to access & operate Sawtry Swimming Pool and meet demand and access targets. Vision agreed with stakeholders with potential disposal of old wet side facility and re-provision of new pools integrated with the dry side site that includes a community health offer. Replacement of ageing pools will ensure current and future demand is met by increasing capacity, improving the customer experience, protecting existing and growing revenues. Reprovision of the entire leisure centre at St Neots to a new site would provide a

	feasibility findings; the indicative priority order would be: 1.Huntingdon 2.St Neots 3.St Ives	modern 'fit for future' centre with minimal disruption to service. HDC's capital capability would need to be assessed if this option was brought forward which then opens the potential for a DBOM solution and a review of the service delivery model at that point.
Sports Halls	Explore the optimum location of an additional 4 court sports hall to address identified shortfall, potentially as part of the sports & health hub concept at Huntingdon.	Addresses identified shortfall and the creation of a multi-sport facility.
Fitness Centre	Develop a strategic plan to support growth and meet demand of 500 additional fitness stations across the district. One Leisure to explore opportunities to distribute old fitness equipment to community facilities/hubs in more isolated communities. Review and audit current fitness equipment provision and highlight potential areas for growth to offset shortfall identified in the IBS. Benchmark current One Leisure fitness centres versus industry standards to ascertain utilisation and inform future provision.	Addresses identified shortfall in provision. Potential to create local access to fitness equipment in more isolated communities. Provides an evidence base for 'right sizing' provision. Provides an evidence base provision.
Dance Studios	Develop a short-term refurbishment/ improvement programme for existing dance studios to address demand. Assess the viability of creating extra studio space at Huntingdon in current soft play area and transfer kit to St Ives Indoor. Explore options for creating new studio space to support increased levels of physical activity and to provide greater retention opportunities over medium to long term in line with emerging capital investment plans.	Refurbishment plan developed and implemented. Additional studio space created within existing facilities. Medium – long term plan developed for new studio space across the One Leisure estate with increased participation and customer retention levels.
Football Pitches (3G -ATPs)	Liaise with Football Foundation and other stakeholders to commission a feasibility study to develop a new 3G pitch at St Ives Outdoor as the preferred option. Liaise with Abbey College/Football Foundation re: operating agreement and refurbishment of small ATP at rear of the	Feasibility study completed for new 3G pitch at St Ives. New operating agreement in place for the small 3G pitch at Ramsey.

	Ramsey Leisure Centre to create a small 3G pitch with community access. Submit a grant funding application to the Football Foundation for the construction of a new full size 3G pitch at St Ives and a small 3G at Ramsey.	Grant funding applications submitted and approved. Delivery of a new 3G pitches.
Commercial Opportunities	Commission design work for the refurbishment and re-modelling of the café/bar at St Ives Outdoor. Commission a feasibility study to explore other revenue generating activity related opportunities across the One Leisure estate and or HDC land e.g., Golf Driving Range or Adventure Golf at St Ives Outdoor; Laser Tag; High Ropes etc. Where financial viability is evident progress schemes to OBC stage.	Completion of re-modelling and design proposals of the café/bar at St Ives Outdoor. Feasibility study completed with options to move on to OBC phase. Complete OBC's as determined from feasibility work and secure funding for full business case and delivery.

The indicative costs of scheme delivery are illustrated in Appendix 5 (Sport England – Design and Cost Guidance); however, before delivery can be contemplated there is the feasibility and business case stages to undertake. Table 2 (below) provides an estimate of resources required to deliver the immediate facility and service investment priorities included proposals as highlighted in Table 1 (above).

Table 2 Preliminary Investment Priority Costs

Action	Indicative Cost
Decarbonisation Feasibility	£8k - £10k per site*
Deliver Decarbonisation Scheme	Variable - determined by Feasibility Study*
Produce an Aquatic Strategy	£10k - £12k
Digital Innovation	£20k
Sawtry Swimming Pool Interim Access Arrangement **	HDC Officer Time (c.£5k-£8k) Leisure/Legal/Finance etc.
Huntingdon Sports & Health Hub Feasibility & Master Plan	£15k + Officer Time (c. £5k)
St Neots Leisure Centre Feasibility (including re-provision options)	£15k + Officer Time (c. £5k)
St Ives Leisure Centre (Indoor) Pool Expansion Feasibility	£12k -15k + Officer Time (c. £5k)
Ramsey Leisure Centre Gym Expansion	£50k – 70k
Sports Halls Feasibility	Included within Huntingdon Feasibility (c.£3k - £5k if not viable at Huntingdon)
Fitness – Additional Stations	HDC Officer Time (c. £5k)
Dance Studios – Refurbishment Programme and Relocation	HDC Officer Time for options(c.£3k); c. £20k - £25k for delivery.
3G Pitches Feasibility & Delivery at St Ives (Outdoor) and small 3G at Ramsey	£1.4m***
Commercial Opportunities • Café Bar Refurbishment Design & Delivery • Feasibility of Commercial Opportunities • Delivery of Commercial Project	• £5k (Design) £30k - £35k (Delivery) • £10k - £15k • Delivery costs determined by feasibility £300k - £1m

*Costs at Ramsey should be used as a guide (potential funding from Government Public Sector Decarbonisation Fund)
**Action linked to pool refurbishment/replacement
***Football Foundation could potentially grant fund a high % of capex

The timescales for delivery of capital schemes will be dependent on the following:

- Findings from the Feasibility Studies
- Approval of the OBC
- Securing capital funding
- Corporate capacity to deliver

Notwithstanding the above, an indicative facility and service capital investment programme is illustrated below in Table 3 and reflected in the 3-Year Action Plan at Appendix 6. The indicative capital costs are derived from the Sport England Design and Cost Guidance (2023 Quarter 2) as appropriate. It should be noted that the indicative costs are for new provision, the guidance is included at Appendix 5, it will also be important to acknowledge the caveats applied by Sport England to these costs.

At this stage it is not possible to provide a cost vs benefit analysis for the proposed schemes, only once the Feasibility Studies have determined what is possible and what the variant options may be can the detailed analysis and various options be developed as part of the Outline Business Case(s) work to provide a firmer indication of the expenditure (capital and revenue) and the projected financial returns and other non-financial benefits of the scheme. At this stage, it is suggested that a capital requirement is 'earmarked' within the capital programme pending the above activities.

There are some benefits to commissioning the various elements of the feasibility studies of a similar nature at the same time e.g. the Decarbonisation Feasibility Studies across the 3 remaining sites (Huntingdon, St Ives and St Neots); likewise grouping the Facility Development Feasibility Studies for these sites may not only secure some economies of scale but will also help determine 'right sizing' the Council's leisure estate and any land assembly, ownership and construction, challenges that may change the suggested programming of the procurement and physical works.

Table 3 Indicative Capital Investment Programme

Action	Short Term	Medium Term	Long Term	Indicative Capital Cost
Decarbonisation Feasibility (x3 sites)	X			£400k
Deliver Decarbonisation Scheme (x3 sites)	X	X		£10m
Produce an Aquatic Strategy	X			£10 - £12k
Digital Innovation	X			£20k
Sawtry Swimming Pool Interim Arrangement	X	X		CMAT Investment
Huntingdon Sports & Health Hub Feasibility	X			£25k
Huntingdon Sports & Health Hub Delivery		X	X	£6.7m[1] - £11.56m[2]
St Neots Leisure Centre Feasibility	X			£25k
St Neots Leisure Centre Delivery		X	X	£12.36m[3]
St Ives Leisure Centre Pool Expansion Feasibility	X			£20-25k
St Ives Leisure Centre Pool Expansion Delivery		X	X	£5.85m[4] - £7.5m[5]
Ramsey Leisure Centre Gym Expansion	X			£50k - £70k
Sports Halls Feasibility	X			£3k - £5k[6]
Sports Halls Delivery		X	X	£2.86m[7]
Fitness – Additional Stations	X	X	X	£200k - £600k[8]
Dance Studios – Refurbishment Programme	X	X		£23k - £28k
3G Pitches Feasibility	X			£20k - £25k[9]
3G Pitches Delivery	X	X		£1.4m[10]
Commercial Opportunities				
• Café Bar Refurbishment Design & Delivery	X			£35k - £40k
• Feasibility of Commercial Opportunities	X	X		£10k - £15k
• Delivery of Commercial Project			X	£300k - £1m[11]

[1] 6-lane x25m pool plus secondary pool
[2] 4 court sports hall
[3] New facility - 6-lane x25m pool plus leaner pool, 4 court sports hall, 100 station health & fitness gym, 2 studios
[4] Assumes a new 6-lane x25m pool and an allowance for retro-fit
[5] Allowance for retrofit construction & additional spectator seating
[6] If not feasible to provide at Huntingdon Sports & Health Hub
[7] If not delivered at Huntingdon Sports & Health Hub
[8] Cost variation determined by recipient of equipment i.e. private clubs etc
[9] Potential Football Foundation grant funded
[10] Potential Football Foundation grant funded
[11] Cost determined by feasibility work, and Return on Investment potential

Conclusions – Built Facilities & Playing Pitch Strategies

The production of a financial appraisal as phase 2 of the IBF and PPOSS work should be commissioned, as an understanding of the scale of the investment need may help to both influence and clarify potential funding sources, developer contributions and deliverability of schemes.

Addressing the identified shortfall in provision across the district, will require a focussed approach over a long period of time, it should be remembered that the IBF and PPOSS span a period of two decades, delivery is a 'marathon not a sprint'. The Council has a lead role in supporting the delivery of these strategies but should not be the sole owner or funder.

Where there are existing and future opportunities for both indoor and outdoor shared or dual use facilities, it will be important that community access agreements provide good public and/or club access.

A key element of this review has been to consider the delivery model and sustainability on the current operating model, investment in the existing estate to refurbish or develop new facilities that enhance the offer will be essential to protect existing and increase revenues.

Medium (3-5 yrs.) & Long-Term Operating Models (5+ yrs.)

Future Operating Models

As commented on previously it is clear that the leisure sector and its long-established delivery models has changed as a result of the COVID-19 pandemic and the challenges associated with the challenging market conditions now prevailing across the UK. Some external private operators have reduced in size and complexity to ensure business continuity.

For One Leisure to provide a financially sustainable service offer it must operate as the Transformed In-House model, operating to optimum efficiency wherever possible, however that objective is reliant on adequate and continued investment in the facilities.

Both the medium- and longer-term operating models should be determined by assessing the performance of One Leisure and how the transformation objectives have been delivered coupled with horizon scanning and testing the market through an Early Market Engagement exercise, and potentially leading to a full procurement event. Assessing market conditions in 2-3 years should also be sufficient time for the liability of the Terms & Conditions Audit to have been determined and resolved.

The potential for a Cambridgeshire Joint Area Delivery Model exists as a medium- and long-term option, however it is a complex arrangement and would require coordinating, possibly initiated by the Combined Authority, subsequently led by the local authorities involved in it and the close alignment of contract terms.

The delivery model is only likely to be influenced by the capital investment plan if HDC has reached its borrowing capacity from the PWLB for a major capital scheme e.g. a new leisure centre, or in the unlikely event that market loan rates become lower than the PWLB. Operators that can potentially bring capital investment to facilities will seek to recover that investment over the contract term, which in is highly likely to result in a higher cost of borrowing for the Council but spread over a long period. Capital investment and service delivery through a DBOM solution is generally a long-term commitment of c.20 years or longer.

The real opportunity for One Leisure and the future leisure provision remains with developing partnerships with the health sector and in particular the relationship with a maturing ICB. That pivot to health requires and will allow the in-house team to develop a broader systems leadership role with partners and safeguard some of the financial risks of the leisure market. Securing long term investment in community outreach will also help deliver those outcomes linked to broader community targets contained in the new strategic plans recently endorsed.

An investment in feasibility studies and the OBC's that follow will determine what the capital investment priorities will and should be. The IBF and PPOSS are long term strategies for the district not just One Leisure and identify projected needs over the next 20 years. The priorities and demand may change over time as activity trends can change too (the demise of squash and the rise in popularity of spin classes are examples of change over time); the anticipated pace of development may change too.

Where some facilities may have reached the end of their natural life, consideration may be around full reprovision rather than refurbishment.

As commented on above it is too early to project the revenue benefits of potential schemes this would be developed through from the OBC work once the technical feasibility study of a proposed scheme has been completed.

Conclusions – Medium & Long-Term Operating Models

It would be prudent to review the operating model periodically, doing this on a 3–5-year cycle is considered to be reasonable approach. If it is agreed to continue with in-house provision in the form of One Leisure as the Transformed In-House model then a review in line with the suggested review cycle should be adhered to, this ensuring best value is being delivered.

It is not considered that capital investment is a determining factor of the operating model of HDC's leisure offer unless access to the relatively low cost of borrowing through the PWLB ceases to be available to the Council or a full funding partnership is developed with health.

Recommendations

It should be noted that are a number of variables that need to be progressed as highlighted within this review in order to determine the long-term operating model and take the service forward; a 3-year Action Plan of recommended actions is included as a timeline at Appendix 6.

Recommendations from this Independent Review of the Long-Term Operating Model for One Leisure are presented for consideration below; It is recommended that:

- The immediate short term delivery model for the Council's leisure function should be an adequately resourced and empowered Transformed In-House service.
- Review the membership architecture to provide enhanced customer choice and invest in digital innovation to improve the customer journey.
- Determine the senior management arrangements within One Leisure, necessary to lead and drive service transformation.
- Establish a set of Transformation Design Principles and an Outcomes Framework for the service.
- Produce or commission a financial plan to accompany the Indoor Built Facility Strategy and Playing Pitch Strategy to conclude that stage of work.
- An Early Market Engagement exercise should be undertaken in parallel to the commencement of the Transformed In-House service, to provide assurance to the Council as part of due diligence and help inform future arrangements.
- Conclude the Terms & Conditions Audit as soon a practically possible and assess the on-going implications for One Leisure.
- Upon the conclusion of the Early Market Engagement exercise and the Terms & Conditions Audit, re-evaluate the Local Authority Trading Company option and market solution.
- Implement the proposed staffing structure and the associated specific actions:
    - The proposed staff review should be progressed commencing with an Equality Impact Assessment in respect of staff potentially impacted by the review.
    - Develop a comprehensive stakeholder engagement plan to support the review.
    - Establish a cohesive and resourced plan to deliver the staff review in conjunction with internal business partners.
    - Develop a key outcomes framework that provides clarity of task and targets for the service and staff.
    - Develop a Learning & Development Plan that supports career progression and delivery of service objectives.
    - Develop a robust stakeholder communications plan that addresses both staff and customer communications on all relevant aspects on the change process to ensure business continuity.

  - Consider developing a set of design principles underpinning the staff review and any subsequent transformation phases.
  - Develop a contingency plan within the 2024/25 budget planning process to reflect any potential implementation delays and subsequent impact on delivering the projected efficiency target.
  - Undertake a post project implementation review to assess if the proposed change has met its objectives and produce a learned document to support on-going improvement.

- Develop a structured approach to effectively engaging with the Cambridgeshire & Peterborough Integrated Care System that creates opportunities for One Leisure to broaden its delivery of health improvement interventions.
- Develop an Aquatic Strategy that sets the future direction of swimming and water-based activity.
- Commission decarbonisation feasibility studies across the One Leisure estate.
- Develop a programme of feasibility studies for potential capital investment schemes across the leisure estate aligned to the Indoor Built Facility Strategy, Playing Pitch Strategy and commercial opportunity.
- Review and manage the delivery of the proposed 3-year Action Plan.

Appendices

Appendix 1 – Client Specification

1. Short Term Operating Models (2-3 years):
    a) An independent assessment of the UK leisure market post COVID-19
    b) Outline of the subsequent challenges facing the leisure operating environment as a consequence of COVID-19, and based on this insight
    c) Provide an options appraisal on the different long term operating models best suited to One Leisure based upon the existing leisure market challenges. Risks and benefits should be clearly defined. The options appraisal should include, but not be limited to a review of:
        i. Option 1 - In-house management (Current Model – One Leisure)
        ii. Option 2 - In-house management via a Council owned company (wholly owned company (LATCo) / Teckal company)
        iii. Option 3 - Tendering the leisure service as a service or concession contract
        iv. Option 4 - Creation of a Trust or not-for-profit entity
    d) The options appraisal should be based upon the following principles:
        i. financial modelling
        ii. balancing the level of risk, the Council is willing to take
        iii. the commercial return the Council wishes to secure or guarantee
        iv. the social and wellbeing benefits the Council is seeking to achieve
        v. the environmental factors that the Council expect to achieve through its Climate Strategy
        vi. the level of control the Council would retain over both strategic and operational matters
    e) In order to review the different options, the four options should be assessed across the following criteria (with the inclusion of any other factors you would recommend on agreement):
        i. Set-up and transitional costs
        ii. Level of operational risk transfer
        iii. Asset management responsibility transfer
        iv. Level of Council control
        v. Scope for community involvement
        vi. Potential to increase participation
        vii. Access to capital and investment funds
    f) The options should be quantified and evaluated against each other as follows:
        i. Green: Most beneficial / advantageous to the Council
        ii. Amber: Moderately beneficial / advantageous to the Council
        iii. Red: Least beneficial / advantageous to the Council
    g) Provide a presentation with supporting evidence and analysis around decision making to the Council outlining key recommendations for short to medium term operating models for One Leisure based upon 1a – 1f
        i. The consultant will be required to present the recommendations to the Council's Overview and Scrutiny Committee and Cabinet meetings with support from the Interim Head of Leisure

2. Staff Review:
    a) Complete an independent review of work undertaken to date on existing leisure centre workforce structures and payroll and provide assurance to the Council that the work undertaken supports a long-term operating model

3. Bulit Facility & Playing Pitch Strategies:
    a) To review and utilise the actions within the Built Facility Strategy and Playing Pitch Strategy to clearly identify a priority list for capital investment.
    b) Complete and submit the capital investment priority list to the Council with outline recommendations, illustrative costs and revenue benefits and proposed timelines.

c) Identify and evidence potential opportunities for utilising external funding opportunities to deliver the capital investment programme

4. Medium (3-5 years)- & Long-Term Operating Models (5+ years):

   a) Carry out a high-level review of the Built Facility Strategy and Playing Pitch Strategy and provide the Council with outline recommendations on the medium- and long-term operating models for One Leisure. This should be centred around the required capital investment into the Councils leisure facilities as outlined by the consultant and within section 3. This should also include illustrative costs and subsequent revenue projections.

Appendix 2 – Consultees

Elected Members	
Stephan Cawley	Councillor and Overview & Scrutiny Member
Lara Davenport-Ray	Executive Councillor for Climate and Environment
Brett Mickelburgh	Executive Councillor for Finance & Resources
Simone Taylor	Executive Councillor for Leisure, Waste and Street Scene
Officers	
Leigh Allayer	Business & Operations Manager
Nicki Bane	Strategic Human Resources Manager
Paul Fox	Interim Corporate Director – People
Gregg Holland	Interim Head of Leisure Services
Clara Kerr	Chief Planning Officer
Oliver Morley	Corporate Director – People
Pam Scott	Regeneration and Housing Manager
Neil Sloper	Assistant Director – Strategic Insights and Delivery
Karen Sutton	Director of Finance and Corporate Services
John Taylor	Chief Operating Officer
Zoe Warren	Council Tax and Business Rates Manager

Appendix 3 –NNDR Site Cost

Huntingdon Leisure Centre	£181,000
St Ives Leisure Centre (inc. Burgess Hall)	£290,000
St Ives Outdoor Centre	£164,000
St. Neots Leisure Centre	£155,000
Ramsey Leisure Centre	£327,500

NB: The discretionary rates relief policy is capped at £51,000.

The 80% NNDR relief afforded to charities and other NPDO forms would result in the Council not receiving 40% of this sum and be illegible to receive any reimbursement (via Section 31) grant on this 80% relief.

The charity or NPDO would still be liable for the remaining 20% of which the Council would receive 40% of this sum.

Appendix 4 – Leisure Covid Recovery

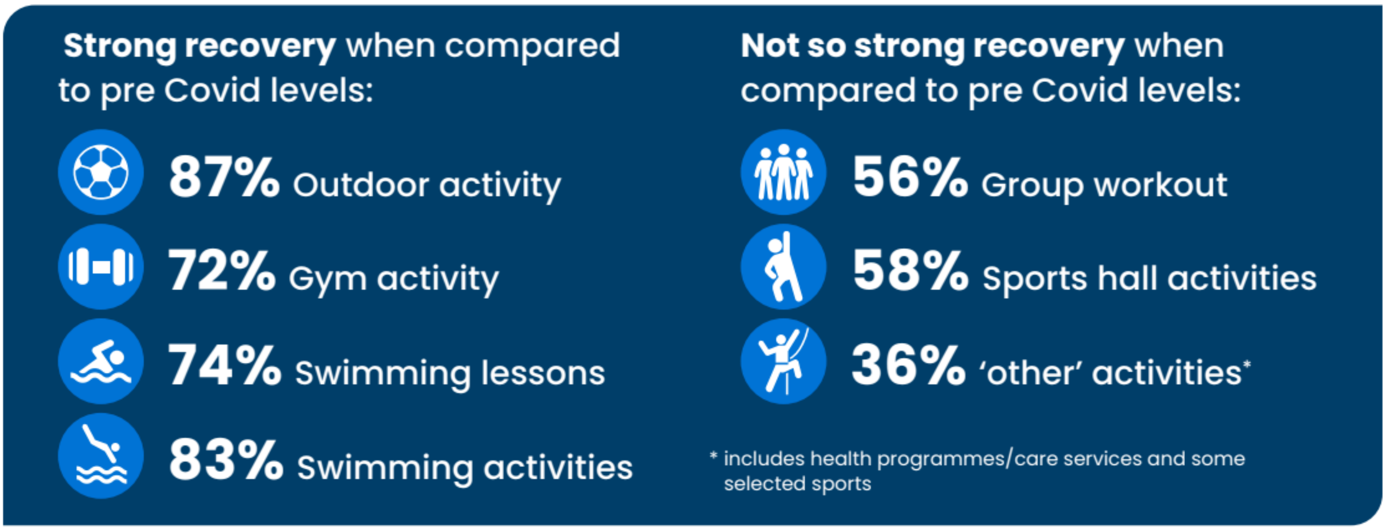
Extracts from Sport England's *Moving Communities* report April 2022

Whilst participation levels across all activities have recovered to 65% of pre Covid levels, this recovery has not been consistent between different types of activities (see Graphic 1).

Outdoor activity not unsurprisingly became more popular during the pandemic and has led the way with post Covid recovery closed followed by swimming and the appetite for swimming lessons remains positive (see Graphic 2).

Graphic 3 illustrates the different rates of recovery across the country

Graphic 1



Graphic 2

Moving Communities

Empowering decision makers... meeting needs... improving standards... moving communities

Group workout classes continue to be 80% female in terms of participant breakdown and outdoor activities have been attended by just over 10% more women in 2021/22 than pre pandemic.

The strong recovery in swimming lessons is being driven significantly by children and young people, with 93% of attendees aged 15 or under. There's been a gradual monthly increase in pool use over the April 2021 – Jan 2022 period to where in January as a stand alone month, both swimming activities and swimming lessons were over 100% of their pre Covid levels. The impact of rising energy prices will be significant on whether pools continue to open and provide participation opportunities.

2021/22	Swimming Activities	Swimming Lessons
April	60.7%	67.2%
May	86.3%	77.9%
June	94.1%	84.2%
July	98.2%	84.2%
August	117.3%	90.9%
September	112.6%	94.1%
October	116.1%	94.5%
November	113.3%	95.7%
December	110.9%	96.3%
January	114.5%	101.8%

Graphc 3

Moving Communities

Empowering decision makers... meeting needs... improving standards... moving communities

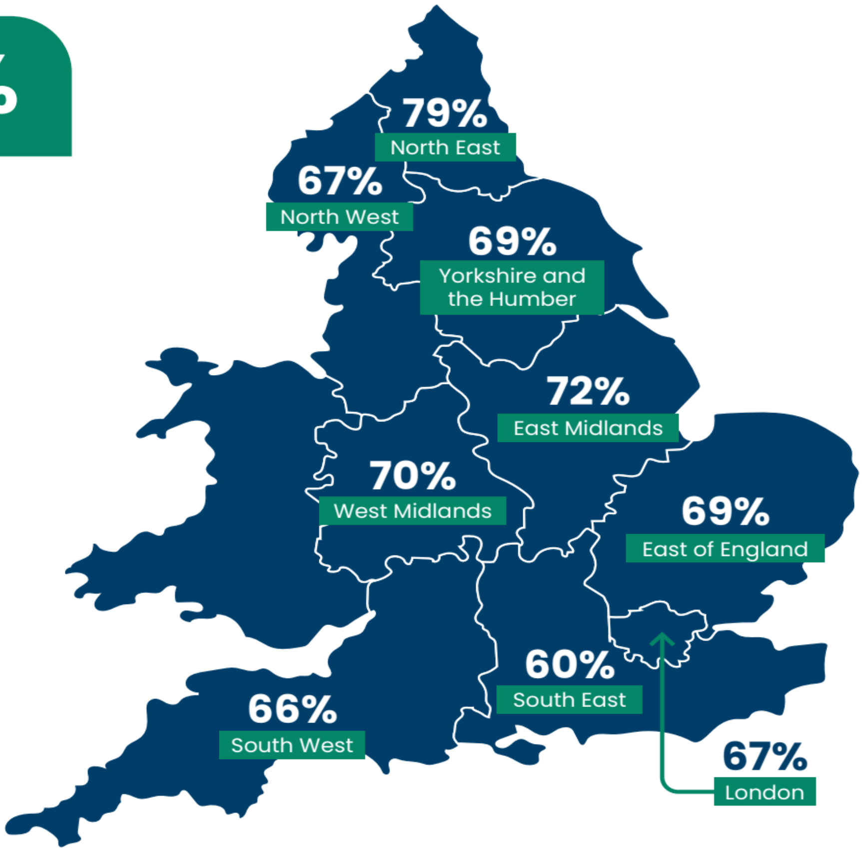
Regional Analysis

This map shows the recovery rates of visits across different regions in England across 793 sites between April 2021 – Jan 2022, compared to the same period in 2019/20.

Visits to leisure centres located in minor urban areas recovered at a higher rate (71%) compared to visits to centres located in urban cities or towns (66%), or rural areas and major urban areas (67%).

National Average

71%



Appendix 5 – Sport England Design & Cost Guidance

2nd quarter 2023 facilitycost updates

The following costs are for the development of good quality communitysports facilities at 2Q2023. These rounded costs are based on typical schemes funded through the Lottery and where applicable, based on pdflayouts developed in accordance with Sport England design guidance.

Tender prices are forecast to have increased by 5% in the 12 months to2Q2023.

Labour site rates continue to rise faster than wage awards and are expected to be the main driver of growth in overall costs in the second half of 2023. There is a shortage of construction labour which is expectedto push up wages over the next two years.

The rate of materials cost inflation has been easing and many supply chain issues have been resolved. Prices for concrete, cement, bricks and tiles continue to rise, whereas the prices of, for example steelwork and reinforcement has reduced. Overall availability seems to be close to pre-covid levels.

New work output is forecast to contract in 2023 and 2024, returning toslow growth thereafter.

Climate goals may help support the infrastructure sector, but othersectors should benefit as retrofitting becomes more attractive.

Tender prices are forecast to rise by approximately 3% per annum in 2023,2024 and 2025 with variation due to procurement and project type, and regional factors.

Facility Costs 2Q2023 (Revision 1)

Facility type/ details	Area (m²)	Capital cost (£)
Indoor facilities		
Affordable Sports Halls		
• 1–court hall (18 x 10 m)	382	860,000
• 2–court hall (18 x 17 m)	515	980,000
• 4-court hall (34.5 x 20 m)	1,532	2,860,000
• 5-court hall (40.6 x 21.35 m)	1,722	3,095,000
• 6-court hall (34.5 x 27 m)	1,773	3,135,000
• 8-court hall (40 x 34.5 m)	2,240	3,920,000
• 10–court hall (40.6 x 42.7 m)	2,725	4,715,000
• 12–court hall (60 x 34.5 m)	3,064	5,195,000
Affordable Community Swimming Pools		
• 4-lane 25 m pool (25 x 8.5 m)	1,084	4,450,000
• 5-lane 25 m pool (25 x 10.5 m)	1,344	5,390,000
• 6-lane 25 m pool (25 x 12.5 m)	1,543	5,850,000
• 6–lane 25 m pool (25 x 12.5 m) plus secondary pool (13 x 7 m)	1,850	6,970,000
• 8-lane 25 m pool (25 x 17 m)	1,878	7,050,000
• 8–lane 25 m pool (25 x 17 m) plus secondary pool (17 x 7 m)	2,226	8,090,000
Affordable Sports Centres with Community 25 m Pool Options		
• 4-lane 25 m pool, 4-court hall, 50-station health and fitness gymplus studio	2,879	9,560,000
• 6–lane 25 m pool, 4–court hall, 100–station health and fitness gym plus 2 studios	3,553	11,220,000
• 6–lane 25 m pool plus learner pool, 4–court hall, 100–station health and fitness gym plus 2 studios	3,906	12,360,000
• 8–lane 25 m pool plus learner pool, 5–court hall, 100–station health and fitness gym plus 2 studios	4,509	13,685,000
Affordable Sports Centres with Community 50 m Pool Options		
• 8-lane 50 m pool with boom and 23.5 m-long movable floor, 5-courthall, 100–station health and fitness gym plus 2 studios	5,592	19,970,000
• 8–lane 50 m pool plus learner pool, 5–court hall, 100–station health and fitness gym plus 2 studios	6,115	20,230,000
• 8–lane 50 m pool plus learner pool, 5–court hall, 150–station health and fitness gym plus 3 studios	6,499	20,915,000

Facility type/ details	Area (m²)	Capital cost (£)
Indoor facilities continued		
Bowls centres (indoor)		
• 6 rinks (excludes club/ function room)	1,914	2,595,000
• 8 rinks (includes club/ function room)	2,500	3,390,000
Changing rooms/ clubhouses (traditional construction)		
• 2 team changing rooms plus officials	75	300,000
• 4 team changing rooms plus club room	245	785,000
Tennis centre (indoor)		
• 3-court centre	2,138	2,930,000
• Extra court		955,000
Outdoor facilities		
Cricket pitch		
• 1–bay practice cage on macadam base (32 x 3 m)	96	40,000
• Match pitch on macadam base (32 x 3 m)	96	25,000
Grandstand		
• 500 seats, no undercroft		805,000
Skate park		
• 40 x 18 m, fenced, sports lighting	720	185,000
Artificial grass pitches (AGPs)		
Football AGP		
• U9/ U10/ training 23 mm sand–filled pitch, fenced, sports lighting (61 x 43 m)	2,623	440,000
• U9/ U10/ training 40–50 mm 3G pitch, fenced, sports lighting (61 x 43 m)	2,623	485,000
• U9/ U10/ training 60–65 mm 3G pitch, fenced, sports lighting (61 x 43 m)	2,623	510,000
• Senior 23 mm sand–filled pitch, fenced, sports lighting (106 x 70 m)	7,420	1,030,000
• Senior 40 mm 3G pitch, fenced, sports lighting (106 x 70 m)	7,420	1,115,000
• Senior 50 mm 3G pitch, fenced, sports lighting (106 x 70 m)	7,420	1,120,000
• Senior 60 mm 3G pitch, fenced, sports lighting (106 x 70 m)	7,420	1,140,000
• Senior 65 mm 3G pitch, fenced, sports lighting (106 x 70 m)	7,420	1,170,000

Facility type/ details	Area (m²)	Capital cost (£)
Artificial grass pitches (AGPs) continued		
Hockey AGP		
• 18 mm sand–dressed pitch, fenced, sports lighting (101.4 x 63.0 m)	6,388	950,000
• 23 mm sand–filled pitch, fenced, sports lighting (101.4 x 63.0 m)	6,388	890,000
• Water–based pitch, fenced, sports lighting (101.4 x 63.0 m)	6,388	1,060,000
Rugby League AGP		
• Senior 65 mm 3G pitch, fenced, sports lighting (122 x 74 m)	9,028	1,440,000
Rugby Union AGP		
• Senior 65 mm 3G pitch, fenced, sports lighting (130 x 80 m)	10,400	1,550,000
Macadam surfaces		
Athletics track		
• 6-lane track with 110 m straight both sides, grass infield, artificial-surfaced throws, jumps and end fans, sports lighting		1,705,000
• 8-lane track with 110 m straight both sides, grass infield, artificial-surfaced throws, jumps and end fans, sports lighting		1,855,000
Multi use games area		
• Macadam, fenced, sports lighting (36.60 x 21.35 m)	782	180,000
Tennis courts (outdoor)		
• 2 courts, macadam, fenced, sports lighting (36.58 x 33.53 m)	1,227	245,000
• 4 courts, macadam, fenced, sports lighting (36.58 x 64.01 m)	2,342	435,000
• 6 courts, macadam, fenced, sports lighting (36.58 x 94.49 m)	3,456	570,000

Facility type/ details	Area (m²)	Capital cost (£)
Natural turf surfaces		
Bowling natural turf green		
• Flat or crown green (40 x 40 m)	1,600	170,000
Cricket natural turf pitch		
• Cricket pitch with 8-pitch square and 2 winter sport pitches (125.6 x 164.4 m)	20,649	345,000
Football natural turf pitches		
• U8/ U7 mini pitch (43 x 33 m)	1,419	30,000
• U16/ U15 youth pitch (97 x 61 m)	5,917	90,000
• Senior pitch (106 x 70 m)	7,420	110,000
Rugby League natural turf pitch		
• Senior pitch (122 x 74 m)	9,028	145,000
Rugby Union natural turf pitch		
• Senior pitch (130 x 80 m)	10,400	165,000
Carpet-hybrid surfaces for community use		
Football carpet-hybrid pitches		
• U8/ U7 mini pitch (43 x 33 m)	1,419	95,000
• U16/ U15 youth pitch (97 x 61 m)	5,917	370,000
• Senior pitch (106 x 70 m)	7,420	460,000
Rugby League carpet-hybrid pitch		
• Senior pitch (122 x 74 m)	9,028	555,000
Rugby Union carpet-hybrid pitch		
• Senior pitch (130 x 80 m)	10,400	650,000

Notes

1. The area for buildings is the gross internal floor area (GIFA).
2. The area for pitches typically includes safety run–offs.
3. The sizes for artificial, natural turf and carpet-hybrid pitches reflect current or developingbest practice or NGB recommendations.
4. The costs for:
   - Affordable Sports Halls;
   - Affordable Community Swimming Pools;
   - Affordable Sports Centres with Community 25 m Pool Options;
   - Affordable Sports Centres with Community 50 m Pool Options;

   align with the costs included in the Sport England publications of the same name updated to 2Q2023. The reader is referred to these documents and their appendices for further informationon sizes and general arrangement layouts.
5. The costs include the following:
   - External works allowance (car parks, roads, paths, services connections etc) averaged at 12% of the sports facility costs;
   - 12 months maintenance/grow-in costs for natural turf and carpet-hybrid pitches;
   - Allowance for fees inclusive of project management (PM), site investigation (SI), planning and associated fees.
6. The fees for:
   - Artificial grass pitches;
   - Macadam outdoor surfaces;
   - Natural turf pitches;
   - Carpet-hybrid pitches;

   are included at 6% (inclusive of PM, SI, planning and associated fees).
7. The costs exclude the following:
   - Project specific details/ information, poor ground conditions, difficult access, long service connections;
   - Site remodelling, pump and sump systems and SuDS attenuation for natural turf andcarpet-hybrid pitches;
   - Inflation beyond 2Q2023;
   - VAT;
   - Land acquisition costs;
   - Regional cost variations in materials and labour.

Appendix 6 – 3-year Action Plan

Year 1

Q4 2023/24

- 'Golden Membership Sales Period'
- Preferred Delivery Model & Actions Approved
- Develop Transformation Design Principles & Outcomes Framework
- Review digital assets
- Commission Early Market Engagement
- Decarbonisation Feasibility Studies
- Service Engagement with Integrated Care Board

Q1 2024/25

- Produce a Financial Plan for the IBF and PPOSS strategies
- Conclude Terms & Conditions Audit
- Implementation of New Staffing Structure
- Launch new membership architecture
- Benchmark fitness centres against industry standards
- Commission Aquatic Strategy
- Feasibility Studies- Huntingdon Sport & Health Hub, St Neots and St Ives

Q2 2024/25

- Secure Funding for Decarbonisation Works
- Aquatic Strategy Completed
- Launch new digital assets
- Feasibility Study - 3G Pitches - St Ives (Outdoor)
- Feasibility of Commercial Opportunities - St Ives Outdoor)
- Cafe/Bar Design & Refurbishhment Options - St Ives (Outdoor)

Q3 2024/25

- Review Findings from Feasibility Study Works
- Determine Investment Priorities
- Develop Outline Business Cases for Investment Priorities
- Commence Implementation of Decarbonisation Works
- Negotiate Interim Arranagement for Sawtry Swimming Pool

Q4 2024/25

- Initial Priority Outline Business Case(s) Completed
- Grant Funding Applications Developed (3G Pitches)
- Review Transformation Process & Outcomes Framework
- Review Delivery Model - LATC Option
- Develop January Membership Sales Campaign

Year 2

Q1 2025/26

- 'Golden Membership Sales Period'
- Secure Grant Funding for 3G Pitches
- Develop Initial Plan for Additional Fitness Stations
- Interim Arrnagements at Sawtry Commence

Q2 2025/26

- Completion of all Priority Investment Outline Business Cases
- Feasibility Study - Sports Halls
- Dance Studios - Refurbishment Programme
- Completion of Cafe/Bar Refurbishment at St Ives (Outdoor)

Q3 2025/26

- HDC/Partner Leisure Capital Investment Plan Confirmed/Approved
- Decarbonisation Works Completed
- Completion of 3G Pitch Works
- Commercial Project at St Ives (Outdoor) Commences

Q4 2025/26

- Commencment of Priority Major Investment Project (e.g. Huntingdon Sports & Health Hub) - Procurement
- Review Transformation Process & Outcomes Framework
- Deliver Dance Studio Refubishments
- Develop January Membership Sales Campaign

Year 3

Q1 2026/27

- 'Golden Membership Sales Period'
- Commercial Project at St Ives (Outdoor) Completed

Q2 2026/27

- Development of Major Priority Investment Project 1 Commences (e.g. Huntingdon Sports & Health Hub) - Procurement

Q3 2026/27

- Development of Major Priority Investment Project 2 (e.g. St Neots) - Procurement *
- Development of Major Priority Investment Project 3 (e.g. St Ives) - Procurement *

Q4 2026/27

- Commencment of Priority Major Investment Project (e.g. Huntingdon Sports & Health Hub)
- Develop January Membership Sales Campaign

*Review progress of capital schemes to determine capacity and service delivery issues and update Action Plan accordingly.

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Public
Key Decision – Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	One Leisure Membership Architecture Proposal
Meeting/Date:	Overview and Scrutiny Panel (Environment, Communities and Partnerships) – 7th March 2024 Cabinet – 19th March 2024
Executive Portfolio:	Councillor Simone Taylor, Executive Councillor for Leisure, Waste and Street Scene (ST)
Report by:	Interim Head of Leisure Services (GH)
Ward(s) affected:	All

Executive Summary:

This report sets out the One Leisure proposal to re-brand, re-align and modernise the membership architecture and pricing across all its sites. This will carry the One Leisure brand through and into the existing membership suite of options available to residents. The associated benefits attached to this proposal are set out within the wider body of this report.

This change is important because it will allow One Leisure to be more competitive in the local health and wellbeing marketplace. It will support the recent change to an improved online joining platform which is aimed at increasing the membership base but most importantly improving the customer journey and experience versus our competitors.

The introduction of new membership architecture will also provide One Leisure an opportunity to re-align its brand identity and extend its existing membership offer providing greater value for money aimed at increasing annual admissions, improving membership yield, and increasing overall revenue for One Leisure. Part of this is aimed at simplifying the customer journey and ensuring the compatibility of the products sold online are easier to administer and navigate.

The final ambition of proposing these changes is to support the long-term commercial sustainability of One Leisure. By re-defining the brand and introducing new membership packages and additional price points with added value, responding to customer feedback, which will allow One Leisure to respond to commercial and market trends and thus support the wider long term operating model of the leisure services and its move away from a financial subsidy.

Recommendations:

The Cabinet is asked to approve and endorse the following recommendations:

1. the re-brand of One Leisure's existing membership architecture to support compatibility with its new online joining platform and to support wider improvements to customer service delivery;
2. that One Leisure can re-align and modernise the membership architecture and pricing across all One Leisure sites;
3. that One Leisure can implement three new membership options to support the sustainable operation of facilities, maximising access and supporting the wider commercial sustainability of One Leisure;
4. that this proposal forms a significant part of the process and journey of returning One Leisure back to its pre-pandemic membership base and thus strengthening its financial resilience as a non-statutory service, whilst contributing significantly to the council's corporate plan objectives around resident outcomes.

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to re-brand, re-align and modernise the membership architecture and pricing across all One Leisure sites.

1.2. The membership architecture proposal will carry the One Leisure brand through and into the existing membership suite of options available to residents.

1.3. To outline how One Leisure will redefine its existing memberships and introduce new packages with added value to support its long-term financial sustainability and to make One Leisure commercially competitive within the local area.

1.4. Allowing One Leisure to modify its membership options and pricing will support its compatibility with its new online joining process and thus improve the customer experience.

1.5. This proposal forms a significant part of the process of returning One Leisure back to its pre-pandemic membership base and thus strengthening its financial resilience.

2. BACKGROUND

The commercial health and fitness sales market is now more competitive than ever following the COVID-19 Pandemic.

2.1 To support this the number of gyms nationally has fallen from 7,239 (2019) pre-COVID to 6,998 (2023) post-COVID.

2.2 The total amount of health and fitness members across the country has also fallen with 10.4m in 2019 and 10.3m in 2022. This has increased by 3.9% from 2022 (9.9m).

2.3 There were 2,607 public gyms (2022) and this has dropped to 2,538 (2023) and compared to 2019 the number of public gyms was 2,729.

2.4 In context from a One Leisure perspective in February 2020 prior to COVID-19 there were 8,428 health and fitness members and of these 7,164 were on monthly direct debits and 1,265 were annual members.

2.5 In December 2023 the total health and fitness members for One Leisure were 7,355 and of these 6,147 were direct debit members and 1,208 were annual members.

2.6 Our ambition as a team is to recover our pre-pandemic status of health and fitness members to help support our commercial sustainability as a business and to continue to offer fantastic leisure facilities to our local communities.

2.7 The value of recovering these members to our business cannot be underestimated for several reasons which are:

- A larger number of residents accessing One Leisure's facilities and improving their health and wellbeing.
- The overall monetary value this will create for One Leisure.
- The increase in yield (average price of membership for a direct debit); and to:
- Assist with our journey towards financial sustainability as a non-statutory service.

3. PROPOSAL

3.1 The table below illustrates the existing membership architecture available and the proposed re-branding across One Leisure sites:

Existing Branding	New 2024 Branding	Rationale for Change
Badminton/Squash/Table Tennis	***One Raquets***	Stronger branding Marketing uniformity Transparency of product offering with simple to understand titles Streamlining of offering. Removal of minimal use membership Clear KPI areas Premium higher tier branding
Roller Skating/ Soft Play / Kids	**One *Kids***	
Fitness classes Pay-as-you-go	***One Group Exercise***	
Cyclone	To be removed , included in Platinum	
Solo	***One Gym*** (Replace 'Impressions' branding)	
Aqua	***One Swim***	
Platinum	***One Platinum***	
	One Diamond	
	One Diamond Plus	

3.2 Essentially all products and services that One Leisure currently offer will remain the same albeit the name will change from "Impressions" and a singular activity like Badminton or Squash and be re-named under a category like "One Racquets" or "One Platinum".

3.3 In addition, we are proposing to add three new memberships to the overarching membership package. These are "One Diamond", "One Diamond Plus" and Junior Membership. These memberships will feature additional benefits, and be priced accordingly offering choice for customers, and reinforcing the long-term commercial sustainability of One Leisure. The pricing of these memberships will be subject to ongoing review.

3.4 The table below breaks down what is included within the existing packages and what is being proposed as part of the three new memberships':

Diamond **Plus** £65 / couple £120 (Annual £650)	Diamond £55 / couple £100 (Annual £550)	Platinum £42 / couple £74 (Annual £420)	Junior (11-15yr) £20 (Annual £200)
• Gym • Swimming pool • Fitness Class • Multi site usage • 14 day advanced class bookings • 2 X 1 hour Anytime Racquets Vouchers • Off Peak Racquets • Pure Spa • Free family child swim (up to four) • Free Soft Play • Free monthly guest pass • Free monthly One Bowl (1 game) • 10% discounted Creche bookings • 10% discounted Swim lessons • 10% discounted Kids Club Activities • 10% kids party discount • 10% discount at Zest (St Ives) • 10% off pitch hire	• Gym • Swimming pool • Fitness Class • Multi site usage • 8 day advanced class bookings • Off Peak Racquets • Pure Spa • Free family child swim (up to four) Not Included • 2 X 1 hour Anytime Racquets Vouchers • Free Soft Play • Free monthly guest pass • Free monthly One Bowl (1 game) • 10% discounted Creche bookings • 10% discounted Swim lessons • 10% discounted Kids Club Activities • 10% kids party discount • 10% discount at Zest (St Ives) • 10% off pitch hire	• Gym • Swimming pool • Fitness Class • Multi site usage • 7 day advanced class bookings • Off Peak Racquets Not Included • Pure Spa • Free family child swim (up to four) • 2 X 1 hour Anytime Racquets Vouchers • Free Soft Play • Free monthly guest pass • Free monthly One Bowl (1 game) • 10% discounted Creche bookings • 10% discounted Swim lessons • 10% discounted Kids Club Activities • 10% kids party discount • 10% discount at Zest (St Ives) • 10% off pitch hire	• Swimming • Off Peak Courts • Jnr Gym • Junior related group exercise sessions • Multi site usage Not Included As per Platinum

3.5 The detail of introducing the three new membership packages is listed below:

3.6 **Diamond membership** (£55 per month) and this package will provide a new member:

- Inclusive access of the Pure Spa
- Pilot and if successful permanently implement 8-day advanced bookings rights (currently 7 days for Platinum members (group exercise)
- Free unlimited family swimming
- Access to all One Leisure sites
- Partner memberships are available for £100 per month and an annual is £550 (12 months for the price of 10 months)
- **This will be launched from April 2024**

3.7 **Diamond Plus membership** (£65 per month) package will provide a new member:

- Inclusive access of the Pure Spa
- Pilot and if successful permanently implement 14-day advanced bookings (currently 7 days for Platinum members (group exercise)
- 2-hour peak time racquets
- Free Soft Play
- 1 x Free Ten Pin Bowling (St Ives Indoor Leisure Centre)
- Free monthly guest pass for friends or family (limited to 4 per month)
- Multi discounts on product offerings across One Leisure
- Partner memberships are available for £120 per month and an annual is £650 (12 months for the price of 10 months)
- **We are seeking approval of this membership package in principle but reserve the right to implement it upon successful evaluation of the Diamond membership sales and take up post April 2024**

3.8 **Junior membership** is aimed at 11 – 15 years olds (£20 per month) package will provide a new member:

- Unlimited Swimming (at all One Leisure sites)
- Off peak court usage
- Junior Gym access
- Junior group exercise classes (to be launched from April 2024)
- Free access to Roller Skating (at all One Leisure sites)
- Full access to all One Leisure sites
- Annual memberships are available at £200 per annum (12 months for the price of 10 months)
- **This will be launched from April 2024**

3.9 In addition to the new memberships being proposed any existing pre- paid or annual members will have their terms and conditions protected and these will be ring fenced so they can continue to enjoy their existing benefits from 1st April 2024.

3.10 Any current pre-paid or annual member that wishes to cancel their membership with One Leisure post 1st April 2024 and then wants to re- join after this point will not re-join on their previous membership benefits.

3.11 A similar approach will be taken with all annual (12-month membership rolling renewals) whereby if they renew their membership at their allotted date they will continue to benefit of their existing privileges. This will only change if they delay or do not renew in its entirety their membership with One Leisure.

3.12 Existing Platinum members currently have "family swimming" included in their membership. It is One Leisure's intention that from 1st April 2024 that this benefit be removed for any new member joining. (All existing Platinum members who do not cancel after 1st April 2024 will continue to benefit from this privilege).

3.13 The key reason we are proposing this change is part of the restructuring of the membership architecture but also to help support the increase in average yield of the new membership and showcase their added value.

3.14 Following the internal review and the wider competitive analysis we noticed that some of our direct competitors didn't particularly cater for young people other than a standard gym membership. Therefore, we feel by launching a new Junior membership it will potentially allow more young people to use our facilities and partake in physical activity as we have tried to package several well used activities together to ensure this is value for money, it doesn't act as a barrier to participation and helps support the corporate plan by creating a better Huntingdonshire for future generations.

3.15 As an example of service demand within the local community and to support the business operation One Leisure re-opened the Pure Spa facilities at St Ives Indoor Leisure Centre and St Neots Leisure Centre. The impact of doing this has generated:

a. 135 new Platinum memberships and if these new members stayed for 12 months would equate to additional revenue of £50,000 per annum.
b. 29 membership upgrades to a Platinum membership.
c. New revenue of £3,000 in January 2024 for Pure Spa pay and play income.

4. OPTIONS CONSIDERED

4.1 The options and reasoning behind our proposals have been considered by One Leisure and are outlined within section 3 of this report.

4.2 The changes to the existing membership architecture and the proposal of three new membership packages were bought forward following an internal review and a wider competitor analysis of the health and fitness market. This can be seen in **Appendix 1.**

4.3 These schemes are being proposed to help support improvements in customer navigation and service delivery but also to enable us to remain competitive across the district.

5. COMMENTS OF OVERVIEW & SCRUTINY

5.1 The Panel discussed the One Leisure Membership Architecture Proposal Report at its meeting on 7th March 2024.

5.2 The Panel heard, in response to a question from Councillor Shaw, that off peak times were classified as 9am – 5pm daily and that this included school holiday periods.

5.3 Following an enquiry from Councillor Harvey, it was clarified that the new Junior membership would address a gap in the current memberships by providing a membership for young people aged 11-15, as a membership for 15-18 year olds was already in place.

5.4 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

6. KEY IMPACTS / RISKS

6.1 The table below illustrates the key risks and impacts if the proposed changes to the One Leisure membership architecture are not facilitated:

Risk	Impact	Likelihood	Mitigation
Uncompetitive within local health & fitness market	High	Medium	Continuation of One Leisure performance reviews inclusive of pre-paid memberships, admissions & revenue with targeted interventions.
Digital journey	High	Medium	Explore wider use of existing platforms & potential to improve current website.
Commercial sustainability	High	High	Ensure existing products remain as competitive as possible and develop and submit capital investment proposals for gym refurbishments to protect existing membership base and revenues.

7. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

7.1 It is One Leisure's plan that subject to full approval that all proposed changes to its existing membership packages and the implementation of its new offerings will be fully implemented and embedded into its operation by April 2024.

7.2 The following high-level timeline has been used as an indicative measure towards the approval and implementation of the proposed recommendations:

- December 2023/January 2024
    a. Develop proposals and complete overarching report.
- February 2024
    a. Seek internal approvals.
    b. Commence back of house configuration.
    c. Develop and finalise marketing and communications collateral.
    d. Submit draft report for internal approval.
- March 2024
    a. Present report for approvals.
    b. Finalise configuration and implement changes.
    c. Final marketing and communication messages to existing/new members.
- April 2024
    a. Implement all proposed changes from 1st April 2024.

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

8.1 The work undertaken on the One Leisure Membership Architecture Proposal strongly supports the council's new corporate plan and its key priorities which are:

1. Improving quality of life for local people
2. Creating a better Huntingdonshire for future generations
3. Delivering good quality, high value-for money services with good control and compliance with statutory obligations

8.2 As part of this report, we are proposing to implement three new membership packages. These are the Diamond, Diamond Plus and Junior memberships.

8.3 The implementation of these new membership options gives One Leisure greater flexibility and allows the council to offer its residents greater access to its facilities with new modern and innovative options supporting the wider commercial sustainability of One Leisure and achieving the corporate aim of delivering good quality, high value for money services.

8.4 Through this approach we expect to be able to increase annual attendances across One Leisure which in turn will optimise our ability to improve quality of life for local people by opening more opportunities to join our facilities, but it will also generate more revenue through increased membership sales and indirect revenue through secondary spend i.e., cafes, events and good for resale (goggles, swimming costumes etc).

9. LEGAL IMPLICATIONS

9.1 We would like to be explicit in terms of enforcing the existing terms and condition of cancellation, that is currently not requested of customers wishing to cancel at present. Section 15 of the terms and conditions states:

15. Termination of Direct Debit membership

1. We require one calendar month notice in writing for termination of membership.
2. A cancellation reason will be requested to monitor our performance.

9.2 We have no authority to chase debt or customers that chose to cancel directly at the bank. What this will do, for those members who adhere to the T&C's, is ensure One Leisure retains 1 month's payment which will reduce the level of returns following direct debit collection and enable us to keep better data of our attrition pipeline that in turn will better inform monthly financial forecasting.

10. RESOURCE IMPLICATIONS

10.1 Whilst One Leisure have the internal resource to deliver this project, we would expect to require additional resource in the sense of:

- Physical centre internal/external branding.
- Centre re-decoration to key areas to align the online offering and identity to in-centre conceptual delivery.
- We believe that collectively this will cost One Leisure approximately £50,000.
- This is a cost that will be able to be supported and facilitated from existing funds within the 2024-2025 revenue budget.

11. HEALTH IMPLICATIONS

11.1 Following the approval of the new proposals it will allow One Leisure to provide greater access to its facilities and thus look at increasing year on year attendances across its centres.

11.2 As can be seen earlier within this report it has also allowed the re-opening of the Pure Spa's at St Ives Indoor and St Neots Leisure Centre. This is an example of the wider benefits that we feel can be made by undertaking the changes and recommendations set out in this report.

11.3 As part of the process, we feel we are providing a great opportunity for local people to access our facilities and as part of this provide the wider residents value for money services which will increase the benefits to their health by being able to use a service that has not been open since pre-COVID.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 Implementing the re-brand of existing One Leisure membership packages will allow for greater identity of the activities it offers, improve compatibility on the new online joining platform but most importantly will allow customers to navigate our membership options more easily leading to improved feedback and membership sales.

12.2 As part of the wider re-brand, it ensures One Leisure remains competitive within the local leisure market and supports the commercial sustainability journey by working towards a net cost service for the council as a non-statutory service.

12.3 This proposal will provide One Leisure brand new membership options as part of the introduction of the new Diamond, Diamond Plus and Junior membership option of which One Leisure have never had and provides greater access to its facilities to existing and new members of the local communities it serves.

12.4 The introduction of new membership options will allow One Leisure greater commercial flexibility and will contribute to the longer-term financial sustainability of One Leisure and work towards achieving pre-pandemic levels.

12.5 By increasing the financial sustainability, it achieves two things, and these are:

1. It offsets the gap in membership heads/numbers lost through COVID-19 and the increase of low-cost operators.
2. It protects One Leisure financially against any future low-cost operators entering the market as any loss of members would be offset by the increase in yield.

12.6 Allows One Leisure to re-open important health and wellbeing facilities to the wider local communities which haven't been open since COVID-19.

12.7 Provides an opportunity for One Leisure to review how it can collaborate with wider health partners to identify ways to re-purpose existing facilities or even activity offering to better suit the needs of its residents.

13. LIST OF APPENDICES INCLUDED

Appendix 1 - Appendix 1 – Competitor Analysis

14. BACKGROUND PAPERS

N/A

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Appendix 1 – Competitor Analysis:

A summary of the local competition by leisure centre is outlined below.

Huntingdon Leisure Centre:

- Overall, there are 9 other fitness gyms within a 12-minute drive time of One Leisure Huntingdon. Of these 6 gyms are within a mile and the most significant of these is the newest entrant to the Huntingdon market
- The Gym Group, which opened in May 2022. Open 24/7 and has standard monthly membership costs of £21.99.
- Anytime Fitness offers a small (30-station) gym and studio. The club is open 24/7 and monthly membership cost of £33.

Ramsey Leisure Centre:

- There are no other fitness gyms within the 15-minute drive time of One Leisure Ramsey.
- The closest fitness gym is Quo Vadis, just over 6-miles to the south-west of Ramsey. This is an independent club which offers a c. 30-station gym.
- Just over 6-miles to the east is Chatteris Leisure Centre, a Fenland District Council facility managed by Freedom Leisure. It offers a c. 40-station gym and studio for £43 per month.
- Academy Leisure Sawtry is almost 8-miles away and is managed by the Cambridge Meridian Academies Trust, it offers a c. 35 station gym, sports hall, and studio. Monthly membership costs £36.

St Ives Indoor Leisure Centre:

- There are 4 other fitness gyms within the adjusted 12-minute drive time of One Leisure St Ives.
- There is also Unit Fitness, part of the same chain as the club in Alconbury Weald. It offers small group training but there is also an open gym membership for £36 per month.
- Close to The Unit Fitness is Old School Strength & Conditioning, a small club which opened in 2019. It markets itself as a 'specialist strength and mobility gym' and has a second site in St Neots. They run small group training sessions but also an open gym.

St Neots Leisure Centre:

- There are 5 other fitness gyms within the 10-minute drive time of One Leisure St Neots.
- The closest is Old School Strength and Conditioning, part of the same chain that has a club in St Ives. This is the 'specialist strength & mobility gym' where monthly membership costs £29.
- Less than a mile to the north is Snap Fitness which opened in 2016. Facilities include a c. 35-station gym and studio for £34.99 per month. The club is open 24/7.
- Close to Snap Fitness is Gainz Fitness and Strength which has a c. 50-station gym. It is also open 24/7 and monthly membership costs £37.50. The small chain has a second club in Bedford, to the southwest.
- Just over a mile to the southwest is Wyboston Lakes Health & Fitness Club, the only other site in the area to offer a swimming pool. Managed by 1Life, the club offers a c. 60-station gym, 12m pool, studio, sauna, and steam room. Monthly membership costs £39.99.

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