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# Cabinet

## Report of the meeting held on 10th December 2015.

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### Matters for Decision

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#### 39. PROCUREMENT POLICY

By way of a report from the Procurement Manager (a copy of which is reproduced as Appendix A hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 38 of their Report refers)** the Cabinet recommends the Procurement Policy to Council for approval.

The Procurement Policy outlines how the procurement function supports the Corporate Plan and Council's objectives, whilst minimising risks and seeking value for money.

The Policy describes how the Council will manage procurement risk, the overarching EU principles, the Council's approach to delivering value for money, helping local businesses compete for public spend and the performance and governance of procurement.

The Policy provides for the structure and organisation of procurement and creates a foundation to develop detailed plans and objectives for procurement.

Following discussions by the Cabinet it has been explained that financial thresholds determine the process of procurement. A value of £5,000 can be directly awarded whereas a value over £25,000 involves a formal process.

The Cabinet has expressed preference for procuring from local businesses to assist the local economy. It has been explained that the Council must remain impartial. However, local businesses are provided with information regarding how the Council advertises in order that they can identify and bid for contracts and business opportunities. Whereupon, the Cabinet

#### RECOMMENDS

**that the Council approves the Procurement Policy attached as Appendix 1 to the Officer's report.**

#### 40. CUSTOMER SERVICE STRATEGY

By way of a report from the Head of Customer Service (a copy of which is reproduced as Appendix B hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 36 of their Report refers)** the Cabinet recommends the revised Customer Service Strategy to Council for approval.

Members of the Overview and Scrutiny Panel and the Cabinet have previously reviewed and commented on a summary 'on a page' document. In light of Member feedback the summary document has been developed into a wider and more comprehensive document, taking the foundation of the previous Strategy and updating the content to reflect other Council Strategies and Policies. The document also takes into account customer feedback and has passed through a number of Officer groups.

The Customer Service Strategy includes a section of how the Council will measure the outcomes the Strategy is expected to deliver. The document is intended to be owned by all Officers with links through the Corporate Plan, Service Plans and to individual key performance indicators.

It has been requested that the Cabinet be presented with a report that contains an overall summary of how Service Plans are being monitored and contributing to the Customer Service Strategy.

The Cabinet has been informed that to be able to effectively measure and compare customer satisfaction a series of consistent questions are being introduced and that it is intended to refresh the Customer Feedback Policy.

The Cabinet has agreed with the comment made by the Overview and Scrutiny Panel that a facility should be introduced on the Council's website to enable a resident to search for their local Councillor by postcode.

Having produced a summary of the new Strategy the revised Customer Service Strategy is now complete and the Cabinet

#### RECOMMENDS

**that the Council approves the revised Customer Service Strategy attached as Appendix 1 to the Officer's report.**

#### 41. COMMERCIAL INVESTMENT STRATEGY: BUSINESS PLAN

By way of a report from the Head of Resources (a copy of which is reproduced as Appendix C hereto), **and having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No. 40 of their Report refers)** the Cabinet has noted and recommends the Minimum Revenue Provisions (MRP) Policy for the Commercial Investment Strategy (CIS) to Council for approval.

The capital propositions included within the Business Plan that are to be financed from external borrowing are modelled on being financed by repayment loans. Consequently the annual principal repayment will equate to the MRP requirement. As this is a new approach to MRP a new Policy is required to be approved by Council.

It has been noted that through the operation of the CIS, there may be occasions when investment assets are sold. Within the Reserve Review Report, Item No. 47 of this report refers, the Cabinet has approved that such capital receipts will be ringfenced for future CIS reinvestment in line with the Reserves Strategy.

The CIS was approved in October 2015 and the Cabinet has now approved the CIS Business Plan. Although the CIS covers a 9 year period with three distinct phases of development, the approved Business Plan relates to Phase 1 and the period from now until the 31st March 2019.

The Council currently has existing investment assets (property) totalling £20.9m and it is proposed to invest a further £50m in commercial assets. The primary aim of the CIS is to generate a future income stream with a secondary objective of capital growth. After the payment of £2.2m in asset completion costs, the Councils total commercial asset portfolio at the end of the Business Plan period will be £68.7m and is divided as follows:

Type 1: Existing Assets:	£20.9m
Type 2 and 3: Investment Fund and Property Shares:	£14.7m
Type 4: Direct Assets (Local Acquisitions):	£18.9m
Type 4: Direct Assets (National Acquisitions):	£14.2m

Regarding investments up to the end of the current financial year, it is proposed that these should not be financed from external borrowing. Therefore the Cabinet has approved the transfer of £6.8m from the Council's General Fund to the Capital Investment Earmarked Reserve. By making investments directly from in-house resources will mean that the Council can maximise returns and will not need to set-aside revenue funding in respect of the Minimum Revenue Provision.

In subsequent years the Council intends to borrow externally and the Cabinet has approved the potential to borrow up to £35m from 2016/17 onwards to support the CIS. However, there will be 'head-room' to borrow a further £25m if commercial opportunities should arise.

It has been noted that local government is only permitted to invest in one revenue property investment fund. This is operated by CCLA Investment Management Limited and the CIS Business Plan includes the investment of a total of £4.7m by the end of 2016/17.

The intention of the Council is to reduce reliance on Central Government funding and to create a sustainable financial platform. This will negate the need to have discussions about funding the Council is likely to obtain and the resulting impact on the Budget and its services. In order for the

Council to produce a yield at the earliest opportunity, to achieve its aspirations, the Cabinet has instructed Officers as follows:

- that the revenue investment of £2.5m, detailed in the Investment Schedule (attached as Appendix 3 of the Officer's Report) for Quarter 3 of 2015/16 Financial Year, be invested without delay;
- that the capital investment of £5m in respect of capital property shares and/or Real Estate Investment Trusts (REITS), subject to relevant due diligence, be invested without delay;
- that an Action Plan be developed to ensure that the capital investments of £5m in respect of Direct Assets (Local Area) are acquired by the end of Quarter 4, 2015/16;
- that Table 1, as contained within the Officer's Report titled 'Estimated Revenue Returns from the Commercial Investment Strategy', be included in the Medium Term Financial Strategy; and
- that, without delay, to complete a review of the Estates Service to enable the requirements of the Commercial Investment Strategy to be achieved.

The Cabinet is mindful of wanting to provide the best service for the residents of the District whilst at the same time mitigating risks in investing Council Tax money. The Cabinet has been informed that borrowing is expected to be from the Public Works Loans Board and for the investments within the CIS Business Plan repayment loans are expected to be the preferred form of loan finance. If loan rates are found to be cheaper at other financial institutions the Council will take appropriate advantage, providing that the institutions are included within the Council's Treasury Management Strategy. It has been noted that investments have been developed around a medium term financial return.

Whereupon, the Cabinet

## **RECOMMENDS**

**that the Council approves the Minimum Revenue Provisions Policy for the Commercial Investment Strategy as detailed below:**

***'For each capital investment undertaken under the requirements of the Council's Commercial Investment Strategy, Minimum Revenue Provision will be made that is equal to the principal repayment for any loan finance supporting the investment'.***

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### **Matters for Information**

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#### **42. CORPORATE FRAUD WORKPLAN AND PROSECUTION POLICY**

**Having considered the comments of the Corporate Governance Panel (Item No. 24 of their Report refers) and the Overview and Scrutiny Panel (Economic Well-Being) (Item No.37 of their Report refers) the Cabinet has received and approved the Workplan for the**

Corporate Fraud Team following the transfer of Housing Benefit fraud investigations to the Department for Work and Pensions (DWP).

In May 2015 the responsibility for investigating allegations of Housing Benefit fraud transferred to the DWP. Three Investigating Officers transferred to the DWP and the in-house team now consists of a Team Leader, one Investigating Officer and an Intelligence Officer.

Since then the Team has been completing the remaining residual work following the DWP transfer, including preparing a number of Housing Benefit cases for prosecution. The Workplan has been developed around the types of fraud that currently form the majority of the work for the Team, as well as new and emerging threats, including Council Tax Support fraud; Council Tax discount fraud; Housing Tenancy fraud and Business Rates fraud.

Regarding the productivity of the Team it has been explained that between April and October 2015 over 400 referrals were received and a significant value of fraud identified including the recovery of six social housing properties that have been re-allocated to families in genuine need. The value of the fraud identified outweighs the staffing costs of the Fraud Team and the related software costs. Having a Corporate Fraud Team is valuable in the deterrent against fraud.

In responding to questions regarding the success at recovering fraud once identified it has been explained that Housing Benefit fraud is difficult to recover. However, responsibility for this has now transferred to the DWP. The Council is able to issue £70 penalty notices for Council Tax Discount Fraud. Although the Team no longer investigates Housing Benefit fraud, discrepancies identified whilst investigating Council Tax Support/Council Tax Discount fraud often lead to an overpayment of Housing Benefit.

With different types of fraud being investigated, it has required the Fraud Prosecution Policy to be amended to include reference to the legislation used in prosecuting these new areas. The Cabinet has approved the revised Fraud Prosecution Policy that establishes the legislation and process that Investigating Officers must adhere to when considering the action to take following fraud investigation.

The Cabinet has also endorsed that monitoring the delivery of the Workplan is to be overseen by the Executive Councillor for Customer Service accompanied with annual reports to the Corporate Governance Panel.

**43. CAMBS HOME IMPROVEMENT AGENCY (CHIA) SHARED SERVICE REVIEW AND DISABLED FACILITIES GRANT BUDGET**

**Having considered the comments of the Overview and Scrutiny Panel (Social Well-Being) (Item No.23 of their Report refers)** the Cabinet has received a progress review of the Cambridgeshire Home Improvement Agency (CHIA) shared service following three years of operation.

The CHIA shared service, developed in partnership with Cambridge City Council and South Cambridgeshire District Council (SCDC), went 'live' on 1st April 2012. Staff are employed by Cambridge City Council with the main office located within SCDC.

The shared Home Improvement Agency (HIA) service has been successful in meeting its initial aims and objectives and has the potential to achieve further efficiencies both internally and externally in the future. The performance data indicates high volumes of work for the three years the shared HIA has been operating and that 2014/15 performance targets have been achieved.

CHIA previously agreed in principle to include East Cambridgeshire District Council (ECDC) in the shared service, subject to a detailed Business Case being developed. However, having been appraised of the Business Case for service expansion, ECDC has decided not to join the shared service as they are content that their in-house service is fit for purpose and they do not foresee significant benefits from disrupting their current arrangement.

It has been noted that performance in Quarter 1 and Quarter 2 of 2015/16 has decreased for a number of reasons including an increase in volumes of work, loss of a surveyor and the necessary introduction of new procedures to ensure regulatory compliance. Reasons for this and potential options are being explored by the CHIA Management Board.

The original three-year CHIA Agreement was extended in 2014 and expires in March 2016. The Cabinet has agreed to delegate authority to the Head of Development in consultation with the Executive Councillor for Strategic Planning and Housing to sign a new Partnership Agreement for a further two years with provision for an extension for a further three years by agreement.

Disabled Facilities Grants (DFG) are part funded through the Council's Capital fund and the remainder is Government funded via the Better Care Fund. Officers continue to influence the strategic direction of the Better Care Fund towards preventative services, demonstrating the value of the DFG programme to the health and social care agenda.

The maximum DFG that may be awarded is £30,000 and DFGs for adults are subject to a means test. It has been suggested that in the current economic climate and when other budgets are being reduced, if possible the maximum amount awarded should be reduced, particularly if the applicant has the assets to fund the adaptations.

#### **44. COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE STRUCTURE**

**Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.31 of their Report refers)** the Cabinet has approved a funding profile for Community Infrastructure Levy (CIL) expenditure relating to the Huntingdon West Link Road (Edison Bell Way) to enable the regeneration and

development of that area. The Link Road is currently the only CIL funded project that has been approved by the Cabinet.

As it is important that CIL funding is invested wisely to ensure the timely delivery of community infrastructure projects that support the Council's development and growth agenda, the scale of CIL funding that will be generated in future years, and the need to prioritise the investment of CIL funds to key projects, it has been necessary to review the governance arrangements for the investment of CIL funds.

The initial CIL governance structure was approved by the Cabinet in October 2012. However, the partnership between the Growth and Infrastructure Group and the Huntingdonshire Strategic Partnership has not worked as effectively as initially envisaged. To work effectively the Growth and Infrastructure Group need to meet regularly to make progress with its business and to contribute appropriate management information to the Council. In reporting to the Huntingdonshire Strategic Partnership Board, which meets infrequently, hinders the level of progress and action that is likely to be required as the CIL fund grows in line with the amount of new development that commences in future years.

It has been agreed that the Growth and Infrastructure Group will continue subject to three key changes:

- i. that the membership be strengthened to enable the Group to have more direct input from elected Members from both the District Council and Cambridgeshire County Council.
- ii. The officer membership and representation from infrastructure related bodies, in particular the importance of the representation from the Local Enterprise Partnership, should remain and be strengthened.
- iii. that the Group will not be linked to the Huntingdonshire Strategic Partnership and will report via the Overview and Scrutiny process and to the Cabinet.

In approving the revised Community Infrastructure Levy governance structure and the revised Terms of Reference of the Growth and Infrastructure Group, the Cabinet has appointed the following District Councillors to the Growth and Infrastructure Group:

- Executive Councillor for Strategic Planning and Housing (Chairman);
- Chairman of the Development Management Panel;
- Chairman of the Overview and Scrutiny Panel (Social Well-Being); and
- Chairman of the Overview and Scrutiny Panel (Economic Well-Being)

The Cabinet has requested that Town and Parish Councils are reminded of the reporting requirements if awarded CIL funding.

#### 45. HUNTINGDONSHIRE INFRASTRUCTURE PLANNING UPDATE

**Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.30 of their Report refers)** the Cabinet has been updated as to the current position with infrastructure planning across the Council. Given the importance of the issue, it is intended that further update reports will be presented to the Cabinet in June and December of each year to keep Members fully informed of progress with emerging infrastructure strategies, projects and delivery mechanisms.

There is a significant amount of Member and Officer activity on a range of different types of infrastructure planning and the report has specifically summarised the following areas of current work:

Infrastructure Delivery Plan; Highways and Transport Infrastructure Projects; A14 Trunk Road; A428; A1; Oxford to Cambridge Expressway and East West Rail; A141 Huntingdon/St Ives; Rail investment; County-wide Infrastructure Planning; Growth and Infrastructure Group; District and County Council Working relationship; District and Local Enterprise Partnership working relationship; Potential opportunities from Government initiatives; and Community Infrastructure Levy.

#### 46. NEIGHBOURHOOD AND COMMUNITY PLANNING GUIDE

**Having considered the comments of the Overview and Scrutiny Panel (Environmental Well-Being) (Item No.32 of their Report refers)** the Cabinet has approved the Neighbourhood and Community Planning Guide document which clarifies how the Council will interact with local communities and Town and Parish Councils if they wish to pursue community planning initiatives. The purpose of the 'Neighbourhood and Community Planning Guide' is to manage the expectations of local communities and to enable the Council to offer a consistent and deliverable level of service to those local communities.

A number of local communities within Huntingdonshire have commenced the development of Neighbourhood Plans. These include St Neots Town Council, Godmanchester Town Council, Huntingdon Town Council, Bury Parish Council and Houghton and Wyton Parish Council.

Following a local referendum and once approved a Neighbourhood Plan forms part of the statutory Development Plan for the District, meaning that it is a material consideration with significant weight in the decision making process for planning applications.

It has been explained to the Cabinet that the Guide is an evolving document that mainly focuses on the Neighbourhood Plan process, as this is the area where most local communities currently wish to engage with the Council. However, the guide will be amended as required to identify how the Council engages with local communities on other community planning initiatives and with regard to any future changes in the regulatory framework.



Other options are available to local communities seeking to achieve different community planning objectives. These include the ability to promote local affordable housing projects through the 'rural exceptions' process; a range of community facilities and amenities (for example, new village halls and playing fields) through the 'enabled exceptions' process; and more general Community Action Plans or Parish Plans that focus on specific community needs identified by the communities themselves.

The Cabinet has agreed that Neighbourhood Plans are not appropriate to all Towns and Parish Councils and that other community planning initiatives may be more suitable. It is important for the Council to enable and provide advice to those local communities that wish to proceed with a community planning initiative. However, the Council is not responsible for undertaking the work as there must be local ownership.

In response to concerns expressed it has been explained to the Cabinet that the level of interest at any one time from local communities wishing to proceed with a community planning initiative will determine whether the Council has sufficient resource to offer the support.

The Cabinet has been reminded that the Department for Communities and Local Government has made grants of up to £30,000 available to local planning authorities for each Neighbourhood Plan.

#### **47. RESERVES REVIEW**

**Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.39 of their Report refers)** the Cabinet has approved the Reserves Strategy specifically endorsing:

- i. a minimum level of Reserves at 15% of the Council's 'Net Expenditure'; and
- ii. the governance arrangements pertaining to each Reserve, specifically the ring-fencing of capital receipts that are generated from either 'general service activity' or from the Commercial Investment Strategy.

The main purpose of the Reserves Strategy is to provide a framework through which the Council will be able to effectively manage and govern its use of Reserves.

In January 2015 the Cabinet agreed that the minimum level of General Fund Reserves should be £3m. However, as the Council is expecting to have a reducing, or near static, Net Expenditure over the forthcoming years it is preferable to have a level of reserves that is a percentage of any years' Net Expenditure. For 2015/16 the £3m equates to marginally over 15% of the Net Expenditure and it is therefore agreed that 15% is set as the minimum level of reserves.

The Council will receive capital receipts as a consequence of the sale of capital assets that support either general service activity or the Commercial Investment Strategy. As assets that support general service activity have primarily been financed without external borrowing, in the interests of equity, such assets will finance either new future capital spend of a similar nature or reduce the Council's internal debt burden.

Those assets that have been acquired as part of the Commercial Investment Strategy will have been financed from a mix of either direct revenue financing or external borrowing. It is therefore considered that when assets are sold that the associated capital receipt are ringfenced. If a capital receipt results from the sale of an asset from:

- general service activity the related capital receipt will be applied to acquire/enhance other general service activity assets or pay down related debt; or from
- the Commercial Investment Strategy the related capital receipt will be applied to acquire/enhance other CIS assets or pay down CIS related debt.

If it is considered that capital receipts are exempt from being ringfenced, this will only occur if approved by the Cabinet.

It has been emphasised to the Cabinet that the minimum level of reserves of 15% refer only to the General Fund Balance.

#### **48. ZERO BASED BUDGETING UPDATE: PREPARATION FOR THE 2016/17 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY**

**Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.35 of their Report refers)** the Cabinet has agreed the inclusion of the Tranche 3 savings proposals in the forthcoming 2016/17 budget and Medium Term Financial Strategy.

As part of the budget setting cycle for 2016/17, the Council is continuing the Zero Based Budgeting (ZBB) exercise that started during the last financial year in preparation for the 2015/16 budget. The ZBB process is split into a number of Tranches, with Tranche 1 having been undertaken during Autumn 2014 (in which £1.8m was removed from the Council's 2015/16 budget) and Tranches 2 and 3 being undertaken during 2015/16.

In preparation for 2016/17 budget setting, Tranche 2 commenced in April 2015 and concluded with a Cabinet led Star Chamber in mid-July 2015 and reported to the Cabinet in September 2015. Tranche 3 commenced in August 2015 and concluded with a Cabinet led Star Chamber in late November 2015; the estimated savings totalled in excess of £2.6m.

The services that have been subject to a 'heavy' review during Tranche 3 are:

- Community: CCTV
- Customer Services: Local Taxation and Benefits
- Operations: all services
- Leisure & Health: Sports and Active Lifestyle Team
- Corporate Team and Directors

In addition to the savings identified, the CCTV and Sports and Active Lifestyle Teams have been requested to investigate a number of additional opportunities for savings. If any additional savings are identified as a result of this further work it will be reported as part of the overall Budget Setting 2016/17 report.

In February 2016 the Council will be presented with the proposed Budget for 2016/17 and the Medium Term Financial Strategy and will set the Council Tax for the forthcoming year. During discussions the Cabinet has indicated a preference for a further Council Tax Freeze for 2016/17.

The Cabinet has commended all those involved in the ZBB process. The Cabinet has accepted that some of the savings identified via the Facing the Future programme have been included in the ZBB process. However, in order to identify further savings the Cabinet has requested that the proposals not included in the ZBB process should be progressed.

J D Ablewhite  
Chairman