



Meeting: **AUDIT COMMITTEE**
Date: **WEDNESDAY 24 SEPTEMBER 2014**
Time: **5.00PM**
Venue: **COMMITTEE ROOM**
To: **Councillors C Pearson (Chair), Mrs C Mackman (Vice Chair),
J Cattanach, J Crawford, M Dyson, J McCartney,
I Nutt, Mrs S Ryder and one Labour Vacancy.**

Agenda

1. Apologies for absence

2. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

3. Minutes

- i. To confirm as a correct record the minutes of the proceedings of the special meeting of the Audit Committee held on 12 June 2014. Pages 1 to 9 attached.
- ii. To confirm as a correct record the minutes of the proceedings of the meeting of the Audit Committee held on 18 June 2014. Pages 10 to 13 attached.
- iii. To confirm as a correct record the minutes of the proceedings of the special meeting of the Audit Committee held on 4 July 2014.

Pages 14 to 16 attached.

- iv. To confirm as a correct record the minutes of the proceedings of the special meeting of the Audit Committee held on 29 July 2014. Pages 17 to 19 attached.

4. Chair's Address to the Audit Committee

5. A/14/10 – Constitutional Changes

To receive the report of the Solicitor to the Council, pages 20 to 199 attached.

6. Information Governance Report

To receive a verbal update from the Solicitor to Council

7. A/14/11 – Annual Governance Statement

Report of the Executive Director (S151), pages 200 to 214 attached

8. A/14/12 – Statement of Accounts (post audit)

Report of the Executive Director (S151), pages 215 to 359 attached

9. A/14/13 – Mazars' Audit Completion Report

Report of the Audit Manager, Mazars, pages 360 to 382 attached

10. A/14/14 – Internal Audit Progress Report 2014/15

Report of the Executive Director (S151), pages 383 to 393 attached

Jonathan Lund
Deputy Chief Executive

Date of Next Meetings
14 January 2015
15 April 2015

Enquiries relating to this agenda, please contact Richard Besley on:
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Minutes

Special Audit Committee

Venue: Committee Room

Date: 12 June 2014

Present: Councillor C Pearson (Chair), Councillor Mrs C Mackman (Vice Chair); Councillor J Cattanach; Councillor J Crawford, Councillor M Dyson and Councillor J McCartney

Apologies for Absence: None

Officers Present: Jonathan Lund, Deputy Chief Executive; Gillian Marshall, Solicitor to the Council and Richard Besley, Democratic Services

6. DECLARATIONS OF INTEREST

There were no declarations of interest.

7. CHAIR'S ADDRESS

The Chair thanked the Committee members present for attending the special meeting.

8. A/14/02 – Review of the Constitution

The Solicitor to Council presenting the report and referred to the need for these series of Special Meetings to consider the Constitution and to the previous meeting when the Committee had agreed to consider matters relevant to Part 4 of the Constitution – Rules of Procedure, at this meeting.

Draft Openness Regulations – filming and recording of Council meetings

Councillors discussed the requirement in the regulations and the approaches to the issue taken by various authorities.

It was suggested that the NYCC protocol and the way that this was handled on their report template would provide a good starting point. Officers were asked to look at those as examples.

Councillors considered that the appropriate approach was one of supporting the principle of openness, transparency and public participation through the mechanisms already available. However the approach should be to permit recording of filming rather than to actively encourage it. This was in recognition of the rights and freedoms of others not to be recorded and the absence of IT infrastructure to webcast the meetings as larger councils could do. Councils which already recorded and broadcast their meetings were able to control the location of recording devices and ensure the material was not edited unfairly.

It was agreed that the protocol should include information for those who did not wish to be filmed and recorded as well as those who wish to undertake such activities. Chairs of meetings should be asked to make announcements at the start of each meeting indicating that the meeting may be filmed recorded. This information should also be on meeting agendas, on the Council website and by prominent notice at the entrance to the meeting,

Resolved

- (i) To instruct the Solicitor to the Council to prepare a draft Selby District Council protocol for consideration at the next meeting.**

Council Procedure Rules

CPR 1.2 Selection of councillors on committees and outside bodies

Councillors discussed the committees listed and the numbers appointed in the light of the forthcoming reduction in councillor numbers.

Legal advice was received that the Licensing Committee had to consist of between 10 and 15 members and there had to be at least one Overview and Scrutiny Committee but that there were no other legal restrictions.

Councillors considered that the number of councillors on the Planning and Licensing Committees should be standardised at 10.

Councillors requested further information on how the scrutiny function might operate if the number of Overview and Scrutiny Committees were reduced to 2 by merging the Policy Review Committee and the Scrutiny Committee.

Councillors considered that the appropriate number of members of the Overview and Scrutiny Committees was best discussed in the light of the

recommendation on whether or not to reduce the total number of such committees.

Resolved

- (ii) To recommend a reduction in the number of Councillors appointed to Planning Committee to 10.**
- (iii) To instruct officers to bring back a draft terms of reference for a combined Policy Review and Overview and Scrutiny Committee.**

CPR 3.1(f)

Councillors considered that the number of councillors needed to sign a requisition for an extraordinary meeting should be reduced pro rata with the reduction in councillor numbers to 4.

Resolved

- (iv) To recommend amending Rule 3.1(f) from 5 to 4**

CPR 8

Councillors discussed the requirement for the quorum to be one quarter of the whole number of the committee and how that would operate if numbers on each committee were reduced.

The potential for decisions to be made by a small number of councillors was noted.

Rule 8 also provides for the minimum quorum to be two voting Councillors. As the chair has a casting vote this would always allow the chair's view to prevail.

Councillors therefore considered that the minimum quorum for any Committee should be set at 3 rather than 2.

Resolved

- (v) To recommend amending rule 8, to set the minimum quorum at 3.**

CPR 11

Councillors discussed the provisions for questions by councillors both on and without notice.

Although the power for questions on notice added little to the power already contained for questions without notice, Councillors considered

that it should be retained on the basis that a written question on notice would be added to the agenda as an item for debate and serves a different purpose to questions without notice.

Councillors considered the time limits set within rule 11. On questions without notice 10 mins is allowed to respond to each question and any related supplementary question permitted.

No time limit is set for questions on notice. One supplementary question is permitted.

Rule 11.5 permits a direct oral answer, a reference to the desired information in a publication or where the reply cannot conveniently be given orally, a written answer circulated later to all Councillors. Following advice Councillors agreed that rule 11.5 should be amended to make it clear that these options were available in response to questions with and without notice.

Resolved

(vi) To recommend an amendment to rule 11.5 to make it clear that it is applicable to questions asked under 11.1, 11.2 and 11.3.

CPR 16

Councillors discussed the provisions relating to the State of the Area Address.

It was noted that there was no legal requirement for such an address.

Councillors considered whether the address assisted in setting out the issues and plans for the district and meeting the stated aim of ensuring the widest possible public discussion and publicity. The view of the Audit Committee was that the State of the Area Address did not achieve that aim in a manner proportionate to the resources expended. It was suggested that the views of the Leader and the Executive should be sought on whether the State of the Area Address should continue in its current form.

Resolved

(vii) To instruct officers to consult the Leader and Executive on whether to retain the State of the Area Address.

CPR 18.1, 18.2 and 19.4

The provisions in CPR 18 require seven individual councillors to sign a motion and in CPR 19.4 for six councillors to demand a recorded vote. The Committee considered the limit should be reduced proportionately to the reduction in councillor numbers from May 2015.

Resolved

- (viii) To recommend amendment to CPR 18.1, 18.2 and 19.4 to reduce the requirement to 5 councillors in all cases**

CPR 19.4

Councillors discussed the new legal requirement for a recorded vote on budget decisions and agreed the drafting put forward by officers in the report

Resolved

- (ix) To recommend to Council that the constitution be amended in line with the proposed draft**

CPR 28

Councillors discussed the appointment of substitute members. Advice was given that substitutes should be appointed by the Council and that the conventional way of dealing with this was for the Council to appoint members to a pool of substitutes for each Committee or group of Committees. A Councillor unable to attend the meeting would then consult his/her group colleagues in that pool to identify a suitable substitute.

It was also clarified that a Councillor who is being substituted should inform Democratic Services prior to the meeting commencing that he/she is unable to attend and the named substitute.

Once the meeting commences the substitute takes the place of the Councillor and exercises the rights set out in CPR 28. The original Councillor may not then join the meeting part way through.

It was noted that these arrangements are in place at NYCC.

Resolved

- (x) To recommend to Council that pools of substitutes should be named for each committee at the AGM and that it should be up to the group to determine how big each pool should be and the membership, provided that they noted the need for Council to appoint the substitutes and provided the names to Democratic Services in advance of the AGM.**

CPR 29

Councillors discussed the right of non-members of committees to attend meetings and speak with the Chairs consent.

It was noted that there is no corresponding provision in the Executive Procedure Rules. Officers were asked to seek the views of the Executive in relation to incorporating such a provision.

Resolved

- (xi) To instruct officers to consult the Leader and Executive in relation to a rule to permit a non-member of the Executive to speak at meetings with the Chairs consent.**

Access to Information Procedure Rules

Councillors noted that the requirements were set by the Local Government Act 1972 and regulations made under it. The rules constituted the scheme which the Council is required to publish in relation to public access to meetings and documents.

An alternative format of the same rules from another Council was provided to Councillors for their consideration as it was considered to be a more user-friendly example. Councillors agreed to consider that formulation for adoption by Selby District Council.

Resolved

- (xii) To instruct the Solicitor to the Council to draft a revised set of Rules and to incorporate the new Protocol on filming and recording within it.**

Budget and Policy Framework Procedure Rules

No amendments were proposed.

Executive Procedure Rules

The Committee debated the Executive Procedure Rules and the available models for an executive structure. It was noted that the executive arrangements were for the Leader to determine. However the committee considered that it could legitimately seek the Leader's views on any proposals to amend the arrangements and report to Council on those.

It was noted that a Councillor (non-Executive member) had the right to attend Executive meetings (including items where the public were excluded) but not speak, whereas for other Committees, there was a right to speak with the permission of the Chair.

It was agreed that the views of the Leader should be sought in relation to this matter.

Overview and Scrutiny Procedure Rules

The Committee discussed the possibility of merging the Policy Review and the Scrutiny committees and it was noted that these Procedure Rules might need to be revisited in the light of the decision on a recommendation for merger.

The general view was expressed that the success of overview and scrutiny functions generally in holding the officers and the Executive to account depended in part on being aware of decisions likely to be made and policies being reviewed. Councillors expressed the opinion that the Forward Plan should be more prominent.

Councillors also considered that the support to the Overview and Scrutiny committees should be reviewed to ensure that the Officers supporting the committees were not responsible for the decisions to be taken for the recommendations to the executive to ensure the correct degree of independence for the scrutiny function. Although the Committee had never been refused access to senior Officers, they felt that Officers who attended were not always of the appropriate level of seniority.

A debate took place in relation to the appointment of the chair of each Overview and Scrutiny committee. The view was expressed that the Chair should not be drawn from the ruling group if the purpose of the committee was to hold the Executive to account. However, in the light of the potential to merge Policy Review and Scrutiny a decision on the proposal was deferred to a later discussion.

Councillors then discussed the work programme and the requirement for that to be approved by the Council. It was noted that although Council did approve a work programme annually, the actual work of the committees varied considerably from the approved program as items were added to or removed from the agenda based upon current priorities.

Councillors therefore considered that the requirement to have the work programme approved was unnecessary and bureaucratic.

Resolved

(xiii) To ask that the Forward Plan be added to the beginning of each Overview and Scrutiny Committee agenda.

(xiv) To recommend amendment to paragraph 1 of rule 6 by removing all the words after the first sentence.

Community Engagement Forum Procedure Rules

It was agreed to defer consideration of the rules pending a review of the Community Engagement Forums

Resolved

(xv) To defer consideration of the Community Engagement Forum Procedure Rules

Financial Procedure Rules

It was agreed that, in light of the view of the s151 Officer that the financial procedure rules were fit for purpose, that no amendments will be proposed to these rules.

Resolved

(xvi) Not to propose amendments to the Financial Procedure Rules

Officer Employment Procedure Rules

There is a requirement to appoint a Designated Independent Person in respect of disciplinary action against or dismissal of the statutory officers. It was debated as to whether the power to appoint a DIP should be delegated to the Leader but in view of the importance and rarity of such circumstances it was agreed that the power should be exercised by full Council.

The requirement to appoint on merit was discussed and it was agreed that it should be moved to the beginning of the rules for greater prominence. In the light of the decision above it was agreed that rule 8(b) could be merged into rule 7

Resolved

(xvii) To recommend an amendment to the rules to give greater prominence to the requirement to appoint on merit and to incorporate rule 8(b) into rule 7

Contract Procedure Rules

In the light of proposed amendments to European regulations it was agreed not to consider the Contract Procedure Rules at this time but to recommend giving a specific delegated authority to officers to amend the rules at the time that the regulations are brought into force.

Resolved

(xviii) To recommend a specific delegation to Officers to amend the Contract Procedure Rules at the time that the European regulations are brought into force in English law

Petitions Procedure Rules

Councillors discussed the removal of the legal requirement to permit petitions and the other ways in which the public could engage with the Council including correspondence to the Council, public question time and the community engagement forums. Councillors discussed whether allowing deputations as opposed to petitions would be of benefit.

On balance Councillors felt that the petitions procedures allowed a mechanism whereby a significant number of people who were interested in a particular matter could raise it with the Council and show the strength of public opinion.

Councillors therefore decided to recommend no changes to the rules regarding correspondence, public question time and petitions.

Resolved

(xix) To recommend no changes to the rules regarding correspondence, public question time and petitions.

The meeting closed at 4:47pm

Minutes

Audit Committee

Venue: Committee Room

Date: 18 June 2014

Present: Councillor C Pearson (Chair), Councillor Mrs C Mackman (Vice Chair), Councillor J Cattanach, Councillor J Crawford, Councillor M Dyson and Councillor I Nutt

Apologies for Absence: None

Officers Present: John Barnett, Roman Pronyszyn, Judith Elliott, all Veritau; Gavin Barker, Mazars, Karen Iveson, Executive Director (S151); and Richard Besley, Democratic Services

6. DECLARATIONS OF INTEREST

There were no declarations of interest.

7. MINUTES

7.1 RESOLVED:

To receive and approve the minutes of the Audit Committee held on 16 April 2014 and they are signed by the Chair.

7.2 RESOLVED:

To receive and approve the minutes of the Special Audit Committee held on 14 May 2014 and they are signed by the Chair.

8. CHAIR'S ADDRESS

The Chair waived his address.

9. A/14/3 – ANNUAL INTERNAL AUDIT REPORT 2013/14

John Barnett, Audit Manager at Veritau North Yorkshire, presented the Internal Audit Report for 2013/14. He informed the Committee that the overall opinion on the controls operated in Selby District Council was that they provided Substantial Assurance.

The Committee discussed the Audit on Information Governance which had resulted in an opinion of Limited Assurance and noted that the matter had been reported at the last meeting of the Committee and is being addressed in the Annual Governance Statement.

The Audit Manager reported that the periodic external assessment of the Internal Audit practice had been carried out and that although early prediction is good a full report would be submitted to the Committee in September.

RESOLVED:

To receive and approve the report

10. A/14/4 – EXTERNAL AUDIT PROGRESS REPORT

Gavin Barker from Mazars presented the report which gave an update on progress in meeting its responsibilities as the Council's external auditor.

The interim work on the financial systems had been completed and where necessary appropriate action had been agreed with Officers.

The Auditor updated the Committee on Mazars's work with the Council in the production of the end of year financial statements. He felt that the on-going dialogue with the Council finance team working on the production of the accounts had again been a positive process and he felt assured that this will help the audit of the accounts run smoothly.

The Committee also discussed the Value for Money (VFM) conclusion. Mazars had compared the VFM profiles to those of other similar authorities which presented a positive picture of the Council's position.

The Auditor confirmed that Mazars maintained their positive view of SDC and its practices.

The report outlined emerging issues, including the pending closure of the Audit Commission an outcome of which is a sizeable rebate already distributed across all locally audited bodies, with further fee reductions likely.

RESOLVED:

To receive and note the report

11. PRIVATE SESSION

RESOLVED:

In accordance with Section 100(A)(4) of the Local Government Act 1972 and in view of the nature of the business to be transacted, to exclude the press and public from the meeting during discussion of the following item as there is likely to be disclosure of exempt information. The exempt information is that defined in paragraph 3 of schedule 12A being information relating to the financial or business affairs of any person, including that of the authority holding the information. It is in the public interest to exempt this information as it includes information about how the Council manages risk and specifically the risks that are being actively managed (including their likelihood, impact and mitigating actions) which, if disclosed, could allow third parties to use this information against the Council – for example targeting fraudulent activity in an area perceived to be low risk and therefore not actively managed – as such disclosure of the detail of risk management is not considered to be in the interests of taxpayers although inclusion on Audit Committee agendas and the coverage of the Annual Governance Statement, should provide assurance that risk is being managed effectively.

12. A/14/5 RISK MANAGEMENT ANNUAL REPORT

The Executive Director (S151) presented the report which provided an update on Risk Management developments throughout 2013/14 and the proposed actions to be taken in 2014/15 to further the process.

The Executive Director assured the Committee that stringent project management was in place for Council Tax billing.

RESOLVED:

To receive and endorse the actions of officers in furthering the progress of risk management

13. A/14/6 REVIEW OF THE CORPORATE RISK REGISTER

The Executive Director (s151) presented the report and confirmed that a fundamental review of the Council's corporate risks had been undertaken and a new register produced.

The Committee heard that the risks were formally reviewed by the Council's senior officers on a quarterly basis and by this Committee twice a year.

RESOLVED:

To receive and endorse the actions of officers in furthering the progress of risk management

14. A/14/7 – REVIEW OF THE ACCESS SELBY RISK REGISTER

On behalf of Access Selby the Executive Director whose role as (S151) Officer provides financial control for the Access Selby Board, presented an update on the key risks identified within Access Selby.

The Director confirmed that a similar refresh of the Access Selby Risk Register as the Corporate Register had also been undertaken.

RESOLVED:

To receive and endorse the actions of officers in furthering the progress of risk management

The meeting closed at 6.03pm

Minutes

Special Audit Committee

Venue: Committee Room

Date: 4 July 2014

Present: Councillor C Pearson (Chair), Councillor Mrs C Mackman (Vice Chair); Councillor J Cattanach; Councillor J Crawford and Councillor S Ryder

Apologies for Absence: Councillor M Dyson

Officers Present: Jonathan Lund, Deputy Chief Executive; Gillian Marshall, Solicitor to the Council and Richard Besley, Democratic Services

15. DECLARATIONS OF INTEREST

There were no declarations of interest.

16. CHAIR'S ADDRESS

The Chair thanked the Committee members present for attending the special meeting.

17. A/14/8 – CONSTITUTIONAL CHANGES

Presenting the report the Solicitor to Council set out the matters arising from the Audit Committee consideration of Part 4 - Rules and Procedures of the constitution on 12th of June 2014, before introducing the general rules around delegation of functions that apply to Part 3 - Responsibility for Functions.

The Committee had asked that we compare the protocol on Audio and Visual recording with that of North Yorkshire County Council and the Solicitor presented that paper as Appendix A for the Committee to consider.

The Solicitor confirmed that any constitutional changes made or to be made by the Committee would need to be reflected in any draft local protocol.

RESOLVED:

- (i) To consider the Draft Protocol on filming and recording the Council meetings and the proposed wording for the agendas and chairs announcements attached at Appendix A; and**
- (ii) subject to any amendments proposed to the Draft Protocol, to refer interim constitution changes relating to the recording of budget votes in the filming and recording of Council meetings to the Executive for comments and Council for approval in September 2014.**

The Solicitor presented the draft Terms of Reference of the Policy Review and Scrutiny and the draft Terms of Reference for the Audit Committee which also contained specific governance procedures to meet new legislation as Appendices B & C. The Committee felt it was not necessary to pursue the merging of the Policy Review and Scrutiny Committees at this time.

RESOLVED:

- (iii) To consider the draft Terms of Reference for a combined Policy and Review and Overview and Scrutiny Committee and the proposal to expand the remit of the Audit Committee to cover governance matters attached at appendices B and C.**

Following the meeting on 12 June the Solicitor has taken the constitutional changes agreed by the Committee and submitted a draft of Part 4 for the Committee to consider as Appendices D to G.

RESOLVED:

- (iv) To consider the revised rules contained in appendices D to G and approve them as reflecting the outcomes of the decisions at the meeting on 12 June.**

The Solicitor then presented Part 3 of the Constitution, regarding Responsibility for Functions and took the Committee through the various procedures.

Many parts referred to or repeated items that had already been amended in Part 4 and should also be changed accordingly, such as Committee numbers.

RESOLVED:

- (v) To consider, in the light of the advice offered in the report on the legal powers relating to delegation of functions, the provisions of Part 3 of the constitution and to instruct officers to draft any proposed amendments for consideration by the Audit Committee.**

The Solicitor agreed to redraft Part 3 to include all amendments as she had with Part 4 and would submit the draft to the next meeting.

At its next session on 29 July 2014 the Committee agreed to consider the remaining parts of the Constitution.

The meeting closed at 3.25pm

Minutes

Special Audit Committee

Venue:	Committee Room
Date:	29 July 2014
Present:	Councillor C Pearson (Chair), Councillor Mrs C Mackman (Vice Chair); Councillor J Cattanach; Councillor J Crawford and Councillor S Ryder
Apologies for Absence:	Councillor M Dyson
Also Present:	Councillor J Deans
Officers Present:	Jonathan Lund, Deputy Chief Executive; Gillian Marshall, Solicitor to the Council; Laura Gillhespy, Legal and Esta Innes & Richard Besley, Democratic Services

18. DECLARATIONS OF INTEREST

There were no declarations of interest.

19. CHAIR'S ADDRESS

The Chair thanked the Committee members present for attending the special meeting.

20. A/14/9 – CONSTITUTIONAL CHANGES

The Solicitor to Council first summarised the progress of the Committee to date before taking the Committee through the Parts of the Constitution still to be considered.

There were to be no specific changes to Part 1 – Summary and Explanation, other than any tidy up changes to reflect any alterations made to date.

Part 2 – Articles of the Constitution

Article 3.1 – The Rights of the Public

The Solicitor informed the Committee that there was new legislation currently before Parliament that would require amendment to parts of this section to reflect the new laws.

As the Committee had already discussed the future of the State of the Area Address (3.1.d) this may need removing from 3.1.

Article 4.1 – Meanings (Policy Framework)

The Solicitor confirmed that Policy Framework refers to plans and strategies relating to a Housing Investment Programme which due to changes in housing finance rules no longer exists and should be removed.

Article 9 – Standards Committee

As the Standards Committee no longer meets, with complaints dealt with through the Monitoring Officer the Article needs to be removed.

Article 12 – Joint Arrangements

In Joint Committees agreed to add Police & Crime Panel and the Leeds City Region Leaders Board.

Part 5

This Part of the Constitution refers to the Codes and Protocols adopted by the Council and starts with the Code of Conduct for Councillors. The Solicitor pointed out that this section was reviewed and revised in 2012 and that she was not suggesting any further changes at this time.

Part 5 – The Planning Code of Conduct

The Solicitor introduced Appendix A as a draft code to replace the existing code of conduct.

Part 5 – Licencing Code of Conduct

Licencing, like Planning, is a regulatory function and the Solicitor introduced a new draft code of Conduct as Appendix B, based on the model used at Leeds CC.

Part 6 – Councillors Allowance Scheme

No change

Part 7 – Management Structure

The Solicitor agreed that she would confer with HR that the Constitution contained the latest description of the approved management structure.

The Solicitor confirmed that all Parts/chapters of the Constitution had now been reviewed. With the new 'Openness of Proceedings' laws coming into force in August the Solicitor will include these together with all the work from the three special meetings and would compile a complete re-draft of the Constitution for the next full Audit Committee in September.

RESOLVED:

To consider the revised Draft Constitution at the next Committee meeting for submission to the Executive

21. SHARING GOOD PRACTICE – COUNCILLOR CONSULTATIVE CHARTER

The Committee considered the Solicitors paper on a Consultative Charter for Councillors

RESOLVED:

To include the Consultative Charter as a protocol in part 6 of the Constitution

The Committee wished to place on record its thanks to the Solicitor for her time and extensive work preparing the relevant papers and drafts that the Committee had discussed over the series of Special meetings.

The meeting closed at 3.11 pm



Report Reference Number: A/14/10

Agenda Item No: 5.

To:	Audit Committee
Date:	24 September 2014
Author:	Gillian Marshall, Solicitor to the Council
Lead Officer:	Mary Weastell, Chief Executive
Executive Member	Councillor Mark Crane

Title: Review of the Constitution

Summary: This Report sets out the findings of the Audit Committee Review of the Constitution incorporating a further recommendation in relation to Article 13 of the Constitution as a result of the coming into force of the Openness in Local Government Bodies Regulations 2014. It is intended that the appended report, if approved, will be considered by the Executive at their meeting on 2 October 2014 and by Council at their meeting on 14 October 2014 and the changes brought into force on 1 November 2014 except for those which will take effect after the election in 2015.

Recommendation:

To note and approve the Report at Appendix 1 of the findings of the Audit Committee Review of the Constitution.

Reasons for recommendation

To complete the work of the Committee on the review of the Constitution.

1. Introduction and background

- 1.1 Audit Committee were requested to undertake a review of the Constitution of the Council and report back to the Executive and to Council (minute 94 of Council on 29 April 2014 refers)
- 1.2 Audit Committee held three special meetings in June and July 2014 considering individual parts of the Constitution.

2. The Report

- 2.1 The discussions and recommendations of the Committee have been brought together in one overall report which is attached as Appendix A.
- 2.2. The Openness of Local Government Bodies Regulations 2014 came into force on 6 August 2014. These require certain Officer delegated decisions to be recorded and published. The Council should aim to strike a balance by complying with the regulations and increasing transparency and openness in decision making without creating an over bureaucratic regime which inappropriately diverts resources from service delivery. The approach to those additional decisions which need to now be recorded and published should build on the existing arrangements for recording and publishing Officer executive decisions, using a delegated decision notification form.
- 2.3 The Report at Appendix A contains reference to these provisions on pages 9-10 and suggests the approach should be not to attempt to provide a list for Officers of which decisions do fall within the definitions in the new regulations (and therefore need to be recorded) but instead to adopt the a definition within Article 13 (Decision Making) which widely defines those which do not. The revised Article 13 can be found in Appendix 2 to the Draft Report. The Committee are specifically requested to consider and approve these sections of the draft Report as they have not previously been discussed in the 3 special meetings.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

- 3.1.1 Under Article 15 of the Constitution changes will only be approved by Council after consideration of the proposals by the Executive taking into account the advice of the Chief Executive or Monitoring Officer.
- 3.1.2 Matters relating to Executive procedures are a matter for the Executive to determine subject to compliance with the Local Government Act 2000.

3.2 Financial Issues

- 3.2.1 There are no financial issues arising from this report.

4. Conclusion

- 4.1 That Audit Committee should consider the composite Report including the further proposed amendment to Article 13 and, subject to any amendments that the Committee wishes to make, refer the recommendations contained within it to the Executive and Council for consideration.

5. Background Documents

None

Contact Officer:

Gill Marshall Solicitor to the Council x42095

Appendices:

Appendix A – Draft Report of the Audit Committee into the Constitution

2014

Report of the Audit Committee



Report of the Audit Committee into the Constitution

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- Appendix 1 – Revised Summary and Explanation (Part 1)
- Appendix 2 – Revised Articles (Part 2)
- Appendix 3 – Revised Part 3 – Responsibility for Functions
- Appendix 4 – Revised Council Procedure Rules
- Appendix 5 – Revised Access to Information Procedure Rules
- Appendix 6 – Revised Overview and Scrutiny Procedure Rules
- Appendix 7 – Revised Officer Employment Procedure Rules
- Appendix 8 – Revised Executive Procedure Rules
- Appendix 9 – Draft Councillor Consultative Charter
- Appendix 10 – Draft Planning Code of Conduct
- Appendix 11 – Draft Licensing Code of Conduct
- Appendix 12 – Protocol on Audio/Visual Recording and Photography at Meetings

Summary

On 29 April 2014 Council resolved to ask the Audit Committee to carry out a review of the Councils' constitution.

This review was carried out over three special meetings held in June and July 2014.

This report summarises the discussions held at the Audit Committee meetings and sets out our recommendations for amendments to the Constitution. Revised documents are included at appendices 1 to 10 for consideration.

Article 15 of the constitution provides that changes will only be approved by Council after consideration of the proposals by the Executive, taking into account the advice of the Chief Executive or Monitoring Officer. Our review was supported by an Officer team including both the Chief Executive and the Monitoring Officer who was present during our meetings.

We therefore recommend the changes set out in this report for the reasons stated and, subject to the views of the Executive, ask Council to consider adopting them.

We consider that the majority of changes can take effect immediately and the constitution provides that that will occur at the next meeting of Council after any changes are approved unless any operative date is specified by Council. We would recommend that Council specify an operative date of 1 November 2014 except for those changes referred to in the paragraph below.

However, some of our recommendations relate to changes that will be required when the Council reduces in size from 41 elected Councillors to 31 elected Councillors after the 2015 election. Therefore some of our recommendations are intended to take effect from the first meeting of Council after the election and that is the operative date that we recommend.

The Review Brief

In February 2014 the Executive held a development session in which it considered learning from the Executive model to date alongside the current constitution and particularly the decision making structures, delegations and scrutiny arrangements with a view to

- Ensuring that decision making is streamlined and efficient but still subject to proper controls
- Considering whether changes needed to be made to the constitution to facilitate the recent Local Government Boundary Review for Selby District and the new electoral arrangements which will take effect with a move to 31 Councillors in 2015.

As a result of the session an Action Plan was devised and, in a report to Council considered on 29 April 2014, the Chief Executive suggested that Audit Committee should undertake a review of the constitution before reporting back to the Executive who would consider the recommendations before reporting them to Council for consideration.

On 29 April 2014 Council resolved to ask the Audit Committee to conduct a review of the Constitution of the Council supported by an Officer team. The objective of the review is to ensure the Constitution is fit for purpose and supports the Council, the Executive and Officers to make decisions in the public interest in a timely and effective manner subject to proper controls.

The Officer team was made up of the Chief Executive, the Deputy Chief Executive/Monitoring Officer, the Democratic Services Manager and the Solicitor to the Council.

The Leader of Council gave a commitment to Council that all Councillors would be able to put forward suggestions for the review.

Other than that commitment it was for Audit Committee to conduct the Review as it thought fit.

Methodology

On 14 May 2014 the Audit Committee considered a report setting out the background above and recommending that a methodology be established for conducting the review.

We considered whether the review was best carried out through a small Task and Finish Group or through the full Committee. After considering a range of views we resolved to conduct the review through special meetings of the full Committee. We recognised the breadth of the work that would need to be undertaken but considered that conducting the review in this manner would best meet the commitment given that all Councillors could be involved in the review, would ensure cross-party participation as the committee itself is politically balanced, and would give the required degree of transparency to such an important topic.

Accordingly, special meetings of the Committee were scheduled for 12 June and 14th and 29th of July 2014. It was agreed that the first meeting would concentrate on Part 4 of the constitution, the rules of procedure. It was also agreed that the second meeting would concentrate on the responsibility for functions under Part 3 and the final meeting would then look at the Codes and Protocols in Part 5 as well as any consequential amendments to Parts 1 and 2 and any other matters

Other councillors were notified of the review by an article in the Weekly Dispatch dated 16 May 2014 and were invited by e-mails dated 30 June and 22 July to put forward comments. All comments received were considered during the review.

The move to 31 Councillors in 2015

From the 2015 election the new electoral arrangements for the Selby District will take effect. The new Council will consist of 31 elected Councillors rather than the current 41.

Throughout the review the Audit Committee kept in mind this reduction in councillor numbers when considering the number and membership of committees.

Regulatory Committees

In relation to regulatory committees we were advised that there is a statutory minimum number required on the Licensing Committee. The Licensing Act 2003 sets the number of councillors on the committee at between 10 and 15.

Selby Licensing Committee currently consists of 10 councillors. There is therefore no scope to reduce councillor numbers on this committee.

We considered the number of councillors who should make up the Planning Committee after the election. We did not feel that the number of councillors on the Planning Committee should be less than the number of councillors on the Licensing Committee. We therefore recommend that the number of councillors making up the Planning Committee should reduce to 10 with effect from the 2015/6 municipal year.

Overview and scrutiny function

The Council currently operates three committees which make up the overview and scrutiny function; Overview and Scrutiny, Policy Review and Audit Committees. We considered whether there was some scope for reducing the number of committees in view of the reduction in councillor numbers. We were advised that only the Overview and Scrutiny and Policy Review committees carry out statutory scrutiny functions. Audit Committee is not designated as an overview and scrutiny committee because such committees can only make recommendations rather than decisions and the Audit Committee is required to approve certain statutory documents such as the Annual Governance Statement.

We therefore considered whether the Overview and Scrutiny and Policy Review committees could be merged into one committee. We noted that this was the position in Hambleton District Council which is also reducing councillor numbers. However we were concerned that merging the two committees could result in a situation whereby the committee were involved in the development of policy through its Policy Review function which was then called in to be considered by the same committee under its Overview and Scrutiny function. We therefore felt that it was better to separate these two elements into different committees.

As a result we recommend that the three Overview and Scrutiny committees remain but that the number of Councillors on each of the committees should be reduced from 9 to 7 with effect from the 2015/6 municipal year.

Legislative changes

During our review we considered the recent change requiring a recorded vote on budget decisions. The legislation requires an amendment to the Standing Orders as soon as practicable. For Selby this means an amendment to the Council procedure rules. We considered that the appropriate amendment to rule 19.4 would be:-

Where a recorded vote is required in accordance with paragraphs (a) or (b) below then the minute of the proceedings shall include a record of the names of persons who cast a vote for the decision or against the decision or who abstained from voting.

A recorded vote is required in the following circumstances:-

- (a) Any vote required to be recorded by law, or*
- (b) Any vote where, before the vote is taken on any matter before Council, any 5 of the Councillors present at the meeting demand that the votes are recorded.*

Paragraph (a) could then be footnoted to refer to the new Regulations. If any additional legal requirements are introduced then the footnote can be amended without the need to amend the text.

We also considered the draft Openness of Local Government Bodies Regulations 2014 which subsequently came into force on 6 August 2014. The regulations require the Council to permit reporting including recording, filming and blogging of Council meetings where the meeting is open to the public. The regulations also make provisions for the recording and publishing of officer decisions which we consider below.

In relation to the reporting requirements we considered that the appropriate approach was one of supporting the principle of openness, transparency and public participation through the mechanisms already available. However, the approach we should take is to permit recording or filming rather than actively encourage it. This is in recognition of the rights and freedoms of others not to be recorded and the absence of IT infrastructure to webcast the meetings as some councils do. Councils which already record and broadcast their meetings are better able to control the location of recording devices to respect the rights of others and ensure the material is not edited unfairly. The cost of installing such equipment is likely to be high.

We therefore recommend that a Protocol for the recording and filming of Council meetings is adopted and the draft protocol is included in this report Appendix 12 and it is recommended that this be included within Part 5 Codes and Protocols.

We believe that the protocol should include information for those who do not wish to be filmed and recorded as well as those who wish to undertake such activities. Chairs of meetings should be asked to make announcements at the start of each

meeting indicating that the meeting may be filmed or recorded. This information should also be on meeting agendas, on the Council website and by prominent notice at the entrance to the meeting.

This protocol is consistent with that used by the County Council in recognition that those reporting Council meetings are likely to be residents or journalists reporting in the North Yorkshire region and that a number of councillors are dual hatted.

On 6 August 2014 the Openness in Local Government Bodies Regulations 2014 came into force. Regulation 7 requires that all Officer decisions are published which are:-

- i. delegated specifically to the Officer; or
- ii. under any general delegation (as in the constitution) which
 - (a) grants a permission or licence) or
 - (b) affects the rights of an individual or
 - (c) incurs expenditure which materially affects the council's financial position.

The Regulations require that the decision is recorded "as soon as reasonably practicable" after the decision is made, and further published "as soon as reasonably practicable" after the record is made. Neither the regulations nor guidance specify any timescale beyond this.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information Regulations) 2012 already provided a detailed set of requirements in relation to publicity preceding and recording after the fact of Executive decisions including Officer decisions. Together the two sets of regulations create a framework for the publication of significant Officer decisions in the interests of openness, transparency and accountability. Currently, only Officer decisions which are Key Decisions or made under a specific delegation from the Executive are recorded. The new regulations require us to widen our approach to the types of decisions which are recorded and published.

The approach to those additional decisions which need to now be recorded and published should build on the existing arrangements for recording and publishing Officer executive decisions, using a delegated decision notification form.

Rather than attempt to provide a list for Officers of which decisions do fall within the definitions in the new regulations and therefore need to be recorded it is proposed that the following definition be adopted within Article 13 (Decision Making) to widely define those which do not.

Administrative or Operational Decisions:-

A decision in relation to a Council or Executive function which is not a Key decision and which;

- is within an approved budget; and
- is expenditure of less than £50 001; and
- is not in conflict with the Budget and Policy Framework or other approved policies approved by the Council; and
- does not raise new issues of policy or otherwise affect the rights of an individual outside the confines of existing policy

It is considered that such a definition would ensure that significant decisions would be recorded and published in compliance with the regulations without compromising day to day service provision by unduly diverting resources from delivery to recording.

Finally, we noted that further legislative changes which affect the Council's Constitution might be brought into force using delegated powers given to the Secretary of State under the Local Audit and Accountability Act 2014. Under Part 3 - Responsibility for Functions we recommend that the remit of the Audit Committee be expanded to include audit and governance functions including responsibility for considering suggested amendments to the constitution. This will provide a route for any required changes to be considered before being referred to the Executive and Council for approval. The full terms of reference for such a revised committee are set out in Part 3 below.

Part 1 – Summary and Explanation

Part 1 of the Constitution is the Summary and Explanation of the document. The changes we propose to Part 1 are consequential amendments based upon the recommendations explained in this report.

Part 1 includes a reference to the 41 Councillors who currently make up Council. Clearly after the 2015 election this provision will need to be updated to refer to 31 Councillors

We also propose that the reference to the deleted article 9 on the Standards Committee in the list of Articles should be replaced with reference to a new Article 9 on Standards Arrangements for the reasons set out below.

Other than that we do not propose any changes to Part 1.

A revised Part 1 is attached as **Appendix 1** with the further amendments proposed to take effect after the 2015 election shown in square brackets.

Part 2 – the Articles

Part 2 of the Constitution contains the Articles which form the backbone of the Constitution. The Articles are those parts of the Constitution that cannot be suspended. Some minor amendments are required as a result of the changes proposed within this report.

At article 3.1 under the rights of the public reference will need to be made to the right to record a meeting and under (d) if it is agreed that State of the Area address is no longer necessary this section can be removed.

Article 4 contains a list of documents which form the Policy Framework. The final bullet point refers to plans and strategies which together constitute the Housing Investment Programme. Due to changes in housing finance rules there is no specific Housing Investment Programme. We noted that decisions relating to the housing revenue account would still come to full Council as part of the budgetary and policy framework. Given the lack of clarity about which documents would be considered to make up a Housing Investment Programme and the risks inherent in decisions being made by the 'wrong' part of the Council we recommend that this bullet point be removed.

Article 9 previously dealt with the Standards Committee. Council resolved to abolish the Standards Committee which ceased to operate on 30th June 2012. The Council adopted a new Code of Conduct as referred to in the Article. At the same time the Council approved new standards arrangements. It is therefore proposed that this article be re-titled Standards Arrangements and refer to the adopted Code of Conduct (as currently) and approved Standards Arrangements which would then be inserted into Part 5 under the Codes and Protocols section. This would comply with the legal requirement to have the standards arrangements set out in the constitution. No changes are proposed to the approved Standards Arrangements themselves.

In Article 12 we recommend that the list of Joint Committees be expanded to include the North Yorkshire Police and Crime Panel and the Leeds City Region Leaders' Board.

A draft revised Part 2 is attached to the consideration at Appendix 2.

Part 3 – Responsibility for Functions

We discussed Part 3 during our second meeting. We were advised that Part 3 of the Constitution is intended to comply with the legal duty to maintain an up-to-date record of which part of the Council or which individual has responsibility for particular decisions.

Understanding who has the authority to make decisions, and in respect of what matters and the limits and controls that apply, is fundamental to ensuring that the Council acts lawfully. A decision made by a committee or person without delegated authority is ultra-vires and subject to challenge.

Understanding the scheme of delegation is also fundamental to the proper working of executive structures. It helps to identify those Councillors, Committees and Officers responsible for putting matters onto the forward plan, making decision, for proposing and approving policy and for scrutinising decision making.

Our considerations therefore focussed on ensuring that the Selby District Council scheme of delegation in Part 3 was clear and understandable.

We noted that under the Local Government Act 1972 (section 101) a local authority may make decisions as one corporate body or may delegate functions powers and duties to a committee, subcommittee or to an officer. Executive arrangements are overlaid onto this existing structure. Once executive arrangements are in place the law sets out a hard split for the functions between the executive and the rest of the Council. This split is established by exception and the default position is that every function of the local authority is an executive function unless it is specified in law that it is not. These exceptions are listed in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended from time to time.

The regulations divide functions into three types; Council functions (which are not be the responsibility of the executive) local choice functions (where the Council has a discretion whether to exercise them via the executive or Council) and shared functions (being the formulation and adoption of the budget and policy framework). Essentially full Council is responsible for (and can in most circumstances delegate functions relating to) electing and removing the leader, approving the budget, setting Council tax, approving the plans in the strategic policy framework, elections, planning, licensing, staff, scrutiny of decisions taken by the executive and the standards of conduct of councillors. All other functions are Executive functions (Selby has previously chosen to designate the local choice functions as Executive functions).

The policies in the budgetary and policy framework are subject to a required process involving both the Executive and Overview and Scrutiny before final approval by full Council (the Budgetary and Policy Framework Rules). All other matters are, by

default, executive functions but the Executive (and Officers) must exercise the functions in accordance with the budgetary and policy framework. If the Executive (or an Officer) proposes an action not in accordance with the framework it requires the consent of the full Council.

We considered that Part 3 generally struck the appropriate balance of powers but clarity could be improved by reflecting the source of the delegation (Executive or Council) and by including powers delegated to Business Managers and Lead Officers which are currently in a sub-delegation scheme.

This would make it easier for the non-Executive councillors and the public to track who is making decisions about what within the Council. It will also help in relation to the new requirements to record and publish officer decision making under the new Openness Regulations.

Further, in relation to functions delegated to committees, we noted that the regulatory committees (planning and licensing) derived their terms of reference from the Council through the list of functions which were not to be the responsibility of the executive. Officers considered the existing terms of reference against the current list. The existing approach is to list those functions set out in the regulations individually within the terms of reference. An alternative approach is proposed which cross-references to the regulations and therefore will not need amending each time the regulations are updated. Of course, should be regulations be repealed or fundamentally overhauled then a check will still need to be made to ensure that our delegations accurately reflect the law. It is also recommended that this is checked annually for the Council AGM.

In relation to licensing it was noted that the full range of functions under the Licensing Act 2003 and the Gambling Act 2005 are not currently listed. The approach taken above will resolve that situation which has occurred due to updates in the regulations that have not been reflected in our Part 3.

Further, many of the functions under those Acts are actually carried out through a subcommittee of the Licensing Committee. It is therefore considered the reference should be made in the constitution to the creation of a Licensing Subcommittee to carry out those functions.

In relation to overview and scrutiny functions we considered whether the functions could be combined into fewer committees but decided against recommending this for the reasons set out above.

A revised Part 3 for consideration is included as [Appendix 3](#).

Part 4 Rules of Procedure

We considered the Rules of Procedure set out within Part 4 of the constitution in some detail in our second meeting. Our consideration and recommendations are summarised below.

Council Procedure Rules

We consider that the number of councillors needed to sign a requisition for an extraordinary meeting should be reduced pro rata with the reduction in councillor numbers to 4.

We discussed the requirement for the quorum to be one quarter of the whole number of the committee and how that would operate if numbers on each committee were reduced. The potential for decisions to be made by a small number of councillors was noted. Rule 8 provides for the minimum quorum to be two voting councillors. As the chair has a casting vote this would always allow the chair's view to prevail.

We therefore consider that the minimum quorum for any committee should be set at 3 rather than 2.

We discussed the provisions for questions by councillors at meetings both with and without notice. On questions without notice 10 minutes is allowed to respond to each question and any related supplementary question. No time limit is set for questions on notice. One supplementary question is permitted.

Rule 11.5 permits a direct oral answer, a reference to the desired information in a publication or where the reply cannot conveniently be given orally, a written answer circulated later to all Councillors. Following advice from the Solicitor to the Council we agreed that rule 11.5 should be amended to make it clear that these options for responding were available in response to both questions with and without notice.

We discussed the provisions relating to the State of the Area Address. It was noted that there was no legal requirement for such an address. We considered whether the address assisted in setting out the issues and plans for the district and meeting the stated aim of ensuring the widest possible public discussion and publicity. The view of the Audit Committee was that the State of the Area Address did not achieve that aim in a manner proportionate to the resources expended. It was suggested that the views of the Leader and the Executive should be sought on whether the State of the Area Address should continue in its current form.

The provisions in CPR 18 require seven individual councillors to sign a motion and in CPR 19.4 for six councillors to demand a recorded vote. We consider these limits should be reduced proportionately with the reduction in councillor numbers from May 2015 to 5 councillors in all cases.

We discussed the appointment of substitute members to Committees. Advice was given that substitutes should be appointed by the Council and that the conventional way of dealing with this was for the Council to appoint members to a pool of substitutes for each Committee or group of Committees. A Councillor unable to attend the meeting would then consult his/her group colleagues in that pool to identify a suitable substitute.

We were also advised that a Councillor who is being substituted should inform Democratic Services prior to the meeting commencing that he/she is unable to attend and the named substitute. Once the meeting commences the substitute takes the place of the Councillor and exercises the rights set out in CPR 28. The original Councillor may not then join the meeting part way through. It was noted that these arrangements are in place at NYCC.

We therefore recommend that from the Annual Council meeting in 2015 pools of substitutes should be appointed for each committee at the AGM and that it should be up to the group to determine how big each pool should be and the membership, provided that they notified Democratic Services of the names in advance of the AGM.

We discussed the right of non-members of committees to attend meetings and speak with the Chairs consent under CPR 29. It was noted that there is no corresponding provision in the Executive Procedure Rules although there were examples of where the Leader had allowed non-executive councillors and the public to speak. Officers were asked to seek the views of the Executive in relation to incorporating such a provision in relation to meetings of the Executive to formalise the practice.

A revised draft of the Council Procedure Rules which incorporates the changes we recommend immediately is attached at [Appendix 4](#) with the further amendments proposed to take effect after the 2015 election shown in square brackets.

Access to Information Procedure Rules

We noted that the requirements for public access to meetings and papers were set by the Local Government Act 1972 and regulations made under it. Our rules constituted the scheme which the Council is required to publish in relation to public access and must be consistent with the law.

An alternative format of the same rules from another Council was provided to us for consideration as it was considered to be a more user-friendly example.

Subsequently a revised draft on those lines was considered and approved at our second meeting and is attached as [Appendix 5](#). This should be read in conjunction with the Protocol on Audio/Visual Recording and Photography at Meetings in [Appendix 12](#).

The revised draft includes the rights of councillors to information and references to statutory rights under the Freedom of Information Act and the Environmental Information Regulations.

Overview and Scrutiny Procedure Rules

A general view was expressed that the success of overview and scrutiny functions generally in holding the officers and the Executive to account, depended in part on being aware of decisions likely to be made and policies being reviewed. We expressed the opinion that the forward plan should be more prominent in council business generally.

We also consider that the support to the scrutiny committees should be reviewed to ensure that the officers supporting the committees are not those responsible for the decisions or recommendations to the Executive, to ensure the correct degree of independence for the scrutiny function. Although the committee members had never been refused access to senior officers, we felt that officers who attended were not always of the appropriate level of seniority.

We discussed the work programme and the requirement for that to be approved by the Council. It was noted that although Council did approve a work programme annually, the actual work of the committees varied considerably from the approved program as items were added to or removed from the agenda based upon current priorities.

We therefore consider that the requirement to have the work programme approved is unnecessary and bureaucratic.

A revised draft of the Overview and Scrutiny Procedure Rules is attached for consideration by the Executive and Council at [Appendix 6](#).

Officer Employment Procedure Rules

The requirement to appoint on merit was discussed and we agreed that it should be moved to the beginning of the rules for greater prominence. A revised draft of the Rules is attached for consideration at [Appendix 7](#).

Petitions Procedure Rules

We discussed the removal of the legal requirement to allow petitions and the other ways in which the public could engage with the Council meeting including correspondence to the Council, public question time as well as the community engagement forums. We considered whether allowing deputations as opposed to petitions would be of benefit.

On balance we felt that the petitions procedures allowed a mechanism whereby a significant number of people who were interested in a particular matter could raise it with the Council and show the strength of public opinion. We therefore decided to

recommend no changes to the rules regarding correspondence, public question time and petitions.

Contract Procedure Rules

In the light of proposed amendments to European procurement regulations it was agreed not to consider the Contract Procedure Rules at this time but to recommend giving a specific delegated authority to officers to amend the rules at the time that the regulations are brought into force.

Financial Procedure Rules

It was agreed that, in light of the view of the s151 Officer that the financial procedure rules were fit for purpose, that no amendments will be proposed to these rules.

Community Engagement Forum Procedure Rules

It was agreed to defer consideration of the rules pending a review of the Community Engagement Forums. Revised rules should be drafted for approval at the same time that any changes to CEF arrangements are approved by Council.

Budgetary and Policy Framework Procedure Rules

The rules, which set out the framework within which the Executive and officers exercising delegated powers make decisions, were discussed. We felt that together with an effective Scrutiny function these rules represented appropriate checks and balances on decision making. No amendments were proposed.

Executive Procedure Rules

We debated the Executive Procedure Rules and the available models for an executive structure. It was noted that the executive arrangements were for the Leader to determine. However the committee considered that it could legitimately seek the Leader's views on any proposals to amend the arrangements and report to Council on those.

In that respect it was noted that a non-member of the Executive had the right to attend the meeting but not speak whereas for other Committees there was a right to speak with the permission of the Chair. It was agreed that the views of the Leader should be sought in relation to this matter as he had previously allowed such speaking even in the absence of a specific 'right'.

Finally, during our work looking at Part 3 and Part 5, we noted elements relating to executive decision making around the power of call- in and urgent decision making that could equally be located within the executive procedure rules. This would clarify how the executive system with its checks and balances is intended to operate. No

changes are proposed but instead it is suggested that revised Executive Procedure Rules as set out at Appendix 8 be adopted to consolidate these provisions.

Part 5 – Codes and Protocols

Part 5 of the Constitution sets out the Codes and Protocols currently in operation at Selby District Council.

No amendments are proposed to the Code of Conduct for Councillors as this was reviewed in 2012 and the Monitoring officer confirmed he considers that it operates satisfactorily.

No amendments are proposed to the Protocol on Councillor/Officer Relations. However, a new Councillor Consultative Charter is proposed which sets out how the Council will involve and consult Councillors. The draft appears at **Appendix 9** for consideration.

Significant changes are proposed to the Code of Practice for Planning by replacing existing pages 187 to 223 with the attached **Appendix 10**. This document takes into account the latest advice and model wording. The Chair of Planning attended our meeting and confirmed that he considered the draft document to be fit for purpose and an improvement in terms of clarity on the existing provisions which were out of date and, in places inconsistent.

We then considered whether there should be a Licensing Code of Practice given that both Planning and Licensing are regulatory functions involving the determination of an application and the balancing of competing rights. We were provided with a sample Code in use at another Council and consider that such a Code could be helpful. The views of the Licensing Committee were sought on the draft Code at their meeting on 8 September and no objections or amendments were made.

Parts 6 and 7

Part 6 of the Constitution is the Councillors Allowance Scheme. Amendments to the scheme require a report from an Independent Remuneration Panel. No amendments are proposed at this time.

Part 7 contains a description of the approved management structure. This will be checked against the latest information from HR and brought up to date.

Conclusions and Recommendations

The Selby District Council Constitution is generally fit for purpose. It does require some updating to reflect legislative changes that have been made since it was last reviewed.

Our recommendations on the whole are minor and designed for clarity and transparency and in the interests of good and lawful decision making.

We have considered the implications of the reduction in councillor numbers to 31 elected Councillors in 2015. We saw little scope to reduce the number of Committees. We considered whether the Overview and Scrutiny and Policy Review committees could be merged. However we consider that each has a distinct role and that merging them might create problems whereby one committee was involved in both the development of policy and its oversight through the call-in process. We also felt that a merged committee would require additional councillors to be appointed meaning the actual number of councillors involved would not be much greater if we retain two separate but smaller committees rather than moving to one larger committee. We therefore recommend retaining three overview and scrutiny committees as under the current arrangements with the numbers appointed to each committee reduced to 7 councillors. We also noted that the Licensing Committee was subject to a minimum number of 10 councillors set out in legislation. We consider that the Planning Committee and the Licensing Committee should be the same size and so we recommend that the numbers on each of these committees be set at 10 councillors with effect from the 2015 election.

We have not recommended any changes to the terms of reference for Community Engagement Forums nor to the procedure rules which support the forums. We consider the both of these are best addressed as part of the review of forums currently being undertaken.

We've also not recommended any changes to the Contract Procedure Rules. We note that amendments will be required to reflect changes following amended European regulations but we do not yet know when these will be brought into force in English law.

We therefore recommend that delegated authority be given to the Chief Executive after consultation with the Leader of Council and the Monitoring Officer to amend the Contract Procedure Rules and report back to Council on the changes made.

Our recommendations are set out in the table below: –

Number	Recommendation	Appendix
1	That the revised Part 1 of the Constitution as set out in Appendix 1 be approved to take effect from 1 November 2014 with the further amendments proposed to take effect after the 2015 election shown in square brackets.	Appendix 1
2	That the revised Articles of the Constitution as set out in Appendix 2 be approved to take effect from 1 November 2014.	Appendix 2
3	That the revised scheme of delegation forming Part 3 of the Constitution as set out in Appendix 3 be approved to take effect from 1 November 2014.	Appendix 3
4	That the appropriate number of Councillors to be appointed to each of the Planning and Licensing Committees for the municipal year 2015/16 be set at 10 and that the Monitoring Officer be authorised to amend the Constitution from the start of the municipal year to reflect that decision	None
5	That the appropriate number of Councillors to be appointed to each of the Overview and Scrutiny Committees for the municipal year 2015/16 be set at 7 and that the Monitoring Officer be authorised to amend the Constitution from the start of the municipal year to reflect that decision	None
6	That the revised Council Procedure Rules as set out in Appendix 4 be approved to take effect from 1 November 2014 with the further amendments proposed to take effect after the 2015 election shown in square brackets.	Appendix 4
7	That the revised Access to Information Procedure Rules including a Protocol on Filming and Recording at Council Meetings as set out in Appendix 5 be approved to take effect from 1 November 2014.	Appendix 5
8	That the revised Overview and Scrutiny Procedure Rules as set out in Appendix 6 be approved to take effect from 1 November 2014.	Appendix 6
9	That the revised Officer Employment Procedure Rules as set out in Appendix 7 be approved to take effect from 1 November 2014.	Appendix 7
10	That the Executive consider the draft Executive Procedure Rules as set out in Appendix 8 and provide comments on the	Appendix 8

	draft so that changes can be incorporated into the final recommendations to Council	
11	That the Councillor Consultative Charter attached as Appendix 9 be added to Part 5 – Codes and Protocols to take effect from 1 November 2014.	Appendix 9
12	That the Standards Arrangements approved in 2012 be added to Part 5 – Codes and Protocols	None
13	That the revised Planning Code of Practice at Appendix 10 be added to Part 5 – Codes and Protocols to take effect from 1 November 2014	Appendix 10
14	That the Licensing Code of Practice at Appendix 11 be added to Part 5 of the Constitution	Appendix 11
15	That the Protocol for Audio/Visual Recording and Photography at Meetings at Appendix 12 be added to Part 5 of the Constitution	Appendix 12
15	That the Chief Executive be given delegated authority after consultation with the Leader of Council and the Monitoring Officer to amend the Contract Procedure Rules and report back to Council on the changes made.	None

APPENDIX 1

Council Constitution

Selby District Council has approved a new Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

The Constitution is divided into 16 articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols at the end of the document.

What's in the Constitution?

Article 1 of the Constitution explains the purpose of the Constitution and pledges that the Council will exercise all its powers and duties in accordance with the law and the Constitution. Articles 2 to 16 explain the rights which the public have and how the key parts of the Council operate. These are:

- Councillors (Article 2).
- The Public and the Council (Article 3).
- The Council (Article 4).
- Chairing the Council (Article 5).
- Overview and Scrutiny Committees (Article 6).
- The Executive (Article 7).
- Regulatory and other committees (Article 8).
- Standards Arrangements (Article 9).
- Community Engagement Forums (Article 10).
- Officers (Article 11).
- Joint Arrangements (Article 12).
- Decision-making (Article 13).
- Finance, contracts and legal matters (Article 14).
- Review and revision of the Constitution (Article 15).
- Suspension, interpretation and publication of the Constitution (Article 16).

How the Council operates

The Council is composed of 41^[31] councillors elected once every 4 years. Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors follow a code of conduct to ensure high standards in the way they undertake their duties.

All councillors meet together as the Council. Meetings of the Council are normally open to the public. Here councillors decide the Council's overall policies and set the budget each year. The Council elects a Leader and the Leader appoints between 2

and 9 other councillors to act as Executive Members. The Council ensures that the Leader and Executive act in accordance with the Budget and Policy Framework established by the Council and holds them to account for the executive decisions which they take.

How decisions are made

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of the Leader who is elected by the Council and an Executive of between 2 and 9 other councillors whom the Leader appoints. When major decisions are to be discussed or made, these are published in the Executive's Forward Plan in so far as they can be anticipated. If these major decisions are to be discussed with council officers at a meeting of the Executive, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Executive has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Many decisions will be made by Officers exercising delegated powers. Where these meet certain criteria these must be recorded and published in the interests of openness and transparency. Further details on these requirements can be found in Article 13.

Overview and scrutiny

There are 3 overview and scrutiny committees who support the work of the Executive and the Council as a whole. They allow the public to have a greater say in Council matters by holding inquiries in public into matters of local concern. These lead to reports and recommendations which advise the Executive and the Council on its policies, budget and service delivery. The Scrutiny Committee also monitors the decisions of the Executive and can call-in a decision which has been made by the Executive but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Executive reconsiders the decision. They may also be consulted by the Executive or the Council on forthcoming decisions and the development of policy.

Community Engagement Forums

In order to give the public a greater say in council affairs, 5 Community Engagement Forums have been created. Their role is to influence how services are planned and delivered in their area, contribute to identifying and implementing solutions to address local concerns and to contribute to setting the priorities of those authorities, agencies and organisations which deliver public services in the area. Community Engagement Forums are open to the public and each is supported by a partnership board which involves district, county and some town and parish councillors, co-opted community representatives and partner organisations.

The Council's staff

The Council has people working for it (called officers) to give advice, implement decisions and manage the day-to-day delivery of its services. Some officers have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A protocol governs the relationships between officers and members of the Council.

The Public's rights

Members of the public have a number of rights in their dealings with the Council. These are set out in more detail in Article 3. Some of these are legal rights, whilst others depend on the Council's own processes. The local Citizens' Advice Bureau can advise on individuals' legal rights.

Where members of the public use specific council services, for example as a council tenant, they have additional rights. These are not covered in this Constitution.

The public have a right to:

- vote at local elections if they are registered;
- contact their local councillor about any matters of concern to them;
- obtain a copy of the Constitution;
- attend meetings of the Council and its committees except where, for example, personal or confidential matters are being discussed;
- film and record meetings of the Council, the Executive and Committees which are open to the public;
- petition, including the right to petition to request a referendum on a mayoral form of executive;
- participate in the Council's question time and contribute to investigations when invited to do so by the overview and scrutiny committees;
- find out, from the Executive's Forward Plan, what major decisions are to be discussed by the Executive or decided by the Executive or officers, and when;
- attend meetings of the Executive where key decisions are being discussed or decided;
- see reports and background papers, and any record of decisions made by the Council and the Executive except where the report and background papers are exempt under the Access to Information Procedure Rules;
- complain to the Council about matters which are the Council's responsibility;
- complain to the Local Government Ombudsman if they think the Council has not followed its procedures properly. However, they should only do this after using the Council's own complaints process;
- complain to the Monitoring Officer if they have evidence which they think shows that a councillor has not followed the Council's Code of Conduct; and
- inspect the Council's accounts and make their views known to the external auditor.

APPENDIX 2

PART 2 - ARTICLES OF THE CONSTITUTION

Article 1 – The Constitution

1.1 Powers of the Council

The Council will exercise all its powers and duties in accordance with the law and this Constitution.

1.2 The Constitution

This Constitution, and all its appendices, is the Constitution of Selby District Council.

1.3 Purpose of the Constitution

The purpose of the Constitution is to

- (a) Regulate and guide the proper conduct and better operation of the Council's business.
- (b) Enable the Council to provide clear leadership in partnership with the community, businesses and other organisations.
- (c) Support the active involvement of the community in the process of local authority decision-making.
- (d) Help councillors represent their constituents more effectively.
- (e) Enable decisions to be taken efficiently and effectively.
- (f) Create a powerful and effective means of holding decision-makers to public account.
- (g) Ensure that no councillor will review or scrutinise a decision in which they were directly involved.
- (h) Ensure that those responsible for decision-making are clearly identifiable to local people and that they explain the reasons for decisions.
- (i) Provide a means of improving the delivery of services to the community.
- (j) Ensure the highest standard of conduct from councillors and Council employees.

1.4 Interpretation and review of the Constitution

Where the Constitution permits the Council to choose between different

courses of action, the Council will always choose that option which it thinks is closest to the purposes stated above.

The Council will monitor and evaluate the operation of the Constitution as set out in Article 15.

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Article 2 – Councillors

2.1 Composition and eligibility

- (a) **Composition.** The Council comprises 41 [31] members, otherwise called councillors.

One or more councillors will be elected by the voters of each ward in accordance with a scheme drawn up by the relevant authorities and approved by the Secretary of State.

- (b) **Eligibility.** Only registered voters of the District or those living or working there will be eligible to hold the office of councillor.

2.2 Election and terms of councillors

The regular election of councillors will be held on the first Thursday in May every 4 years beginning in 2011, unless the date of the election is changed, by Order. The terms of office of councillors will start on the fourth day after being elected and will finish on the fourth day after the date of the next regular election.

2.3 Roles and functions of all councillors

- (a) **Key roles.** All councillors will:

- (i) collectively determine the policies of the Council as set out in the policy framework;
- (ii) contribute to the good governance of the area and actively encourage community participation and involvement in decision-making;
- (iii) effectively represent the interests of their ward and of individual constituents;
- (iv) respond (fairly and impartially) to constituents' enquiries and representations;
- (v) participate in the governance of the Council;
- (vi) maintain the highest standards of conduct and ethics; and
- (vii) champion the causes which best relate to the issues and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of the social, economic and environmental interests of the area.

- (b) **Rights and duties**

- (i) Councillors will have such rights of access to documents, information, land and buildings of the Council as are necessary for the proper discharge of their functions and in accordance with the law.
- (ii) Councillors will not make public information which is confidential or exempt without the consent of the Council or divulge information given in confidence to anyone other than a councillor or officer entitled to know it.
- (iii) For these purposes, 'confidential' and 'exempt' information are defined in the Access to Information Procedure Rules in Part 4 of this Constitution.

2.4 Conduct

Councillors will at all times observe the Code of Conduct for Councillors and the Protocol on Councillor/Officer Relations set out in Part 5 of this Constitution.

2.5 Allowances

Councillors will be entitled to receive allowances in accordance with the Councillors' Allowances Scheme set out in Part 6 of this Constitution.

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Article 3 – The Public and the Council

3.1 The rights of the public

In general, the public has the following rights to information and to participation, which are explained in more detail in Part 4 of this Constitution in the Access to Information Procedure Rules:

- (a) To vote if their name appears on the electoral roll for the District.
- (b) To attend meetings of the Council, its committees and the Executive, and to film or record those meetings except where confidential or exempt information is likely to be disclosed and the meeting is therefore held in private.
- (c) To inspect the Executive's Forward Plan to ascertain when key decisions are likely to be made.
- (d) To have access to agendas, reports, minutes and background papers in relation to meetings which are open to the public, except where confidential or exempt information is being discussed.
- (e) To inspect the Council's accounts at the designated times and make views known to the external auditor.

In addition the public may from time to time:

- (a) Be consulted about the Council's plans and strategies, particularly those contained in the policy framework.
- (b) Participate in the Council's Question Time (see section 10 of the Council Procedure Rules Part 4 in this Constitution).
- (c) Be invited to contribute to the work of the Overview and Scrutiny Committees.
- (d) Comment on the annual State of the Area Address given by the Council Leader.
- (e) Petition the Council in accordance with any statutory or local provisions which may be in force at the time and, in particular with the Council's Petitions Procedure Rules set out in Part 4 of this Constitution.
- (f) Petition to request a referendum for a mayoral form of executive, if their name is on the electoral roll.
- (g) Participate by way of public speaking at the Planning Committee.
- (h) Inspect this Constitution and obtain a copy on payment of an

appropriate charge.

- (i) Attend Community Engagement Forums and contribute to the Community Section of the meeting.

From time to time members of the public may think the Council has made a mistake or has caused some injustice. They have the right to:

- (a) Complain to the Council about any of its services in accordance with the complaints procedure, which shall be freely available to them on request.
- (b) Complain to the Local Government Ombudsman if they think the Council is responsible for maladministration or injustice, but only after they have followed the Council's complaints procedure.
- (c) Complain to the Council's Monitoring Officer if they consider that a councillor has not followed the Council's Code of Conduct for Councillors.

3.2 Responsibilities of the public

Members of the public also have responsibilities. They must not be violent, abusive or threatening to councillors or to officers of the Council. They must not wilfully harm or damage things owned by the Council, councillors or officers. They must obey the procedural directions of the Chair of any committee or Council or Executive meeting, if attending that meeting.

Article 4 – The Council

4.1 Meanings

- (a) **Policy Framework.** The policy framework means the following plans and strategies:
- Sustainable Community Strategy
 - Corporate Plan
 - Community Safety Partnership Plan
 - Asset Management Strategy
 - Plans and strategies which together comprise the Local Development Framework
 - Plans and strategies which together comprise the Housing Investment Programme
- (b) **Budget.** The budget includes the allocation of financial resources to different functions, services and projects, established or proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the Council's investments, borrowing requirement, the control of its capital or revenue expenditure and the setting of virement limits.
- (c) **Housing Land Transfer.** Housing Land Transfer means the approval or adoption of applications (whether in draft form or not) to the Secretary of State for approval of a programme of disposal of 500 or more properties to a person under the Leasehold Reform, Housing and Urban Development Act 1993 or to dispose of land used for residential purposes where approval is required under sections 32 or 43 of the Housing Act 1985.

4.2 Functions of the Council

Only the Council will exercise the following functions:

- (a) Electing the Chairman and appointing the Vice-Chairman of the Council.
- (b) Approving, adopting or amending this Constitution unless this has been delegated.
- (c) Approving, adopting or amending the Policy Framework or the Budget and any application to the Secretary of State in respect of any Housing Land Transfer.
- (d) Subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of an Executive function which is covered by the Policy Framework or the budget where the Executive is minded to make it in a manner which would be contrary

to/or not wholly in accordance with the Policy Framework and/or the budget.

- (e) Electing the Leader of the Council.
- (f) Agreeing and/or amending the terms of reference for committees, deciding on their composition and making appointments to them including the Chair and Vice-Chair save that the Chief Executive has delegated authority to make amendments or changes, after consultation with the relevant Group Leader, provided such changes preserve the proper political balance of the committee.
- (g) Appointing representatives to outside bodies unless the appointment is to a body exercising an Executive function or has been delegated by the Council.
- (h) Adopting a Councillors' Allowances Scheme under Article 2.5.
- (i) Changing the name of the District.
- (j) Conferring the title of Honorary Alderman.
- (k) Confirming the appointment of the Head of Paid Service.
- (l) Making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills.
- (m) Any local choice functions which the Council decides should be undertaken by itself rather than the Executive.
- ~~(n) Approving the work programme of committees.~~
- ~~(no) Adopting the Council's Codes of Conduct.~~
- ~~(op) All other matters which, by law, must be reserved to the Council.~~

4.3 Council meetings

There are three types of Council meeting:

- (a) the annual meeting;
- (b) ordinary meetings;
- (c) extraordinary meetings.

and they will be conducted in accordance with the Council Procedure Rules in Part 4 of this Constitution.

4.4 Responsibility for functions

Except where expressly prohibited by legislation the Council may delegate its functions.

The Council will maintain Part 3 of this Constitution setting out how it has delegated the responsibilities for the Council's functions.

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Article 5 – Chairing the Council

5.1 Role and function of the Chairman

The Chairman of the Council and in his/her absence, the Vice-Chairman, will have the following roles and functions:

5.2 Chairing the Council meeting

The Chairman will be elected by the Council annually at the Annual Meeting in May. The Chairman will have the following responsibilities:

- (a) to uphold and promote the purposes of the Constitution, and to interpret the Constitution when necessary;
- (b) to preside over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of all councillors and the interests of the whole community;
- (c) to ensure that the Council meeting is a forum to debate matters of concern to the local community and the place at which councillors who are not on the Executive are able to hold the Executive Members and committee and sub-committee Chairs to account; and
- (d) to promote public involvement in the Council's activities.

5.3 Ceremonial role

The Chairman will act as the Council's first citizen, promote the Council as a whole, and attend such civic and ceremonial functions as the Council and he/she may decide.

Article 6 - Overview and Scrutiny Committees

6.1 Appointment and Purpose

The Council will appoint 3 committees to support its Overview and Scrutiny activities. Only the Policy Review Committee and the Scrutiny Committee will discharge the Council's statutory overview and scrutiny functions. The three Committees shall be:

- 1) The Policy Review Committee (to contribute to the development of new Council policy and review the effectiveness of existing Council policy);
- 2) The Scrutiny Committee (to scrutinise decisions and performance and help hold the Leader and Executive to account); and
- 3) The Audit Committee (to scrutinise and monitor the Council's control systems, procedures and risk management systems)

Each of the 3 Committees will comprise a Chair and Vice Chair appointed by the Council and no more than 7 [5] other councillors appointed by the Council in accordance with the political balance rules. No Executive Member shall be a member of any of the three Committees nor any sub-committees undertaking overview and scrutiny functions.

6.2 General roles

Within their individual terms of reference, overview and scrutiny committees will:

- (a) review and/or scrutinise decisions made or actions taken in connection with the discharge of any functions;
- (b) make reports and/or recommendations to the Council and/or the Executive in connection with the discharge of any functions;
- (c) consider any matter affecting the area or its inhabitants; and
- (d) exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive and/or any policy committee or Community Engagement Forum.

In pursuance of their agreed individual annual work programme and allocated budget they may also:

- (a) assist the Council and the Executive in the development of the budget and policy framework by in-depth analysis of policy issues;
- (b) conduct research, community and other consultation in the analysis of policy issues and possible options;

- (c) consider and implement mechanisms to encourage and enhance community participation in the development of policy options;
- (d) question Members of the Executive and senior officers (defined as Directors and above) about their views on issues and proposals affecting the area; and
- (e) liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working;
- (f) review and scrutinise the decisions made by the Executive and council officers both in relation to individual decisions and over time;
- (g) review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
- (h) question Members of the Executive and senior officers about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions, initiatives or projects;
- (i) make recommendations to the Executive and/or appropriate committees or the Council arising from the outcome of the scrutiny process;
- (j) review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the overview and scrutiny committee and local people about their activities and performance; and
- (k) question and gather evidence from any person (with their consent).

Finance. Overview and scrutiny committees shall exercise overall responsibility for the finances made available to them.

Annual Report and Work Programme. Each overview and scrutiny committee shall prepare an Annual Report reviewing its past work and an Annual Work Programme making clear recommendations about its work for the year ahead and shall submit that programme each year for approval by the Council. Each overview and scrutiny committee shall consult the Leader and Executive on the content of their draft annual work programme and consider their views before submitting the work programme for Council approval.

Officers. Overview and scrutiny committees may exercise overall responsibility for the work of the officers employed to support the

Committees in delivering their approved annual work programmes.

6.3 Proceedings of overview and scrutiny committees

Overview and scrutiny committees will conduct their proceedings in accordance with the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution.

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Article 7 - The Executive

7.1 Role

The Executive will exercise all of the local authority's functions which are not the responsibility of any other part of the local authority, by law or under this Constitution.

The Executive shall discharge those functions in accordance with the Executive Procedure Rules in Part 4 of this Constitution.

7.2 Form and composition

The Executive will comply with the Leader and Cabinet Executive (England) model.

The Executive will consist of the Leader together with at least 2 but no more than 9 other councillors appointed to the Executive by the Leader. The Leader may from time to time amend the precise form and composition of the Executive and may also allocate areas of responsibility and decision-making powers to the Executive and to individual Executive Members.

7.3 Leader of the Executive

The Leader shall be a councillor elected to that office by a simple majority of the Council.

The Leader will hold office for a term of 4 years unless he/she:

- (a) resigns from the office of Leader; or
- (b) resigns from the Council; or
- (c) is suspended from being a councillor under Part III of the Local Government Act 2000;
- (d) is removed from office by a resolution of the Council tabled as a motion in accordance with Rule 13 of the Council Procedure Rules; or
- (e) is otherwise disqualified from holding the office of councillor.

7.4 Executive Members

The Leader of the Council shall appoint from the general body of councillors the Members of the Executive. The Leader shall also appoint one of the Executive Members as Deputy Leader who shall take on, on a temporary basis, the duties of Leader if the Leader is unable to carry out those duties from time to time.

Members of the Executive, other than the Leader, but including the Deputy

Leader, shall normally hold office for a term of 2 years unless they:

- (a) resign from the office of Executive Member; or
- (b) resign from the Council; or
- (c) are suspended from being a councillor under Part III of the Local Government Act 2000; or
- (d) are removed from office by written notice to that effect from the Leader, who shall immediately give notice of the removal to the Chief Executive and also report the reasons for the removal to the next meeting of the Council - the removal will take effect on the date the notice is given to the Chief Executive; or
- (e) are otherwise disqualified from holding the office of councillor.

7.5 Term of Office of replacement Leader or Executive Member

Where the Leader or a Member of the Executive ceases to hold office other than by the normal expiry of their term of appointment, any replacement shall be elected or appointed (as necessary) to hold office subject to the rules under paragraph 7.4 (a) (b) (c) and (e).

7.6 Proceedings of the Executive

Proceedings of the Executive shall take place in accordance with the Executive Procedure Rules set out in Part 4 of this Constitution.

The Leader is responsible for the Executive functions as defined in this Constitution and will ensure that they are maintained, reviewed and updated as necessary to ensure that proper arrangements are in place for the discharge of those functions.

7.7 Delegation of Executive functions to the Chief Executive

If neither the Leader nor the Deputy Leader can act the Executive functions shall devolve to the Chief Executive for a month or until the next meeting of the Council at which a new Leader is elected, whichever is the shorter. If the Council meeting fails to elect a new Leader then the powers devolved to the Chief Executive will continue for another month on the same terms.

Article 8 – Regulatory and other committees

8.1 Regulatory and other committees¹

These committees are appointed to carry out functions that are reserved to the Council and their duties shall not be delegated to the Executive or any individual Executive Member.

The Council will appoint the following regulatory and other committees. The responsibility for Council functions assigned to each committee is set out in Part 3 of this Constitution:

Planning Committee
Licensing and Appeals Committee

8.2 Other Committees

The Council will appoint the Access Selby Board with the responsibilities set out in Part 3 Section 5 of this Constitution.

The Council will appoint an Audit Committee with the responsibilities set out in Part 3 Section 6 of this Constitution.

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¹The Standards Committee was abolished by the Council on 24 April 2012 to take effect on 30 June 2012

Article 9 - The Standards ArrangementsCommittee

9.1 Standards ArrangementsCommittee

~~The Council abolished the Standards Committee at a Council Meeting held on 24 April 2012. The Committee ceased to operate on 30 June 2012.~~

The Council adopted a local Code of Conduct and Standards Arrangements on 26 June 2012 to come into effect on 1 July 2012. A copy of the code of conduct and the Standards Arrangements are ~~is~~ attached to this Constitution at Part 5

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Article 10 – Community Engagement Forums

10.1 Community Engagement Forums (CEFs)

The Council will establish and support no less than 2 Community Engagement Forums.

10.2 Composition

Community Engagement Forums will be public meetings held periodically in each CEF area to discuss issues affecting that area.

Community Engagement Forum Partnership Boards will comprise all district ward councillors from the area concerned, all North Yorkshire County Councillors from the area, one representative from the North Yorkshire Police and one from the North Yorkshire Fire and Rescue Services, up to 4* representatives from town and parish councils located in the area and up to 4* co-opted members of the community appointed by the Community Engagement Forum Partnership Board. (* or another number agreed by the CEF Partnership Board.)

The CEF Chair will be appointed by the Council. Each CEF shall appoint a Vice-Chair from amongst the members of the Partnership Board. (The Leader and Executive members shall not be appointed as CEF Chairs or Vice Chairs.)

10.3 Role and Function

- (a) To provide an opportunity to meet the local community, including town and parish councils, to discuss and consult on any issues and topics of local concern and interest and to look at possible solutions.
- (b) To assist in the planning and monitoring of local services.
- (c) To enable decision-making to be taken at a local level where this is practical and effective and in accordance with the scheme of delegation.
- (d) To determine, allocate and monitor the use of the Community Engagement Forum Community Fund.
- (e) To develop, monitor and maintain the area Community Development Plan.
- (f) To support communities in their implementation of the Community Development Plan and solutions to issues and topics of local concern.

Article 11 - Officers

11.1 Management structure

The Council may engage such staff (referred to as officers) as it considers necessary to carry out its functions.

The appointment of the Head of Paid Service, the Officer with responsibilities under Section 151 of the Local Government Act 1972 (Chief Finance Officer), the Officer with responsibilities under Section 5 of the Local Government and Housing Act 1989 (the Monitoring Officer) and any other Chief Officer shall be the responsibility of an Appointments Panel set up by the Council, from time to time, to make such appointments. The appointment of the Head of Paid Service and the Monitoring Officer will be approved by Council.

In the case of all other staff, the responsibility for appointment cannot be undertaken by the councillors and falls to the Head of Paid Service or their nominee.

11.2 Chief Officers

For the purposes of this Constitution the following posts will be described as Chief Officers:

- Chief Executive
- Deputy Chief Executive

11.3 Statutory Posts

The Council has responsibility for designating the following statutory posts:

- (a) Head of Paid Service
- (b) Chief Finance Officer (Section 151 responsibilities)
- (c) Monitoring Officer (Section 5 responsibilities)

The Council has decided to designate the following officers as taking those designated appointments:

- (a) Head of Paid Service will be the Chief Executive
- (b) Chief Finance Officer will be the Executive Director with s.151 responsibilities
- (c) Monitoring Officer will be the Deputy Chief Executive.

11.4 'Proper Officer' appointments

The existing 'Proper Officer' appointments are as follows:

The Chief Officers and Directors are authorised by the Council to exercise/undertake/carry out on its behalf the powers/duties granted or imposed by those Acts of Parliament, Statutory Instruments and Orders set out from time to time in the Scheme of Officer Delegation (see Part 3) including all such designations of Proper Officer under any enactment.

The 'Proper Officer' in relation to the Public Health Act 1936 means 'all consultants in public health medicine, either properly appointed or working in a locum capacity to the Health Authority responsible for the area of Selby District'.

The Chief Executive shall be the Proper Officer in relation to all access to information and associated legislation except that in the case of a joint report, each Chief Officer or Director shall be regarded as the Proper Officer for the part of the report which he/she has prepared.

11.5 Duties of the Head of Paid Service

The Head of Paid Service will determine the overall officer structure of the Council, showing the management arrangements and the deployment of officers. The current management structure is shown at Part 7 of this Constitution.

The Head of Paid Service will report to the Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of those functions and the organisation of officers.

The Head of Paid Service shall not also hold the role of Monitoring Officer but may hold the role of Chief Finance Officer if the Head of Paid Service is also a qualified accountant.

11.6 Duties of the Monitoring Officer

The Monitoring Officer will have the following responsibilities:

- (a) to maintain and amend the Constitution as necessary after consultation with the Head of Paid Service subject to the approval of the Council under the provisions of Article 15;
- (b) after consultation with the Head of Paid Service and the Chief Finance Officer, to report to the Council or to the Executive (the latter in relation to an Executive function) if he/she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented if implementation has not already occurred, until the Monitoring Officer's report has been considered;

- (c) to provide support to the Council in order to contribute to the promotion and maintenance of high standards of conduct;
- (d)² to deal with complaints and allegations of breaches of the Councillor Code of Conduct in accordance with the arrangements adopted from time to time by the Council;
- (e) to ensure that decisions of the Executive, together with the reasons for those decisions, and the relevant officer reports and background papers, are made publicly available in accordance with the Access to Information Procedure Rules set out in Part 4 of this Constitution;
- (f) to advise whether decisions of the Executive are within the approved budget and policy framework of the Council and to carry out this role in consultation with the Head of Paid Service and the Chief Finance Officer as necessary;
- (g) to provide advice to all councillors on the scope and powers and authority to take decisions, maladministration issues, financial impropriety, probity and budget and policy framework matters;
- (h) to undertake responsibilities under Section 5 of the Local Government and Housing Act 1989;
- (i)³ To maintain a Register of Interests for District, Town and Parish Councillors in accordance with the requirements of the Localism Act 2011 and subsequent legislation and regulations, including dealing with matters relating to sensitive interests; and
- (j)⁴ To deal with applications for dispensations from the rules relating to councillor and co-optee interests in accordance with the delegations set out in Part 3 of this Constitution.

The Monitoring Officer cannot be the Head of Paid Service or the Chief Finance Officer.

11.7 Duties of the Chief Finance Officer

The Chief Finance Officer shall have the following responsibilities:

- (a) to report to the Council or to the Executive (the latter in relation to an Executive function) and the Council's Auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully. This report will follow consultation with the Head of Paid

² Inserted following the adoption of a set of formal arrangements by Council on 24 April 2012

³ Inserted following approval by the Council on 24 April 2012

⁴ Inserted following approval by the Council on 24 April 2012

Service and the Monitoring Officer. Where a report relates specifically to the Head of Paid Service, the Chief Finance Officer shall first consult the Leader of the Council. Where a report relates specifically to the Monitoring Officer, the Chief Finance Officer shall first consult the Head of Paid Service.

- (b) to administer the financial affairs of the Council.
- (c) to contribute to the corporate management of the Council, in particular through the provision of professional financial advice.
- (d) to provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and will also support and advise councillors and officers in their respective roles.
- (e) to provide financial information to the media, members of the public and the community.
- (f) to undertake responsibilities under Section 151 of the Local Government Act 1972.

11.8 Duty to provide sufficient resources

The Council will provide the Head of Paid Service, Monitoring Officer and Chief Finance Officer with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed.

11.9 Conduct

All officers will comply with the Employees' Code of Conduct and the Protocol on Councillor/Officer Relations set out in Part 5 of this Constitution.

11.10 Employment

The recruitment, selection and dismissal of officers will comply with the Officer Employment Procedure Rules set out in Part 4 of this Constitution.

11.11 Attendance at Meetings

The Chief Executive, Head of Paid Service, Chief Finance Officer and Monitoring Officer shall be entitled to attend any meeting of the Council or its committees or sub-committees necessary for the proper conduct of their responsibilities.

Article 12 – Joint Arrangements

12.1 Joint Committees

The Local Government Act 2000 and regulations made thereunder enable local authorities to make use of joint arrangements with other authorities and delegate functions to other local authorities.

The Council has the following joint committee arrangements:

- North Yorkshire Building Control Partnership
-
- North Yorkshire District Council Joint Procurement Partnership
- Leeds City Region Leaders Board
- North Yorkshire Police and Crime Panel

12.2 Future joint arrangements

- (a) The Council may establish further joint arrangements with one or more local authorities and/or their Executives to exercise functions which are not executive functions in any of the participating authorities, or advise the Council. Such arrangements may involve the appointment of a joint committee with these other local authorities.
- (b) The Executive may establish further joint arrangements with one or more local authorities to exercise functions which are executive functions. Such arrangements may involve the appointment of joint committees with these other local authorities.
- (c) Except as set out below, the Executive may only appoint Executive Members to a joint committee and those members need not reflect the political composition of the local authority as a whole.
- (d) The Executive may appoint members to a joint committee from outside the Executive in the following circumstances:
 - (i) the joint committee has functions for only part of the area of the authority, and that area is smaller than two-fifths of the authority by area or population. In such cases, the Executive may appoint to the joint committee any councillor who is a member for a ward which is wholly or partly contained within the area;
 - (ii) the joint committee is between a county council and a single district council and relates to functions of the Executive of the county council. In such cases, the Executive of the county council may appoint to the joint committee any councillor who is a member for an electoral division which is wholly or partly contained within the area.

In both of these cases the political balance requirements do not apply to

such appointments.

Details of any further joint arrangements including any delegations to joint committees will be found in the Council's scheme of delegation in Part 3 of this Constitution.

12.3 Access to information

- (a) The Access to Information Procedure Rules in Part 4 of this Constitution apply.
- (b) If all the members of a joint committee are members of the executive in each of the participating authorities then its access to information regime is the same as that applied to the Executive.
- (c) If the joint committee contains members who are not on the Executive of any participating authority then the Access to Information Procedure Rules in Part VA of the Local Government Act 1972 will apply.

12.4 Delegation to and from other local authorities

- (a) The Council may delegate non-executive functions in local authorities with executive forms of constitution to another local authority or, in certain circumstances, to the Executive of another local authority.
- (b) The Executive may delegate executive functions to another local authority or the Executive of another local authority in certain circumstances.
- (c) The decision whether or not to accept such a delegation from another local authority shall be reserved to the Council meeting.

12.5 Contracting out

The Council (for functions which are not executive functions) and/or the Executive (for executive functions) may contract out to another body or organisation functions which may be exercised by an officer and which are subject to an order under section 70 of the Deregulation and Contracting Out Act 1994, or under contracting arrangements where the contractor acts as the Council's agent under usual contracting principles, provided there is no delegation of the Council's discretionary decision-making.

Article 13 – Decision-Making

13.1 Principles of decision-making

All decisions of the Council will be made in accordance with the following principles:

In the general public interest, and specifically to guard against the possibility of successful legal challenge to decisions made by the Council or by the Executive, it is necessary to demonstrate:

- (a) that the decision is within the powers of the Council;
- (b) that all relevant matters have been fully taken into account in reaching a decision;
- (c) That all relevant Rules and particularly the Council Procedure Rules, Financial Procedure Rules, Contract Procedure Rules and Access to Information Procedure Rules have been complied with;
- (d) that the decision has taken into account the provisions of the Human Rights Act;
- (e) that the decision is taken after due consultation with, and the appropriate professional advice from, all relevant officers;
- (f) that any councillor concerned has considered whether he/she has any declarable interest in the particular item and if necessary made a declaration of interest;
- (g) that the current scheme of delegation has been complied with;
- (h) that the decision has been taken in an open and transparent manner;
- (i) that the decision is clear in terms of its aims and desired outcomes;
- (j) that the decision has been taken in accordance with the Council's aims and strategies; and
- (k) that the decision is properly recorded and published within the appropriate timescale, together with declarations of interest and background papers.

13.2 Types of decision

- (a) Decisions reserved to the Council.

Decisions relating to the functions listed in Article 4.2 will be made by the Council unless these decisions have been delegated through

- this Constitution.
- (b) Key decisions.
- (c) Administrative or operational decisions
- (de) All other decisions taken by the Council or on its behalf and not included in (a) (b) or (c) above.

13.3 Key decisions

A key decision is one which is financially significant for the service or function concerned because it relates to expenditure or savings of more than £150,000 or which will have a significant impact on people who live and work in an area covering two or more district wards.

Key decisions will only be taken in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of this Constitution (but subject to the requirements of the Access to Information Procedure Rules, the Budget and Policy Framework Procedure Rules and the Overview and Scrutiny Procedure Rules).

13.4

Administrative or Operational Decisions:-

An administrative or operational decision is one in relation to a Council or Executive function which is not a Key decision and which;

- is within an approved budget; and
- is expenditure of less than £50 001; and
- is not in conflict with the Budget and Policy Framework or other approved policies approved by the Council; and
- does not raise new issues of policy or otherwise affect the rights of an individual outside the confines of existing policy

13.4 Decision-making by the Council

Subject to Article 13.9, the Council meeting will follow the Council Procedures Rules set out in Part 4 of this Constitution when considering any matter.

13.5 Decision-making by the Executive

Subject to Article 13.9, the Executive will follow the Executive Procedures Rules set out in Part 4 of this Constitution when considering any matter.

13.6 Decision-making by the Overview and Scrutiny Committees and their sub-committees

The Overview and Scrutiny Committees and their sub-committees will follow the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution when considering any matter.

13.7 Decision-making by other committees and sub-committees established by the Council

Subject to Article 13.9, other Council committees and sub-committees will follow those parts of the Council Procedure Rules set out in Part 4 of this Constitution as apply to them.

13.8 Decision-making by the Community Engagement Forums

The Community Engagement Forums will follow the Community Engagement Forum Procedure Rules set out in Part 4 of this Constitution when considering any matter.

13.9 Decision-making by Council bodies acting as tribunals

The Council, a councillor or an officer acting as a tribunal or in a quasi-judicial manner or determining/considering (other than for the purposes of giving advice) the civil rights and obligations or the criminal responsibility of any person will follow a proper procedure which accords with the requirements of natural justice and the right to a fair trial contained in Article 6 of the European Convention on Human Rights.

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Article 14 – Finance, Contracts and Legal Matters

14.1 Financial management

The management of the Council's financial affairs will be conducted in accordance with the Financial Procedure Rules set out in Part 4 of this Constitution.

14.2 Contracts

Every contract made by the Council will comply with the Contract Procedures Rules set out in Part 4 of this Constitution.

14.3 Legal proceedings

The Solicitor to the Council is authorised to institute, defend, settle or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council, ensure the implementation of Council policy or to protect the Council's interests including issuing instructions to Counsel.

14.4 Authentication of documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Solicitor to the Council or other person authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

Any contract with a value exceeding £10,000 entered into on behalf of the Council in the course of the discharge of an executive function shall be made in writing and where it meets or exceeds the financial limits in the Contract Procedure Rules which require contracts to be under seal, shall be made under the Common Seal of the Council.

14.5 Common Seal of the Council

The Common Seal of the Council will be kept in a safe place in the custody of the Solicitor to the Council. A decision of the Council or one of its committees or the Executive or in accordance with the Scheme of Delegation will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Solicitor to the Council should be sealed. The affixing of the Common Seal will be attested by the Chief Executive or some other officer authorised by him/her.

An entry of every sealing of a document shall be made and consecutively numbered in a book to be provided for this purpose and be signed by the person(s) who shall have attested the sealing.

Article 15 - Review and Revision of the Constitution

15.1 Duty to monitor and review the Constitution

The Monitoring Officer will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

The Monitoring Officer should be aware of the strengths and weaknesses of the Constitution adopted by the Council and should make recommendations on ways in which it could be amended in order better to achieve the purposes set out in Article 1. In undertaking this task the Monitoring Officer may:

- (a) observe meetings of different parts of the councillor and officer structure;
- (b) undertake an audit trail of a sample of decisions;
- (c) record and analyse issues raised with him/her by councillors, officers, the public and other relevant stakeholders; and
- (d) compare practices in the Council with those in other comparable authorities, or national examples of best practice.

15.2 Changes to the Constitution

- (a) **Approval.** Changes to the Constitution will only be approved by the Council after consideration of the proposal by the Executive taking into account advice from the Chief Executive or the Monitoring Officer but subject to any delegation to the Monitoring Officer to make minor amendments.
- (b) **Change in Governance Arrangements.** The Council must take reasonable steps to consult with local electors and other interested persons in the area when drawing up proposals. If the change proposed is to a Mayoral form of Executive, it can only be implemented after being approved in a local referendum.

15.3 Operative date

In the absence of an operative date being specified by the Council, all changes to the Constitution will be effective from the date of the next Council meeting following the date of the decision to effect the change.

Article 16 – Suspension, Interpretation and Publication of the Constitution

16.1 Suspension of the Constitution

- (a) **Limit to suspension.** The Articles of this Constitution may not be suspended. The Rules set out in Part 4 of this Constitution may be suspended by the Council to the extent permitted within those rules and the law.
- (b) **Procedure to suspend.** A motion to suspend any rules moved without notice shall not be valid unless at least one half of the whole number of councillors are present. The extent and duration of suspension will be proportionate to the result to be achieved, taking account of the purposes of the Constitution set out in Article 1.
- (c) **Rules capable of suspension.** The Council Procedure Rules may be suspended in accordance with the provisions contained in those Rules.

16.2 Interpretation

The ruling of the Chairman of the Council as to the construction or application of this Constitution or as to any proceedings of the Council shall not be challenged at any meeting of the Council. Such interpretation will have regard to the purposes of this Constitution contained in Article 1.

16.3 Publication

- (a) The Chief Executive will give a copy of this Constitution to each councillor upon delivery to him/her of that individual's declaration of acceptance of office on the councillor first being elected to the Council.
- (b) The Chief Executive will ensure that copies are available for inspection at the Council's offices, its website, libraries and other appropriate locations, and can be purchased by members of the local press and the public on payment of a reasonable fee.

Schedule 1: Description of Executive arrangements

The following parts of this Constitution constitute the Executive arrangements:

- (a) Article 6 - Overview and Scrutiny Committees and the Overview and Scrutiny Procedure Rules.
- (b) Article 7 - The Executive, and the Executive Procedure Rules.
- (c) Article 12 - Joint arrangements.

- (d) Article 13 - Decision-making, and the Access to Information Procedure Rules.
- (e) Part 3 - Responsibility for Functions.

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APPENDIX 3

PART 3 - RESPONSIBILITY FOR FUNCTIONS

PART 3 - RESPONSIBILITY FOR FUNCTIONS

PART 3.1 - General

1. Responsibility for decision-making

The Council has a duty to maintain an up-to-date record of which part of the Council or which individual has responsibility for particular types of decisions or decisions relating to particular areas or functions.

This Part of the Constitution sets out who is responsible for the various functions of Selby District Council.

2. Principles in decision-making

All decisions of the Council will be made in accordance with the principles of decision-making as set out in Article 13 of this Constitution.

3. Responsibility for functions

Functions fall into the following categories:

COUNCIL(NONE EXECUTIVE) FUNCTIONS

These are functions which, by law, are not the responsibility of the Executive. In some cases, such as adopting the Council's Budget or the Policy Framework, only the full Council meeting may take the decision. In other cases, the Council may delegate the responsibility for taking the decision to a Committee or an Officer.

"LOCAL CHOICE" FUNCTIONS

There are some functions which the Council may choose to treat as being the responsibility of the Executive (in part or whole) or as being non-executive functions.

EXECUTIVE FUNCTIONS

All other functions are executive functions. Decisions on these functions will be taken by the Executive acting collectively at an Executive Meeting or delegated to an individual Executive Councillor or an officer in accordance with this Constitution or dealt with under joint arrangements.

4. Decision making which is delegated to Officers

Where a function has been delegated to an officer(s) ("delegated decision making"), the decision may be taken in the name of (but not necessarily personally by) such delegated officer(s) or by another officer(s) ("authorised officers(s)") in accordance with arrangements made from time to time by such delegated officer(s) for this purpose.

5 Joint Arrangements

The Council, in order to promote the economic, social or environmental well-being of its area, may:

- (a) enter into arrangements or agreements with any person or body;
- (b) co-operate with, or facilitate or co-ordinate the activities of, any person or body; and
- (c) exercise on behalf of that person or body any functions of that person or body; and
- (d) establish joint arrangements with one or more local authorities and/or their Executives to exercise functions in all or any of the participating authorities' areas, or advise the Council. Such arrangements may involve the appointment of a joint committee with these other local authorities.

Details of any joint arrangements including any delegations to joint committees are set out in this Part (see para XX).

6 Delegation To and From Other Local Authorities

- (a) By virtue of the Local Government Acts 1972 and 2000, the Council may arrange for the discharge of its functions by another local authority unless the function is also a function of the other local authority's Executive.
- (b) In accordance with the provisions of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, the Council may delegate functions to another local authority or, in certain circumstances, the Executive of another local authority.
- (c) The decision whether or not to accept or make arrangements for such a delegation of functions from or to another local authority shall be made only by the Council.

7 Contracting Out

The Council may contract out to another person, body, organisation, or to employees of any such person, body, or organisation, functions which may be exercised by an officer and which are subject to an Order made pursuant to powers under Section 70 of the Deregulation and Contracting Out Act 1994 or under contracting arrangements where the contractor acts as the Council's agent under usual contracting principles, providing there is no delegation of the Council's discretionary decision-making.

8 Interpretation

In this part of the Constitution:

PART 3 - RESPONSIBILITY FOR FUNCTIONS

“the 2000 Act” means the Local Government Act, 2000;

“the 2000 Regulations” means the Local Authorities (Functions and Responsibilities) (England) Regulations, 2000;

“the 2007 Act” means the Local Government and Public Involvement in Health Act, 2007;

“the 1972 Act” means the Local Government Act, 1972.

PART 3.2 Summary Of Responsibilities

COUNCIL (NON EXECUTIVE) FUNCTIONS¹

Function	Decision-Making Body	Membership	Delegations
Town and Country Planning, Development Control, Land and Highways	Planning Committee	12 [10] councillors	Lead Officer – Planning (pages xx)
Licensing, Registration and Appeals (incl the statutory Licensing Committee) ²	Licensing and Appeals Committee	10 councillors	Lead Officers Environmental Health and Housing and Debt Control and Enforcement (pages xx)
Standards	Council	All Councillors	Delegations to the Monitoring Officer. See also the Standards Arrangements in Part 5
Health and Safety at Work	Council	All councillors	See Officer Delegations (pages xx)
Elections and Other Civic Arrangements (including Byelaws and Bills)	Council	All councillors	See Officer Delegations (pages 47-57)
Staff & Pensions	Council	All councillors	See Officer Delegations (pages 47-57)

The decision making bodies set out above may from time to time add to or alter those delegations, as appropriate, within their functional responsibilities.

¹ Regulation 2 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000

² Licensing Act 2003

PART 3 - RESPONSIBILITY FOR FUNCTIONS

Certain Council (non-executive) functions have also been delegated to officers. Details of those delegations can be found in the Tables in xxx of this Part.

LOCAL CHOICE FUNCTIONS³

Function	Decision-Making Body	Membership	Delegation of Functions
Appeals against decisions of the Authority	Licensing and Appeals Sub Committee	3 councillors	To consider and determine any appeals against any decision made by or on behalf of the Authority where an appeal process is allowed or in place.
Best value reviews	The Executive	Executive councillors	To commission and consider best value service reviews.
Contaminated Land	The Executive	Executive councillors	All functions of the Council related to contaminated land not otherwise delegated to officers.
Control of Pollution and Air Quality	The Executive	Executive councillors	All functions of the Council related to pollution and air quality not otherwise delegated to officers.
Statutory Nuisance	The Executive	Executive councillors	All functions of the Council related to statutory nuisance not otherwise delegated to officers.
Enquiries as to interest in land	The Executive	Executive councillors	All functions of the Council related to enquiries as to interest in land not otherwise delegated to officers.
Agreements as to Highway Works	The Executive	Executive councillors	All functions of the Council related to agreements as to

³ Regulation 3 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000

PART 3 - RESPONSIBILITY FOR FUNCTIONS

Function	Decision-Making Body	Membership	Delegation of Functions
			Highway Works not otherwise delegated to officers.
Appointments (and revocations of appointments) to outside bodies	The Executive	Executive councillors	Appointments to bodies exercising the equivalent of executive functions.
	The Council	All councillors	Appointments to bodies exercising the equivalent of non-executive functions.

Certain local choice functions have also been delegated to officers. Details of those delegations can be found in the Tables in Section xx of this Part.

SHARED FUNCTIONS ⁴

Function	Decision-Making Bodies	Delegation of Functions
Sustainable Community Strategy ⁵	The Executive	Formulation and Development
	The Council	Adoption, amendment and modification
Community Safety Partnership Plan/Crime and Disorder Reduction Strategy ⁶	The Executive	Formulation and Development
	The Council	Adoption, amendment and modification

⁴ Regulation 4 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000

⁵ s4 of the Local Government Act 2000

⁶ ss5 and 6 Crime and Disorder Act 1998

PART 3 - RESPONSIBILITY FOR FUNCTIONS

Plans and alterations which together comprise the Development Plan ⁷	The Executive	Formulation and Development
	The Council	Adoption, amendment and modification
Licensing Policy Statement (Gambling) ⁸	The Executive	Formulation and Development
	The Council	Adoption, amendment and modification

Certain shared functions have also been delegated to officers. Details of those delegations can be found in the Tables in Section xx of this Part.

PART 3.3 - Responsibility For Executive Functions

1. The Executive consists of the Leader and between 2 and 9 other Councillors appointed by the Leader, one of whom shall be the Deputy Leader.
2. The Executive exercises the following functions:-
 1. Providing overall leadership and direction to the Council.
 2. Discharging all the functions of the Council which are Executive Functions under the law and this constitution
 3. Formulating, monitoring and reviewing the budget and policy framework, following appropriate consultation, for adoption or approval by the Council.
 4. Leading the search for best value in all that the Council does.
 5. Ensuring effective performance of the Council in relation to its stated policies and objectives.
 6. Ensuring that the Council has strategies and plans in place which support the work of the Council, ensure the delivery of its objectives and fulfil its statutory obligations.
 7. Co-ordinating the policies and activities of the Council.
 8. Determining all matters to do with the implementation of strategies,

⁷ s54 Town and Country Planning Act 1990 and s15 Planning and Compulsory Purchase Act 2004

⁸ s349 Gambling Act 2005

PART 3 - RESPONSIBILITY FOR FUNCTIONS

plans and policies which are not otherwise delegated to another part of the Council by law or under this Constitution.

9. Making appointments to outside bodies which exercise the equivalent of executive functions
3. The Leader may also delegate functions to officers on a standing or specific basis. The Leader shall report annually to Council on the standing delegations to officers.

Current standing delegations are set out in Section XX below.

PART 3.4 – Council Functions delegated to Committees

Specific responsibilities for council (none executive) functions (including local choice functions delegated to non-executive bodies)

3.4.1 PLANNING COMMITTEE

1. To exercise all functions relating to Town and Country Planning and development management as specified in Section A of Schedule 1 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force including enforcement and all powers under planning legislation to obtain information as to interests and particulars of persons interested in land.

PROVIDED THAT

When any planning application is being considered by the Committee, if, before any decision is made in respect of that application, a Committee member proposes that the decision on the application shall be made by the Council, and if, on a vote being taken by the Committee, there is a majority of votes in favour of that proposal, then the conclusion of the Committee on the planning merits of that application shall be treated as a recommendation by the Committee to the Council.

2. To determine all applications for planning permission made by the Council to which Regulation 3 of the Town and Country Planning General Regulations 1992 applies.
3. To determine all matters relating to the control of advertisements, the preservation of trees, buildings and important hedgerows, the extinguishment or diversion of public highways affected by development and the service of purchase notices and notices as to waste land.
4. To lodge objections against applications for heavy goods vehicles operators licences.

PART 3 - RESPONSIBILITY FOR FUNCTIONS

5. To determine all matters relating to high hedges arising under Part 8 of the Anti-Social Behaviour Act 2003.

3.4.2 LICENSING AND APPEALS COMMITTEE

1. To exercise all the licensing and enforcement functions of the Council relating to
 - (a) Taxi, food and miscellaneous licensing, health and safety and certain deposits on the highway as set out in Sections B, C and I(22) of Schedule 1 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force
 - (b) Contaminated land, control of pollution and the management of air quality as set out in Schedule 2 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force
 - (c) Decisions as to the revocation of HMO licences under the Housing Act 2004
 - (d) Smoke free premises under the Health Act 2006.
 - (e) Motor salvage and scrap metalIncluding the setting of fees
2. The licensing and enforcement functions of the Council relating to
 - (a) Licensing functions under the Licensing Act 2003 including applications for and variations to premises licences, club premises certificates and provisional statements where a relevant representation has been made and not withdrawn and imposing appropriate conditions*
 - (b) Licensing functions under the Gambling Act 2005 including the setting of fees*

*most cases will be determined by the Licensing and Appeals Sub-Committee but an officer may, in consultation with the Chair of the Committee, refer the determination to the full Licensing and Appeals Committee where he/she considers it merits their attention.

3.4.3 LICENSING AND APPEALS SUB COMMITTEE⁹

Consisting of 3 Members of the Licensing and Appeals Committee selected by the Democratic Services Officer and normally including the Chair of Vice Chair of the

⁹ This is sub-committee constituted under the Licensing Act 2003 and political balance is not required

PART 3 - RESPONSIBILITY FOR FUNCTIONS

Licensing Committee

1. To determine applications for licences, provisional statements and certificates (including Review Applications and Variation Applications) under the Licensing Act 2003 where a relevant representation has been made and not withdrawn including the imposition of appropriate conditions.
2. To decide whether to object when the Council is a consultee to a Licensing Act application and not the Authority determining the application
3. To determine an objection to a temporary event notice.
4. To determine applications for licences, provisional statements, certificates and permits (including Review Application and Variation Applications) under the Gambling Act 2005 where a relevant representation has been made and not withdrawn including the imposition of appropriate conditions.
5. Cancellation of club gaming/club machine permits
6. To decide to give a counter notice to a temporary use notice.

PART 3.5 - Overview And Scrutiny Arrangements

The Policy Review Committee, Scrutiny Committee and Audit and Governance Committees will each perform Overview and Scrutiny roles but only the Policy Review Committee and Scrutiny Committee will undertake the Council's statutory Overview and Scrutiny functions.

3.5.1 Policy Review Committee

1. To contribute to the development of the policies contained in the Budgetary and Policy Framework of the Council.
2. To consider and undertake policy reviews referred by the Executive.
3. To propose and undertake an annual programme of work of policy reviews or inquiries into existing Council policy.
4. To consider and comment upon the implications on Selby District of the policies of partner organisations and other agencies delivering public services in the District.

3.5.2 Overview and Scrutiny Committee

1. To scrutinise the performance of the Council and that of its partner organisations and other agencies delivering services within the Selby District.

2. To exercise the Council's statutory obligations and powers in relation to Overview and Scrutiny.
3. Exercise the right of call-in of decisions and recommendations made but not yet implemented.
4. To issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council

3.5.3 Audit and Governance Committee

1. To scrutinise and monitor the control systems, procedures and risk management systems operating at the Council.
2. To monitor and report on the effectiveness of the Council's Constitution.
3. To receive reports from the Monitoring Officer on the effectiveness of the Standards Arrangements adopted by the Council.
4. To scrutinise and approve the Council's Annual Governance Statement, statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be).
5. To be satisfied that the Council's assurance statements, including the Annual Governance Statement, have been properly developed and considered by councillors.
6. To receive the Annual Standards Report prepared by the Monitoring Officer.
7. To receive, but not direct, internal audit service strategy and plan and monitor performance.
8. To receive the annual report of the internal audit service
9. To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
10. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
11. To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
12. To consider the reports of external audit and inspection agencies

PART 3 - RESPONSIBILITY FOR FUNCTIONS

relating to the actions of the Council.

13. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
14. To review the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to issues raised by external audit.
15. To issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council.

PART 3.6 - Community Engagement Forums

1 Purpose

To provide a forum to raise, discuss and consider matters related to the well-being of the Forum's area, particularly, but not exclusively, those matters which are the responsibility of the local government authorities, their partner organisations and other organisations who provide services partly or wholly funded by public funds.

2 Membership

All Selby District ward councillors for the Forum area.

All North Yorkshire County councillors for the Forum area.

Up to 4* representatives from town and parish councils in the Forum area

Up to 4* co-opted members of the community.

* or another number agreed by the CEF Partnership Board.

3 Functions

1. To contribute to the achievement of the aims and objectives of the Selby and North Yorkshire Strategic Partnership and the development and delivery of the Selby District Sustainable Community Strategy.
2. To assess and make recommendations to the appropriate budget holder for the allocation of funds from the budget made available by the Council to each CEF.

PART 3.7 - JOINT COMMITTEES

3.7.1 BUILDING CONTROL PARTNERSHIP

Purpose

To work in partnership with the other member Councils for the delivery of a Building Control Service in accordance with the terms of the Partnership Agreement.

Membership

2 Selby District councillors and 2 councillors each from the other member Councils

3.7.2 NORTH YORKSHIRE PROCUREMENT PARTNERSHIP

Purpose

To work in partnership with the other member Councils for the delivery of a shared Procurement Service in accordance with the terms of the Partnership Agreement.

Membership

1 Selby District Councillor, 1 councillor each from Ryedale District and Scarborough Borough Councils

3.7.3 LEEDS CITY REGION LEADERS BOARD

Purpose

To develop an internationally recognised city region;
To raise economic performance;
To spread prosperity across the whole of the city region; and
To promote a better quality of life for all of those who live and work in the city region.

Membership

1 Selby District Councillor and 1 Councillor from each of the other member Councils

Full membership details, Terms of Reference, functions and rules governing the conduct and proceedings of meetings can be obtained via the Leeds City Region Local Enterprise Partnership

3.7.4 NORTH YORKSHIRE POLICE AND CRIME PANEL

PART 3 - RESPONSIBILITY FOR FUNCTIONS

Purpose

The North Yorkshire Police and Crime Panel is a joint committee established and maintained in accordance with the Police Reform and Social Responsibility Act 2011

The Police and Crime Panel discharges statutory functions set out in the 2011 Act.

Membership

Craven District Council, Hambleton District Council, Harrogate Borough Council, North Yorkshire County Council, Richmondshire District Council, Ryedale District Council, Scarborough Borough Council and Selby District Council will each appoint one councillor as a member of the panel; and City of York Council will appoint two councillors

PART 3.8 - CONSULTATIVE COMMITTEES

Access Selby Board

Purpose

The Access Selby Board will assist in delivering a business which is commercially focussed but which operates under the statutory framework which regulates local government and in accordance with the Constitution of Selby District Council and the Rules of Procedure contained therein.

All decisions of the Board will be given effect using the existing delegations to officers or by way of report and recommendation to the appropriate decision-making body of the Council.

Membership

Non-Executive Directors

3 councillors (voting members)
1 co-opted member (non voting)

Executive Directors

2 officers (non voting)

Specific Functions

1. To advise on the strategic direction of the business within the budget and policy framework of Selby District Council.

PART 3 - RESPONSIBILITY FOR FUNCTIONS

2. To monitor performance in achieving the business's key financial objectives.
3. To report on the activities of Access Selby to the Council, the public and other stakeholders.
4. To consider emerging issues which may be material to the business and affairs of Access Selby.
5. To receive and consider proposals for joint ventures, strategic partnerships and alliances which are significant in terms of the business of Access Selby.
6. To receive regular Business and Financial Reports and review performance in the light of the business's strategy, objectives, corporate and business plans, budgets and policies.
7. To receive and consider Access Selby's procedures for reviewing, monitoring and managing risk.
8. To receive and consider high level reports on matters material to the business including relations with regulatory authorities, human resources, information technology, insurance, disaster recovery, litigation and health and safety.

PART 3.9 - OFFICER DELEGATION SCHEME

3.9.1 General

- (a) Councillors set policy priorities and strategies to reflect local interests and needs and are also responsible for allocating funding between individual priority areas. The Chief Executive, Deputy Chief Executive, Executive Directors and Access Selby Directors and their staff implement these strategies and policies. It is officers therefore, who have responsibility for managing the Council's day to day operations, within a policy and budgetary framework laid down by Councillors.
- (b) Under the executive arrangements adopted by the Council, both full Council and the Executive have specific functions and many of these can be delegated to committees or officers. Where Council or the Executive have established a committee to discharge their respective functions then subject to any limitations imposed by the Council/Executive respectively, that committee can also delegate its functions to an officer.
- (c) The functions delegated to officers by the Executive are set out in the delegations to officers in Part XX below
- (d) The functions delegated to officers in relation to Council functions are set out in Part xx below.

PART 3 - RESPONSIBILITY FOR FUNCTIONS

3.9.2 General conditions applying to all delegated powers:

- (a) Functions must be discharged by officers in the manner set out below and at all times in accordance with:
 - (i) the Constitution of the Council;
 - (ii) any relevant policies, directions, rules of procedure and codes of practice of the Council;
 - (iii) approved budgets; and
 - (iv) decisions of the Executive and Council and their committees.
- (b) The Council can, without prejudice to any action already taken, amend or revoke this scheme of delegation at any time (in accordance with the arrangements for amending this Constitution as set out in Article 15);
- (c) Named officers may arrange for functions to be discharged by others, but will remain accountable for those functions. Where such further delegation takes place the relevant authorisation shall be set out in writing.
- (d) An officer shall not incur, nor commit the Council to, any expenditure for which there is no budget provision, or for which specific approval is required and has not been received, except in an emergency. In such circumstances, the agreement of the Leader of the Council and the Executive Director with s. 151 responsibilities will first be obtained, and the circumstances subsequently reported to the Executive.
- (e) Any matter which, in the judgement of the officer exercising powers under this Scheme, is likely to give rise to unusual difficulty, or the circumstances of which are likely to give rise to controversy or other extraordinary consideration, shall be dealt with only after consultation with the Leader of the Council, appropriate Executive Councillor or Committee Chair.
- (f) Notwithstanding the provisions of this Scheme, the officer may bring before the Executive or appropriate committee for determination any matter which, having regard to his or her knowledge and understanding of the circumstances, should more appropriately be decided by the Executive or decision making body or which involves questions of policy not yet determined by the Council.
- (g) An Executive Councillor may request that an officer refrains from exercising a delegated executive authority in respect of a particular matter and refer it instead to the Executive, for a decision. The Officer shall have regard to this request before deciding how to proceed.

- (h) Any reference within this Scheme to 'Chair' shall be taken to apply to the Vice-Chair where contact with the Chair cannot be made.
- (i) Delegated powers shall include the carrying out of all duties and powers covered by the function including administrative and procedural acts, the exercising of discretion and the making of determinations.

3.9.3 Specific Functions delegated to the Chief Executive

- (a) To act as Head of Paid Service for the Council and in particular:
 - (i) to have authority over all other officers (except the Monitoring Officer and the Section 151 Officer when either act in that capacity);
 - (ii) to formulate employment practices and procedures; and
 - (iii) to deal with routine matters of day-to-day administration, management and control of matters which are necessary for the proper performance of the Chief Executive's terms of appointment.
- (b) To exercise all the functions of the Proper Officer of the Council under all legislation in relation to both executive and non-executive functions except where that legislation or this Scheme delegates such functions to another named officer.
- (c) To formulate and co-ordinate professional advice to all parties in the decision-making process and, in particular, to advise on strategic and corporate policy and to ensure that appropriate arrangements are in place to give effect to the strategies, plans and policies of the Council.
- (d) To sign on behalf of the Council any document necessary to give effect to any decision of the Council in relation to both executive and non-executive functions.
- (e) To act as the authorised representative of the Council in respect of (1) its membership of any limited company to give effect to any decision of the Council in relation to executive functions or (2) any partnership or (3) any external bodies which are required by statute or the Council.
- (f) To undertake all functions relating to elections and electoral registration.
- (g) Under the Data Protection Act 1998 and Freedom of Information Act 2000, and guided by the Access to Information Procedure Rules, to

PART 3 - RESPONSIBILITY FOR FUNCTIONS

decide appeals as to whether applications by councillors for access to material should be refused.

- (h) To amend the approved establishment and staffing structure, provided any changes are consistent with the budget and policy framework.
- (j) To discharge any function of the Council not otherwise delegated to Chief Officers, Directors or other named officers.
- (k) Limits, controls and conditions
 - (i) After consultation with the Leader of the Council:
 - to exercise all the Council's functions in emergency or urgency situations which, in the Chief Executive's opinion, seriously affect the functions of the Council and/or the well-being of the Council's area; and
 - to receive and consider proposals for the Executive's Forward Plan and annual work programmes of committees and make recommendations on those work programmes to the Council.
 - (ii) After consultation with the relevant Group Leader to authorise any amendments or changes to the appointment of councillors and substitute councillors to committees or outside bodies.
 - (iii) After consultation with the Executive Director with s.151 responsibilities to approve supplementary estimates up to and including £10,000 (up to an overall limit of £50,000 in any one year) and to report details of all such approvals to the Executive on a quarterly basis.

31.3 Specific Functions delegated to the Deputy Chief Executive

- (a) After consultation with the Leader of the Council and in the absence of the Chief Executive or when the Chief Executive is unable to act in that capacity:
 - (i) to exercise all the Council's functions in emergency or urgency situations which, in the Deputy Chief Executive's opinion, seriously affect the functions of the Council and/or the well-being of the Council's area.

3.9.4 Specific Functions Delegated to the Monitoring Officer

- (a) To be the proper officer to receive complaints of failure to comply with the local Councillor Code of Conduct;

- (b) To take all of the actions necessary to implement and operate the arrangements adopted from time to time by the Council for dealing with complaints of failure to comply with the local Councillor Code of Conduct;
- (c) To prepare and maintain a register of councillors interests to comply with the requirements of the Localism Act 2011 and the Council's Code of Conduct, and ensure that it is available for inspection as required by the Act
- (d) To prepare and maintain registers of councillors' interests for each Town and Parish Council to comply with the Act and any Code of Conduct adopted by each Town or Parish Council and ensure that it is available for inspection as required by the Act;
- (e) To grant dispensations from the rules concerning councillor interests
- (f) To determine requests for councillors' interests to be considered and dealt with as sensitive interests
- (g) To make administrative and consequential changes to the Constitution to reflect legislative changes, or changes to names, titles or designations but which do not alter the purpose or intent of this Constitution.
- (h) To deal with complaints (including complaints relating to maladministration) and to authorise without prejudice payments or other benefits up to a value of £1000
- (i) To deal with routine matters of day-to-day administration, management and control within the remit of the Monitoring Officer responsibilities or matters which are necessary for the proper performance of the Monitoring Officer's responsibilities' terms of appointment.

3.9.5 Specific Functions delegated to the Executive Director with s.151 responsibilities

- (a) To have operational control of the Council's finances and to act as financial adviser to the Council, Executive and committees.
- (b) To undertake all of the Council's functions in connection with:
 - (i) Section 151 of the Local Government Act 1972
 - (ii) Accountancy (including banking)
 - (iii) Investments, borrowing and financing
 - (iv) Insurances
 - (v) Housing and Council Tax Benefits
 - (vi) Council Tax, NNDR and other Revenues

PART 3 - RESPONSIBILITY FOR FUNCTIONS

- (vii) Internal Audit (including matters arising from the Internal Audit Partnership)
 - (viii) Debtors and Creditors
 - (ix) The Collection Fund
 - (x) Investigation of fraud and financial impropriety
 - (xi) The control of funds and reserves
 - (xii) Central administration
 - (xiii) Risk Management
 - (ix) Information Governance
 - (x) Performance and Improvement Management
- (c) To deal with routine matters of day-to-day administration, management and control within the remit of the Executive Director with s.151 responsibilities or matters which are necessary for the proper performance of the Executive Director with s.151 responsibilities' terms of appointment.
- (d) Limits, controls and conditions
- (i) Where satisfied that recovery is not economically possible, to write off as irrecoverable, any debt, charge, penalty or arrears owing to the Council up to an amount of £10,000 in each case and to write off amounts over £10,000 only after consultation with the Leader of the Council (or the Lead Member for Finance in the Leader's absence).
 - (ii) To authorise expenditure arising in the case of emergencies/ disasters of up to £20,000 under Section 38 of the Local Government Act 1972, subject to a report back to the Executive.
 - (iii) To grant ex gratia payments of up to £300 in appropriate circumstances to staff suffering loss in the course of their duties that is not covered by insurance.
 - (iv) After consultation with the Chief Executive, to administer the operation of the Car Loan Scheme, in accordance with Council Policy for all officers within the Scheme (except in the case of a car loan for the Chief Executive when there shall be prior consultation with the Leader of the Council).

3.9.6 General (executive and non-executive) Functions delegated to all Chief Officers and Executive Directors

- (a) To undertake all of the Council's functions in connection with:
- (i) Corporate Policy Development
 - (ii) Community Safety
 - (iii) Community Engagement and Consultation
 - (iv) Corporate and Strategic Commissioning

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- (v) Strategic Partnerships
- (b) To deal with routine matters of day-to-day administration, management and control within the remit of the Directors or matters which are necessary for the proper performance of the Directors' terms of appointment.
- (c) To undertake the day-to-day management of the services and functions for which they are responsible, including the deployment of personnel, premises, vehicles, plant, equipment and other resources under their control.
- (d) Within the budget and policy framework to recruit, manage and, where necessary, dismiss staff under their control and in particular:
 - (i) to authorise pay and conditions (including honoraria);
 - (ii) to undertake disciplinary proceedings;
 - (iii) to defend and, if necessary (and subject to the approval of the Executive Director with s.151 responsibilities if it involves claiming on the Council's insurance), settle any claims made against the Council following consultation with the Solicitor to the Council;
 - (iv) to be responsible for the health and safety at work of staff;
 - (v) to implement all employment policies, practices and procedures;
 - (vi) to operate the Council's Grievance, Disciplinary and Competency Procedures;
 - (vii) to authorise appropriate changes to post titles; and
 - (viii) to issue and revise statutory authorities to officers.
- (e) To acquire, dispose of, grant and obtain rights in land, premises, vehicles and other equipment and property for the purposes of delivering the Council's functions on such terms and conditions as are considered appropriate.
- (f) To provide, procure, and commission goods and services and to undertake, procure and commission works.
- (g) After consultation with the Solicitor to the Council, to accept a tender where delay could prevent a contractor commencing in accordance with the date of site possession.
- (h) To provide grants and other financial assistance.
- (i) After consultation with the Chief Executive, to authorise the issuing of an essential variation order which would increase the contract sum where delay would substantially increase the cost.
- (j) To decide (after consultation with the Solicitor to the Council where

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necessary) the response to Freedom of Information and Environmental Information requests

- (k) To deal with complaints (including complaints relating to maladministration)
- (j) To decide (after consultation with the Solicitor to the Council where necessary) the response to Freedom of Information and Environmental Information requests

3.9.7 Functions delegated to Access Selby

General Delegations to Directors of Access Selby

- (a) To deal with routine matters of day-to-day administration, management and control within the remit of the Directors or matters which are necessary for the proper performance of the Directors' terms of appointment.
- (b) To undertake the day-to-day management of the services and functions for which they are responsible, including the deployment of personnel, premises, vehicles, plant, equipment and other resources under their control.
- (c) Within the budget and policy framework to recruit, manage and, where necessary, dismiss staff under their control and in particular:
 - (i) to authorise pay and conditions (including honoraria);
 - (ii) to undertake disciplinary proceedings;
 - (iii) to defend and, if necessary (and subject to the approval of the Executive Director with s.151 responsibilities if it involves claiming on the Council's insurance), settle any claims made against the Council following consultation with the Solicitor to the Council;
 - (iv) to be responsible for the health and safety at work of staff;
 - (v) to implement all employment policies, practices and procedures;
 - (vi) to operate the Council's Grievance, Disciplinary and Competency Procedures;
 - (vii) to authorise appropriate changes to post titles; and
 - (viii) to issue and revise statutory authorities to officers.
- (d) To acquire, dispose of, grant and obtain rights in land, premises, vehicles and other equipment and property for the purposes of delivering the Council's functions on such terms and conditions as are considered appropriate.
- (e) To provide, procure, and commission goods and services and to undertake, procure and commission works.
- (f) After consultation with the Solicitor to the Council, to accept a tender where delay could prevent a contractor commencing in accordance with the date of site possession.

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- (g) To provide grants and other financial assistance.
- (h) After consultation with the Chief Executive, to authorise the issuing of an essential variation order which would increase the contract sum where delay would substantially increase the cost.
- (i) To decide (after consultation with the Solicitor to the Council where necessary) the response to Freedom of Information and Environmental Information requests
- (j) To determine whether applications by councillors for access to material should be refused.
- (k) To deal with complaints (including complaints relating to maladministration)

General Delegations to Business Managers

- (a) To deal with routine matters of day-to-day administration, management and control within the remit of the Business Manager or matters which are necessary for the proper performance of the Business Managers' terms of appointment.
- (b) To undertake the day-to-day management of the services and functions for which they are responsible, including the deployment of personnel, premises, vehicles, plant, equipment and other resources under their control.
- (c) Within the budget and policy framework to recruit, manage and, where necessary, dismiss staff under their control and in particular:
 - (i) to authorise pay and conditions (including honoraria);
 - (ii) to undertake disciplinary proceedings;
 - (iii) to defend and, if necessary (and subject to the approval of the Executive Director with s.151 responsibilities if it involves claiming on the Council's insurance), settle any claims made against the Council following consultation with the Solicitor to the Council;
 - (iv) to be responsible for the health and safety at work of staff;
 - (v) to implement all employment policies, practices and procedures;
 - (vi) to operate the Council's Grievance, Disciplinary and Competency Procedures;
- (d) To provide and commission goods and services and to undertake and commission works.
- (e) After consultation with the Solicitor to the Council, to accept a tender where delay could prevent a contractor commencing in accordance with the date of site possession.
- (f) To decide (after consultation with the Solicitor to the Council where necessary) the response to Freedom of Information and Environmental

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Information requests

- (g) To deal with complaints (including complaints relating to maladministration)

General delegations to Lead Officers

- (a) To deal with routine matters of day-to-day administration, management and control within the remit of the Lead Officer or matters which are necessary for the proper performance of the Lead Officers' terms of appointment.
- (b) To undertake the day-to-day management of the services and functions for which they are responsible, including the deployment of personnel, premises, vehicles, plant, equipment and other resources under their control.
- (c) Within the budget and policy framework to recruit and manage staff under their control and in particular:
 - (i) to be responsible for the health and safety at work of staff;
 - (ii) to implement all employment policies, practices and procedures;
 - (iii) to operate the Council's Grievance, Disciplinary and Competency Procedures;
- (d) To exercise statutory powers of entry and inspection for the purposes of any function performed by his/her service area.
- (e) To authorise any of his/her staff to exercise statutory powers of entry and inspection for the purposes of any function performed by his/her service area.
- (f) To serve requisitions for information as to ownership, occupation or other interest in land for the purposes of any of the functions performed by his/her service area.
- (g) To authenticate any documents necessary for the exercise of any function performed by his/her service area.
- (h) To sign Statements of Truth in civil proceedings as required by the Civil Procedure Rules 1998.
- (i) To decide (after consultation with the Solicitor to the Council where necessary) the response to Freedom of Information and Environmental Information requests
- (j) To deal with complaints (including complaints relating to maladministration)
- (k) To administer formal cautions within the Guidelines set out in Home Office Guidance

Specific Executive Delegations to Directors, Business Managers and Lead Officers within Access Selby.

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The Officers listed in column 2 of the Table below/overleaf may exercise the functions set out in column 1 subject to the limits and controls listed in Column 3

Function	Delegation	Limits/Controls
Housing Functions including; housing management, tenant relations, Right to Buy, homelessness, Supporting people	Access Selby Directors Business Managers Lead Officers Environmental Health and Housing, Community Support and Debt Control and Enforcement	Subject to compliance with the financial and contract procedure rules
Contract Management and Procurement Services including Commercial Procurement , Leisure and Parks, Waste Disposal and Recycling (incl Commercial Waste), Street Cleansing, Pest Control, Countryside management	Access Selby Directors Business Managers Lead Officers Contracts, Assets,	Subject to compliance with the financial and contract procedure rules
Asset Management including property management and repair, disposal and acquisition of property, car parks, Public Conveniences, Grounds Maintenance	Access Selby Directors Business Managers Lead Officers Assets, Contracts Debt Control and Enforcement and Community Support.	Subject to compliance with the financial and contract procedure rules
Environmental Health including public health, environmental protection, public nuisance, street scene, Health and Safety at Work, Food Sales, Safety and Standards, Shops and Sunday Trading, Animals, Rivers, Watercourses and Land	Access Selby Directors Business Managers Lead Officers Environmental Health and Housing, Debt Control and Enforcement and	Subject to compliance with the financial and contract procedure rules

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<p>Drainage, Cemeteries, Crematoria and Burials, Emergency Planning and Civil Contingencies Act and Private Sector Housing Conditions, Improvement and Renovation</p>	<p>Community Support.</p>	
<p>Business Services including (i) HR Policy, Procedure and Codes of Practice (ii) Equalities and Diversity (iii) Workforce development (iv) Training and development (v) Job evaluation (vi) Pay, benefits and conditions of service (vii) Work placements, secondments and work experience (viii) Customer Services</p>	<p>Access Selby Directors Business Managers Lead Officer HR Access Selby Directors Business Managers Lead Officers Community Support and Business Support</p>	
<p>(ix) Media Relations and Communications (x) Information and communication technologies and services</p>	<p>Access Selby Directors Business Managers Lead Officer Communications Access Selby Directors Business Managers Lead Officer Data and Systems, IT Shared Services</p>	

PART 3 - RESPONSIBILITY FOR FUNCTIONS

(xi) Safeguarding	Manager Access Selby Directors Business Managers Lead Officer Assets	
(xii) Financial	Business Managers Lead Officer Debt Control and Enforcement	Up to a value of £1000

3.9.8 Specific Officer Delegations for Non Executive (council) functions

Planning and Development Management

The Director of Community Services and the Lead Officer – Planning are authorised concurrently to carry out the following functions

- (a) All functions relating to Town and Country Planning and development management as specified in Section A of Schedule 1 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force including enforcement and all powers under planning legislation to obtain information as to interests and particulars of persons interested in land.
- (b) To further sub-delegate in writing these functions to Officers within his/her service subject to the limits and controls set out below and to any additional limits and controls as he/she considers appropriate.
- (c) Limits, controls and conditions

This delegation is limited and shall not apply to:

- (i) Any application which is accompanied by an Environmental Impact Statement.
- (ii) Any application which is defined as a significant departure from the adopted development plan as identified in planning circular 02/09 or in any successor document (see definition below) and where officers wish to approve the development.
- (iii) Any major or minor applications which are recommended to be approved contrary to the requirements of the Development Plan.
- (iv) Any application made by or on behalf of a District Councillor or his/her partner.

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- (v) Any application made by any employee within the planning service or any employee of the Council of Principal Officer grade or above (or the partner of any such employee).
- (vi) Any major or minor application where 3 or more consultees object to a planning application and where officers would otherwise determine the application contrary to the specific representations raised by those consultees.
- (vii) Any major or minor application where 10 or more letters of representation are received which in the view of a Director raise material planning considerations and where officers would otherwise determine the application contrary to these representations.
- (viii) Any application which the ward councillor for the area where the proposal lies requests to be heard by the committee in writing within 21 days of the publication of the application in the weekly list and where the request gives valid material planning reasons for doing so. For the avoidance of doubt, matters such as the loss of a view, loss in value of a property or comments such as 'to allow this matter to be heard in the public arena' are not valid material planning considerations.
- (ix) Any proposed tree preservation order which is the subject of a valid objection.

(c) Definitions

Significant departures are defined as following in circular 02/09 where the Local Planning Authority wishes to approve the proposal in terms of the following:

- (i) Inappropriate development on land allocated as Greenbelt in an adopted plan or development plan document which consists of :
 - (a) The provision of a building or buildings where the floor space to be created by the development is 1,000 square metres or more:

OR

 - (b) Any other development which, by reason of its scale or nature or location, would have a significant impact on the openness of the Greenbelt.
- (ii) Development which includes or consists of retail, leisure or office use and which:

PART 3 – RESPONSIBILITY FOR FUNCTIONS

- (a) Is to be carried out on land which is edge of centre, out of centre or out of town; **AND**
- (b) Is not in accordance with one or more provisions of the development plan in force in relation to the area in which the development is to be carried out; **AND**
- (c) Consists of or includes the provision of a building or buildings where the floor space to be created by the development is:
- 5,000 square metres or more; **OR**
 - Extensions of new development of 2,500 square metres or more which when aggregated with existing floorspace, would exceed 5,000 square metres.
- (iii) Development having an adverse impact on the outstanding universal value, integrity, authenticity and significance of world heritage sites or their setting, including any buffer zone or its equivalent, and being development to which English Heritage has objected to and that objection not having been withdrawn.
- (iv) Playing field development where the land subject of the application:
- (a) Is land of a local authority; **OR**
- (b) Is currently used by an educational institution as a playing field; **OR**
- (c) Has at any time in the 5 years before the application is received been used by an education institution as a playing field; **AND**
- (d) Sport England has been consulted and has objected on one or more of the following grounds:
- That there is a deficiency in the provision of playing fields in the area of the Local Planning Authority;
 - That the proposed development would result in such a deficiency; **OR**
 - That the proposed development involves a loss of playing field and an alternative or replacement playing field is proposed, that alternative or replacement does not match (whether in quantity,

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quality or accessibility) that which would be lost.

- (v) Major development in a flood risk area to which the Environment Agency has made an objection that it has not been able to withdraw even after discussion with the Local Planning Authority.
- (d) Major applications are defined as follows:
- ten (10) or more units of residential accommodation
 - new commercial development over 1,000 square metres
 - change of use over 1,000 square metres
 - amendment or removal of a condition relating to a major development
 - site area exceeding 0.5 hectares where it is not known how many dwellings are to be created
 - development site area is one (1) hectare or more
- (e) Minor applications are defined as follows:
- Residential - 1-9 units (including change of use) or less than 0.5 hectare site area
 - Non-residential - 50-1,000 square metres floorspace or less than one (1) hectare site area
- (f) Others applications are defined as follows:
- Changes of use
 - Householder Development
 - Advertisements
 - Listed building consents (to demolish and alter/extend)
 - Conservation Area Consents
 - Certificate of Lawful Development

Licensing Functions

The Lead Officers for Housing and Environmental Health and Enforcement are concurrently authorised to carry out the licensing and enforcement functions of the Council relating to

- (a) Taxi, food and miscellaneous licensing, health and safety and certain deposits on the highway as set out in Sections B, C and I(22) of Schedule 1 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force
- (b) Contaminated land, control of pollution and the management of air quality as set out in Schedule 2 of the Local Authorities (Responsibilities for Functions) (England) Regulations 2000 as from time to time in force

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- (c) Decisions as to the revocation of HMO licences under the Housing Act 2004
- (d) Smoke free premises under the Health Act 2006.
- (e) Motor salvage and scrap metal
- (f) Functions under the Licensing Act 2003 including applications for and variations to premises licences, club premises certificates and provisional statements where a relevant representation has been made and not withdrawn and imposing appropriate conditions*
- (g) Licensing functions under the Gambling Act 2005
- (h) Limits and Controls

Licences and registrations may be issued, under delegated authority, but not refused.

to forward the observations of the Council to the Environment Agency in connection with the licensing of Disposal Sites only following consultation with the Ward Councillor(s);

13 Functions delegated to the Solicitor to the Council

- (a) To undertake all of the Council's functions in connection with:
 - (i) Local Authority Legal Services
 - (ii) Local Land Charges and Searches/Enquiries
 - (iii) Community Legal Service
 - (v) Data Protection and Freedom of Information
 - (vi) National Assistance Act 1948 and subsequent legislation
- (b) To deal with routine matters of day-to-day administration, management and control within the remit of the Solicitor to the Council or matters which are necessary for the proper performance of the Solicitor to the Council's terms of appointment.
- (c) To institute, defend, participate in or settle any legal proceedings in any case where such action is necessary to give effect to decisions of the Council, ensure the implementation of Council policy or to protect the Council's interests, including issuing instructions to Counsel.
- (d) To authenticate any documents necessary for the exercise of any function of the Council
- (e) To sign Statements of Truth in civil proceedings as required by the Civil Procedure Rules 1998.

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- (d) Limits, controls and conditions
 - (i) To settle legal disputes after consultation with the appropriate Director up to a value of £25,000

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APPENDIX 4

COUNCIL PROCEDURE RULES

1. Annual Meeting of the Council

1.1 Timing and Business

The Annual Meeting of the Council shall be held:

- (a) in a year when there is an ordinary election of councillors, on the eighth day after the retirement of councillors or on such other day within 21 days immediately following the retirement of the outgoing councillors, as the Council may fix;
- (b) in any other year, on such day in the month of May as the Council may fix.

The order of business at the Annual Meeting will be:

- (a) if the Chairman and Vice-Chairman are absent, to choose a person to preside, such person not being a member of the Executive;
- (b) to elect a Chairman and appoint a Vice-Chairman;
- (c) to approve the minutes of the last meeting;
- (d) to receive any announcements or communications from the Chairman and/or the Chief Executive;
- (e) to elect the Leader of the Council only where the Leader's term of office has expired or where the office of Leader is vacant;
- (f) to note the Members of the Executive as appointed by the Leader of the Council (only when the Members of the Executive's terms of office have expired or where there is a vacancy amongst the members of the Executive);
- (g) to appoint committees and to appoint Chairs and Vice-Chairs of committees in accordance with 1.2 below;
- (h) other business specified in the agenda.

1.2 Selection of councillors on committees and outside bodies

At the Annual Meeting, the Council will appoint the Standing Committees of the Council. The Standing Committees of the Council will be:

- Planning Committee – 12 [10] councillors
- Licensing and Appeals Committee -10 councillors
- Policy Review Committee – 9 [7] councillors
- Scrutiny Committee - 9 [7] councillors

- Audit Committee – 9 [7] councillors

The Council will also appoint Substitute Members to the Standing Committees who may exercise the powers set out in Rule 28 of these Rules.

Seats on committees shall be distributed among the political groups in proportion to their membership on the Council. Before the Annual Meeting of the Council, and at any other time that a review of the allocation of seats is required, the Chief Executive shall consult Group Leaders on the membership of committees and report to the Annual or next following meeting of the Council. Such consultations and report shall determine the allocation to the different political groups and recommend such appointments to give effect to the wishes of the political groups.

A political group shall contain a minimum of 2 councillors in order to be recognised for proportionality. The group leaders will notify the Chief Executive in writing of the membership of each group.

The Council shall also appoint the Chairs and Vice-Chairs of each Standing Committee and each Community Engagement Forum Partnership Board in accordance with the provisions of this Constitution.

The Council will appoint representatives to outside bodies except where appointment to those bodies has been delegated by the Council or is exercisable by the Executive.

1.3 Dissolution of Committees and Sub-Committees

Any Committee or Sub-Committee may be dissolved by the Council at any time save that the Council must have at least one Overview and Scrutiny Committee.

2. Ordinary Meetings

Ordinary meetings of the Council will take place in accordance with a programme to be fixed by the Council. Ordinary meetings will:

- (a) elect a person to preside if the Chairman and Vice-Chairman are not present;
- (b) approve the minutes of the last meeting;
- (c) receive any declarations of interest from councillors;
- (d) receive any communications which have been submitted before 5 pm on the day before a meeting, (except in the case of an emergency which will be determined by the Chief Executive), that the Chairman, Leader or Chief Executive may wish to give councillors;
- (e) receive any announcements from the Chairman, Leader, Members of

the Executive or the Chief Executive;

- (f) deal with any business required by statute to be done;
- (g) receive any reports from statutory officers of the Council;
- (h) receive petitions;
- (i) dispose of business (if any) remaining from the last meeting;
- (j) receive questions from and provide answers to, the public in relation to matters which in the opinion of the person presiding at the meeting are relevant to the business of the meeting (see Rule 10.1);
- (k) receive and answer questions submitted by councillors, in accordance with Rule 11.2;
- (l) receive reports from the Executive and/or Leader and receive questions and provide answers on any of those reports;
- (m) receive reports from the Council's committees and receive questions and provide answers on any of those reports;
- (n) receive reports about and receive questions and provide answers on the business of joint arrangements and external organisations;
- (o) consider motions; and
- (p) consider any other business specified in the summons to the meeting, including consideration of proposals from the Executive in relation to the Council's budget and policy framework.

3. Extraordinary Meetings

3.1 Calling Extraordinary Meetings

The Chief Executive may call an Extraordinary Meeting of the Council. In addition those listed below may request the Chief Executive to call Council meetings in addition to Ordinary meetings:

- (a) the Council by resolution;
- (b) the Chairman of the Council;
- (c) the Leader;
- (d) the Monitoring Officer;
- (e) Chief Finance Officer; and

- (f) any 5 [4] councillors if they have signed a requisition presented to the Chairman of the Council and he/she has refused to call a meeting or has failed to call a meeting within 7 clear working days of the presentation of the requisition.

3.2 Business

An Extraordinary meeting of the Council shall consider only such items of business as may be specified in the request for the meeting.

4. Time and place of meetings

The time and place of meetings will be determined by the Council and notified in the summons sent by the Chief Executive

5. Notice of and summons to meetings

The Chief Executive will give notice to the public of the time and place of any meeting in accordance with the Access to Information Procedure Rules. At least 5 clear working days before a meeting, the Chief Executive will send a summons signed by him or her to every councillor or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such reports as are available.

6. Chairman of meeting

The person presiding at the meeting may exercise any power or duty of the Chairman. Where these rules apply to committee and sub-committee meetings, references to the Chairman also include the Chairs of committees and sub-committees.

7. Quorum

The quorum of a meeting will be one quarter of the whole number of Members entitled to attend. During any meeting if the Chairman counts the number of councillors present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date fixed by the Chairman. If he/she does not fix a date, the remaining business will be considered at the next Ordinary meeting.

8. Quorum of committees

The quorum for a committee is one quarter of the whole number of the committee but shall not be less than ~~three~~two voting councillors.

9. Duration of meeting

Unless the majority of councillors present vote for the meeting to continue, any meeting that has lasted for 3 hours will adjourn immediately. Remaining

business will be considered at a time and date fixed by the Chair. If he/she does not fix a date, the remaining business will be considered at the next Ordinary meeting.

10. Questions by the public

10.1 General

Members of the public may ask questions of the Chairman, Leader of the Council, Executive Member or Chair of a committee at Ordinary meetings of the Council during a period of up to 30 minutes set aside for the purpose.

10.2 Order of questions

Questions will be asked in the order notice of them was received, except that the Chairman may group together similar questions.

10.3 Notice of questions

A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the Chief Executive no later than noon 5 clear working days before the day of the meeting. Each question must give the name and address of the questioner.

10.4 Number of questions

At any one meeting no person may submit more than one question and no more than one such question may be asked on behalf of one organisation.

10.5 Scope of questions

The Chief Executive may reject a question if it:

- is not about a matter for which the local authority has a responsibility or which affects the District;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past 6 months;
- relates to any existing or proposed application, permission, licence, consent, benefit, grant or enforcement action; or
- requires the disclosure of confidential or exempt information.

10.6 Record of questions

The Chief Executive will immediately send a copy of the question to the councillor to whom it is to be put. Rejected questions will include reasons for rejection and the questioner will be so informed.

Copies of all questions will be circulated to all councillors and will be made

available to the public attending the meeting.

10.7 Asking the question at the meeting

The Chairman will invite the questioner to put the question, If a questioner who has submitted a written question is unable to be present, they may ask the Chairman to put the question on their behalf. The Chairman may ask the question on the questioner's behalf, indicate that a written reply will be given or decide, in the absence of the questioner, that the question will not be dealt with.

10.8 Supplementary question

A questioner who has put a question in person may also put one supplementary question without notice to the person who has replied to his or her original question. A supplementary question must arise directly out of the original question or the reply. The Chairman may reject a supplementary question on any of the grounds in Rule 10.5 above.

10.9 Written answers

Any question which cannot be dealt with during public question time, because of lack of time or because of the non-attendance of the councillor to whom it was to be put, or because the answer is more conveniently given in writing will be dealt with by a written answer.

10.10 Discussion

Unless the Chairman decides otherwise, no discussion will take place on any question, but any councillor may move that a matter raised by a question be referred to the Executive or the appropriate committee. Once seconded, such a motion will be voted on without discussion.

10.11 Public question time

Public question time will be limited to 30 minutes in total, each questioner will be allocated not more than 5 minutes, 3 minutes for the original question and 2 minutes for one supplementary question. The response to any question will not exceed 3 minutes for the initial question and 2 minutes for a supplementary question.

10.12 Presentations

At the discretion of the Chairman, representatives of partner organisations, or potential partner organisations, may be invited to give presentations and answer questions, in relation to a specific item on the agenda.

11. Questions by councillors

11.1 On reports of the Executive or committees

A councillor may ask the Leader, Executive Member or Chair of a committee any question, without notice, upon an item relevant to their responsibilities. The Leader, Executive Member or Chair of a committee shall each have no more than 10 minutes to respond to such questions and any supplementary questions that may be asked. Each Councillor may ask of each postholder no more than one question and a related supplementary question.

11.2 Questions on notice at the Council

Subject to Rule 11.4, a councillor may ask:

- the Chairman;
- the Leader;
- an Executive Councillor; or
- the Chair of any committee.

a question on any matter in relation to which the Council has powers or duties or which affects the District.

11.3 Questions on Notice at committees and sub-committees

Subject to Rule 11.4 below a councillor who is a member of a committee or sub-committee may ask the Chair of it a question on any matter in relation to which the Council has powers or duties or which affect and which fall within the terms of reference of that committee or sub-committee.

11.4 Notice of questions

A councillor may only ask a question under Rule 11.2 if either:

- (a) they have given at least 3 clear working days notice in writing or by electronic mail of the question to the Chief Executive; or
- (b) the question relates to urgent matters, they have the consent of the Chairman and the content of the question is given to the Chief Executive by noon on the day of the meeting.

11.5 Response

An answer to a question under Rule 11.1, 11.2 and 11.3 may take the form of:

- (a) a direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer

circulated later to all councillors.

11.6 Supplementary question

A councillor asking a question under Rule 11.2 may ask one supplementary question, without notice, of the councillor to whom the first question was asked. The supplementary question must arise directly out of the original question or the reply.

12. Petitions

The Council will determine how to deal with or otherwise respond to the petition in accordance with the Petitions Procedure Rules set out in Part 4 of this Constitution.

13. Motions on notice

13.1 Notice

Except for motions which can be moved without notice under Rule 14, written notice of every motion, signed by at least 5 councillors, must be delivered to the Chief Executive at least 7 clear working days before the date of the meeting.

13.2 Motion set out in agenda

Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the councillor giving notice states, in writing, that they propose to move it to a later meeting or withdraw it.

13.3 Scope

Motions must be about matters for which the Council has a responsibility or which affect the District and should not concern a matter that has been before Council within the preceding 6 months.

13.4 Reference of motion to Executive or committee

Motions for which notice has been given under 13.1 shall, upon being moved and seconded, stand referred to the Executive or committee as the Council may determine for consideration and report, unless the Chairman considers it convenient and conducive to the dispatch of business to allow the motion to be dealt with at the meeting at which it is brought forward.

Where a motion stands referred, the mover shall not speak until the report on the motion comes before the Council. The Executive or committee shall report back to the next Ordinary meeting of the Council or such other meeting as it may advise, and the report shall advise the Council whether or not the motion should be adopted or give such other advice as is appropriate.

14. Motions without notice

The following motions may be moved without notice:

- (a) to appoint a Chairman of the meeting at which the motion is moved;
- (b) in relation to the accuracy of the minutes;
- (c) to change the order of business in the agenda;
- (d) to refer something to an appropriate body or individual;
- (e) to appoint a committee or councillor arising from an item on the summons for the meeting;
- (f) to receive reports or adoption of recommendations of committees or officers and any resolutions following from them;
- (g) to withdraw a motion;
- (h) to amend a motion;
- (i) to hold a recorded vote;
- (j) to proceed to the next business;
- (k) to put a question to the vote;
- (l) to adjourn a debate;
- (m) to adjourn a meeting;
- (n) to continue the meeting beyond 3 hours in duration – see Rule 9;
- (o) to extend the time limit for questions or speeches;
- (p) to suspend a particular Council Procedure Rule;
- (q) to exclude the public and press in accordance with the Access to Information Procedure Rules;
- (r) to not hear further a councillor named under Rule 23.3 or to exclude them from the meeting under Rule 23.4; and
- (s) to give the consent of the Council where its consent is required by this Constitution.

15. Rules of debate

15.1 No speeches until motion seconded

No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded.

15.2 Right to require motion in writing

Unless notice of the motion has already been given, the Chairman may require it to be written down and handed to him/her before it is discussed.

15.3 Secunder's speech

When seconding a motion or amendment, a councillor may reserve their speech until later in the debate.

15.4 Content and length of speeches

Speeches must be directed to the question under discussion or to a personal explanation or point of order. No speech may exceed 5 minutes without the consent of the Chairman. The time limit is not applicable to the annual 'State of the Area Address', the Budget Speech and budget proposals by the opposition or the responses given to them. The Chair's statement at committee shall not exceed 10 minutes.

15.5 When a councillor may speak again

A councillor who has spoken on a motion may not speak again whilst it is the subject of debate, except:

- (a) to speak once on an amendment moved by another councillor;
- (b) to move a further amendment if the motion has been amended since he/she last spoke;
- (c) if his/her first speech was on an amendment moved by another councillor, to speak on the main issue (whether or not the amendment on which he/she spoke was carried);
- (d) in exercise of a right of reply (see Rule 15.9);
- (e) on a point of order (see Rule 15.12); and
- (f) by way of personal explanation (see Rule 15.13).

15.6 Amendments to motions

- (a) An amendment to a motion must be relevant to the motion and will either be:

- (i) to refer the matter to an appropriate body or individual for consideration or reconsideration;
- (ii) to leave out words;
- (iii) to leave out words and insert or add others; or
- (iv) to insert or add words.

As long as the effect of (ii) to (iv) is not to negate the motion.

- (b) Only one amendment may be moved and discussed at any one time. No further amendment may be moved until the amendment under discussion has been disposed of.
- (c) If an amendment is not carried, other amendments to the original motion may be moved, provided notice thereof is given before debate on the previous motion is closed.
- (d) If an amendment is carried, the motion as amended takes the place of the original motion. This becomes the substantive motion to which any further amendments are moved.
- (e) After an amendment has been carried, the Chairman will accept any further amendments, or if there are none, put the substantive motion to the vote.
- (f) For the purposes of this paragraph, the debate shall be deemed to be closed when the mover of the motion starts to reply to the debate.

15.7 Alteration of motion

- (a) A councillor may alter a motion of which he/she has given notice with the consent of the meeting. The meeting's consent will be signified without discussion.
- (b) A councillor may alter a motion which he/she has moved without notice with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion.
- (c) Only alterations which could be made as an amendment may be made.

15.8 Withdrawal of motion

A councillor may withdraw a motion which he/she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion. No councillor may speak on the motion after the mover has asked permission to withdraw it unless permission is refused to

withdraw.

15.9 Right of reply

- (a) The mover of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.
- (b) If an amendment is moved, the mover of the original motion has the right of reply at the close of the debate on the amendment, but may not otherwise speak on it.
- (c) The mover of the amendment has no right of reply to the debate on his or her amendment.

15.10 Motions which may be moved during debate

When a motion is under debate, no other motion may be moved except the following procedural motions:

- (a) to withdraw a motion;
- (b) to amend a motion;
- (c) to proceed to the next business;
- (d) to put the question to the vote;
- (e) to adjourn a debate;
- (f) to adjourn a meeting;
- (g) to continue the meeting beyond 3 hours in duration – (Rule 9 above refers);
- (h) to exclude the public and press in accordance with the Access to Information Procedure Rules; and
- (i) to not hear further a councillor named under Rule 23.3 or to exclude them from the meeting under Rule 23.4.

15.11 Closure motions

- (a) A councillor may move, without comment, the following motions at the end of a speech of another councillor:
 - (i) to proceed to the next business;
 - (ii) to put the question to the vote;
 - (iii) to adjourn a debate; or

- (iv) to adjourn a meeting.
- (b) If a motion to proceed to next business is seconded and the Chairman thinks the item has been sufficiently discussed, he/she will give the mover of the original motion a right of reply and then put the procedural motion to the vote.
- (c) If a motion to put the question to the vote is seconded and the Chairman thinks the item has been sufficiently discussed, he/she will put the procedural motion to the vote. If it is passed he/she will give the mover of the original motion a right of reply before putting his/her motion to the vote.
- (d) If a motion to adjourn the debate or to adjourn the meeting is seconded and the Chairman thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he/she will put the procedural motion to the vote without giving the mover of the original motion the right of reply.

15.12 Point of order

A councillor may raise a point of order at any time. The Chairman will hear them immediately. A point of order may only relate to an alleged breach of these Council Procedure Rules or the law. The councillor must indicate the rule or law and the way in which he/she considers it has been broken. The ruling of the Chairman on the matter will be final.

15.13 Personal explanation

A councillor may make a personal explanation at any time. A personal explanation may only relate to some material part of an earlier speech by the councillor which may appear to have been misunderstood in the present debate. The ruling of the Chairman on the admissibility of a personal explanation will be final.

16. State of the Area Address

(a) Nature of Address

The Leader will make a 'State of the Area Address' annually on a date and in a form to be agreed, normally at the June Council meeting.

(b) Form of Address

The Leader will decide the form of the Address, with the aim of enabling the widest possible public discussion and publicity. This may include holding workshops and other events. The Leader will also attend the first convenient meeting of the ⁴Policy Review Committee

⁴ Amendment agreed at Council on 13 December 2011 for implementation on 1 January 2012

after the Address has been given to Council, answer questions on the Address, and consider the formal response of that committee in due course.

(c) Results of consequent discussions and deliberations:

The results will be:

- (i) reported to the Policy Review Committee;
- (ii) disseminated as widely as possible within the community and to agencies, organisations and the Council's key partnerships; and
- (iii) used as the basis for the proposed budgetary and policy framework which the Leader proposes to Council for the coming year.

17. Themed debate

The agenda for an Ordinary meeting of the Council may contain an item for consideration of a particular theme or subject on any matter within the Council's powers or duties or which affects the District. The Chairman may move that the Council Procedure Rules be suspended (in accordance with Rule 25.1 (Suspension) and Rule 25.2 (Amendment of Council Procedure Rules) to enable a speaker (who need not be a councillor) to address the Council on the theme or subject, and to deal with questions or comments either from councillors or from the public.

18. Previous decisions and motions

18.1 Motion to rescind a previous decision

A motion or amendment to rescind a decision made at a meeting of the Council within the past 6 months cannot be moved unless the notice of motion is signed by at least 7 [5] councillors.

18.2 Motion similar to one previously rejected

A motion or amendment in similar terms to one that has been rejected at a meeting of Council in the past 6 months cannot be moved unless the notice of motion or amendment is signed by at least 7 [5] councillors. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for 6 months.

19. Voting

19.1 Majority

Unless this Constitution and the law provides otherwise, any matter will be decided by a simple majority of those councillors present and voting in the

room at the time the question was put.

19.2 Chairman's casting vote

If there are equal numbers of votes for and against, the Chairman will have a second or casting vote. There will be no restriction on how the Chairman chooses to exercise a casting vote.

19.3 Show of hands

Unless a recorded vote is demanded under Rule 19.4, the Chairman will take the vote by a show of hands, or if there is no dissent, by the affirmation of the meeting.

19.4 Recorded vote

~~If 6 of the councillors present at the meeting demand it the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes.~~

Where a recorded vote is required in accordance with paragraphs (a) or (b) below then the minute of the proceedings shall include a record of the names of persons who cast a vote for the decision or against the decision or who abstained from voting.

A recorded vote is required in the following circumstances:-

(a) Any vote required to be recorded by law², or

(b) Any vote where, before the vote is taken on any matter before Council, any 6 [5] of the Councillors present at the meeting demand that the votes are recorded.

19.5 Right to require individual vote to be recorded

Where any councillor requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

19.6 Voting on appointments

If there are more than 2 people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person. This principle will also apply where there is more than one

² The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 introduced a requirement for recording votes on budget meetings

position to be filled and there are more nominees than positions.

20. Minutes

20.1 Signing the minutes

The Chairman will sign the minutes of the proceedings at the next suitable meeting. The Chairman will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.

20.2 No requirement to sign minutes of previous meeting at Extraordinary Meeting

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraphs 41(1) and (2) of schedule 12 relating to signing of minutes.

20.3 Form of minutes

Minutes will contain all motions and amendments in the exact form and order the Chairman put them.

21. Record of attendance

All councillors present during the whole or part of a meeting must sign their names on the attendance sheets before the conclusion of every meeting to assist with the record of attendance.

22. Exclusion of public

Members of the public and press may only be excluded either in accordance with the Access to Information Procedure Rules in Part 4 of this Constitution or Rule 24 (Disturbance by the public).

23. Councillors' conduct

23.1 Standing to speak

When a councillor speaks at the Council meeting they must stand and address the meeting through the Chairman. If more than one councillor stands, the Chairman will ask one to speak and the others must sit. Other councillors must remain seated whilst a councillor is speaking unless they wish to make a point of order or a point of personal explanation.

23.2 Chairman standing

When the Chairman stands during a debate, any councillor speaking at the time must stop and sit down. The meeting must be silent.

23.3 Councillor not to be heard further

If a councillor persistently disregards the ruling of the Chairman by behaving improperly or offensively or deliberately obstructs business, the Chairman may move that the councillor be not heard further. If seconded, the motion will be voted on without discussion.

23.4 Councillor to leave the meeting

If the councillor continues to behave improperly after such a motion is carried, the Chairman may move that either the councillor leaves the meeting or that the meeting is adjourned for a specified period. If seconded, the motion will be voted on without discussion.

23.5 General disturbance

If there is a general disturbance making orderly business impossible, the Chairman may adjourn the meeting for as long as he/she thinks necessary.

24. Disturbance by the public

24.1 Removal of a member of the public

If a member of the public interrupts proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room.

24.2 Clearance of part of meeting room

If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared.

25. Suspension and amendment of Council Procedure Rules

25.1 Suspension

All of these Council Procedure Rules except Rules 19.5 and 22 may be suspended by motion on notice or without notice if at least one half of the whole number of councillors are present. Suspension can only be for the duration of the meeting.

25.2 Amendment

Any motion to add to, vary or revoke these Council Procedure Rules will, when proposed and seconded, stand adjourned without discussion to the next Ordinary meeting of the Council other than as a general review of the Constitution.

26. Application to committees and sub-committees

Unless a more specific meaning is explicit or implied by its context, reference to a committee throughout the Constitution shall be taken to mean any body of councillors appointed for a lawful purpose to undertake business on behalf of the Council, including but not only, committees, sub-committees, boards and working groups.

All of the Council Procedure Rules apply to meetings of the Council. None of the rules apply to meetings of the Executive. Only Rules 5, 6, 8, 9, 11, 12, 14, 15, 19, 20-24, 27, 28 and 31 apply to meetings of committees and sub-committees.

A Councillor who is not a member of a committee or sub-committee may attend any meeting but may only speak (but not vote) at the discretion of the Chair of the committee or sub-committee.

27. Role of a committee Chair and Vice-Chair

- (a) To chair meetings of the Council's committees so that the business of those committees can be carried out effectively and with regard to the rights of councillors and in the interest of the community.
- (b) To ensure that the provisions of the Constitution in relation to the conduct of meetings are observed.

28. Appointment of substitute members of committees and sub-committees

- (a) Powers and duties

Substitute councillors will have all the powers and duties of any ordinary member of a committee or sub-committee but will not be able to exercise any special powers or duties exercisable by the person for whom they are substituting.

- (b) Substitution

Substitute councillors may attend meetings in that capacity only:

- (i) where the Councillor who is giving apologies has notified the Democratic Services Manager before the commencement of the meeting of the intended substitution.

- (ii) to take the place of the ordinary councillor for whom they are the substitute;
 - (iii) where the ordinary councillor will be absent for the whole of the meeting; and
 - (iii) ~~after notifying the Chief Executive before the commencement of the meeting of the intended substitution.~~
- (e) ~~Substitution at Overview and Scrutiny Committees³~~

~~The Council resolved on 11 September 2012 to allow named substitutes for Overview and Scrutiny Committees on the same terms as those set out in Rule 28 (a) and (b) above~~

29. **Right to attend meetings by non-members of committees or sub-committees**

- (a) Any councillor can attend any committee or sub-committee meeting as of right but must sit apart from the body of the meeting and take no part.
- (b) Councillors who wish to speak on an item should declare this and may speak with the Chair's consent. The consent of the Chair will not be unreasonably withheld. If permission is granted ~~The~~ councillors will be allowed to speak after any presentation, but before the debate. The councillors will be allowed to speak for no more than 5 minutes.
- (c) Councillors who wish to speak on an item specifically related to the ward they represent will be allowed to participate in the debate as non-voting councillors for that specific item unless the law prevents them from so participating. (The Chief Executive will rule on any question concerning the relevance of items to specific wards).

30. **Public involvement at committees**

Where, in the opinion of the Chair, it is of value to a committee to hear relevant views from members of the public in relation to a specific item on the agenda, those views may be heard after any presentation by an officer on the item, but before the debate by councillors. The Chair will normally allow one person to speak on each item for a maximum of 5 minutes, any variation to be at the discretion of the Chair.

31. **Withdrawal from the meeting due to a Disclosable Pecuniary Interest⁴**

Where a Councillor (or co-opted member) has a disclosable pecuniary

³ Amendment approved by Council on 11 September 2012

⁴ Amendment approved by Council on 24 April 2012 for implementation on 1 July 2012

interest (as defined from time to time by regulations) that Councillor (or co-opted member) must withdraw from the meeting room, including from the public gallery, during the whole consideration of the relevant item of business, except where s/he is permitted to remain as a result of the grant of a dispensation.

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APPENDIX 5

ACCESS TO INFORMATION PROCEDURE RULES

1. Scope

- 1.1 These rules apply to all meetings of the Council, Overview and Scrutiny Committees, Community Engagement Forums, regulatory committees and public meetings of the Executive (together called meetings).
- 1.2 These rules also cover public rights of access to information, in relation to Council and Executive functions, including those under the Freedom of Information Act 2000, and Members' rights of access to information

2. Additional rights to information

- 2.1 These rules do not affect rights to information contained elsewhere in this Constitution or provided by statute or at common law.

3. Rights of the Public to attend meetings

- 3.1 Members of the public may attend all meetings subject only to the exceptions in these Rules.

4. Notice of meeting

- 4.1 The Council will give at least 5 clear working days' notice of any meeting by posting details of the meeting at its principal offices and on its website - www.selby.gov.uk

5. Notice of Private Executive Meetings

- 5.1 Where the Executive is likely to consider an item which contains exempt or confidential information and will require the public to be excluded from the meeting to prevent the disclosure of information, a notice must be published 28 clear days in advance of the meeting that includes a statement of the reasons for the meeting being held in private for that item. The notice should include details of how representations can be made.
- 5.2 Where the report contains confidential information as defined below the public must be excluded.
- 5.3 At least 5 clear days before the meeting a further notice will be published setting out the reasons for holding any part of the meeting in private, details of any representations received about why the meeting should be in public and the response to those representations.
- 5.4 If the date of the meeting and the urgency of the decision makes compliance with this requirement impractical, the meeting may only be held in private with the agreement of the Chair of the relevant scrutiny committee, or if there is no such person the Chairman of the Council. As soon as reasonably

practicable after this permission is obtained a notice will be published setting out the reasons why the matter is urgent and cannot be reasonably delayed.

6. Public access to agenda and reports before the meeting

6.1 The Council will make copies of the agenda and reports that are open to the public available for inspection at the designated office at least 5 clear working days before the meeting, except that where a meeting is convened at shorter notice, the copies of the agenda and reports shall be open to inspection from the time the meeting is convened.

6.2 If an item is added to the agenda and the report is open to the public, the revised agenda will be open to inspection from the time the item was added to the agenda.

6.3 Moreover, that item will not be considered unless by reason of special circumstances, which shall be specified in the minutes and the Chair of the meeting agrees that it is urgent.

7. Supply of copies

7.1 The Council will make available for the use of members of the public present at meetings, a reasonable number of copies of the agenda and of those reports which are open to the public.

7.2 The Council will supply copies of the following to any person on payment of a charge for postage and any other costs:

- (a) any agenda and reports which are open to public inspection;
- (b) any further statements or particulars necessary to indicate the nature of the items in the agenda; and
- (c) if the Monitoring Officer thinks fit, copies of any other documents supplied to councillors in connection with an item.

7.3 Copies of documents supplied to members of the public, where the Council is the copyright holder, may be reproduced in any publically available medium.

8. Access to minutes etc after the meeting

8.1 The Council will make available copies of the following for 6 years after a meeting:

- (a) the minutes of the meeting or where appropriate records of decisions taken, excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information;

- (b) a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;
- (c) the agenda for the meeting; and
- (d) reports relating to items when the meeting was open to the public.

9. Background papers

9.1 List of background papers

The author of every report considered at a meeting will set out a list of those documents (called background papers) relating to the subject matter of the report which:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report,

excluding any published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of a political advisor, or any draft report or document.

9.2 Public inspection of background papers

Copies of any background papers for meetings of the Executive will be made available for inspection at the Council offices and published on the Council's website.

The Council will make available for public inspection for 4 years after the date of other meetings one copy of each of the documents on the list of background papers.

10. Summary of public's rights

A written summary of the public's rights to attend meetings and to inspect and copy documents, as set out in these Rules, must be kept at and available to the public at the Council's principal offices. These Access to Information Procedure Rules constitute the written summary.

11. Exclusion of access by the public to meetings

11.1 Confidential information – requirement to exclude public

The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

11.2 Meaning of confidential information

Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

11.3 Exempt information – discretion to exclude public

The public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed provided:

- (a) the meeting resolves so to exclude the public, and that resolution identifies the proceedings or part of the proceedings to which it applies, and
- (b) that resolution states by reference to the descriptions in Schedule 12A to the Local Government Act 1972 the description of the exempt information giving rise to the exclusion of the public, and
- (c) that resolution states, by reference to reasons given in a relevant report or otherwise, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

In these circumstances, public access to reports, background papers and minutes will also be excluded.

Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be held in public unless a private hearing is necessary for one of the reasons specified in Article 6.

11.4 Meaning of exempt information

Exempt information means information falling within any of the categories set out in the following table, subject to the qualifications and interpretations in Parts 2 and 3 of Schedule 12A to the Local Government Act 1972 (as amended).

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Category	Condition
1. Information relating to any individual.	Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information
2. Information which is likely to reveal the identity of an individual.	Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).	<p>Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information</p> <p>Information within paragraph 3 is not exempt if it must be registered under various statutes, such as the Companies Acts or the Charities Act 2011.</p> <p>“Financial or business affairs” includes contemplated, as well as past or current, activities</p>
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or officer-holders under the authority.	<p>Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information</p> <p>“Labour relations matter” are as specified in paragraphs (a) to (g) of section 218(1) of the Trade Unions and Labour Relations (Consolidation) Act 1992, i.e. matters which may be the subject of a trade dispute within the meaning of that Act or any dispute about any such matter</p>
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information
6. Information which reveals that the authority proposes –	Information is exempt if and so long, as in all the circumstances of the case, the

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Category	Condition
(a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment	public interest in maintaining the exemption outweighs the public interest in disclosing the information
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime	Information is exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Information falling within any of paragraphs 1-7 is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission under regulation 3 of the Town and Country Planning General Regulations 1992.

11.5 Disorderly Conduct – discretion to exclude public

The public may also be excluded from meetings, where the meeting so resolves, in the exercise of a lawful power of exclusion in order to maintain orderly conduct or to prevent misbehaviour at a meeting

12. Record of decisions of meetings other than Executive meetings

After any meeting of the Council or committees of the Council, whether held in public or private, the Chief Executive or, where no officer was present, the person presiding at the meeting, will produce a record of every decision taken at that meeting as soon as practicable. The record will include a statement of the reasons for each decision and any alternative options considered and rejected at that meeting.

13 Records of decisions at Executive meetings

After any meeting of the Executive the proper officer will, as soon as practicable, produce a written statement which must include:

- (a) the name of the decision-making body and a date of the decision;
- (b) A record of every decision taken and the reasons for those decisions;
- (c) Details of any alternative options;
- (d) A record of any conflict of interest or Disclosable Pecuniary Interests declared by any member of the decision making body;

14. Additional rights of access for councillors

14.1 Material relating to forthcoming business

- (a) All Members are entitled to inspect any document which is in the possession or under the control of the Executive or its committees and contains material relating to any business to be transacted at a public meeting unless
- (i) it contains exempt information falling within Paragraphs 1, 2, 4, 5 and 7 of paragraph 12A set out above; or
 - (ii) it contains exempt information falling within Paragraph 3 of Schedule 12A set out above to the extent that the information relates to any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract; or
 - (iii) it contains the advice of a political adviser or
 - (iv) it is a draft report or draft background paper
 - (v) it is not a report or a background paper as defined in these Rules
- (b) All Members are entitled to inspect any document which is in the possession of or under the control of the Council and contains material relating to any business to be transacted at a meeting of the Council or any of its committees or sub-committees unless
- (i) it contains exempt information falling within Paragraphs 1, 2, 4, 5 and 7 of paragraph 12A set out above or
 - (ii) it contains exempt information falling within Paragraph 3 of Schedule 12A set out above to the extent that the information relates to any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract.

14.2 Material relating to Key Decisions by Officers

All Members of the Council will be entitled to inspect any document in the possession or under the control of the Executive or its committees which relates to any Key Decision made by an Officer unless any of the exceptions in these Rules apply.

14.3 Nature of rights

These rights of a councillor are additional to any other right he/she may have.

15 Overview and Scrutiny Committee Members' access to documents

15.1 Rights to copies

Subject to Rule 14.2 (Material relating to key decisions), any Overview and Scrutiny Committee Member will be entitled to copies of any document which is in the possession or control of the Executive and which contains material relating to any business transacted at a public or private meeting of the Executive or its committees.

The documents must be provided as soon as practicable but no later than 10 clear days after the request is received.

15.2 Limit on rights

Overview and Scrutiny Committee Members will not be entitled to:

- (a) any document that is in draft form; or
- (b) any part of a document that contains exempt or confidential information, unless that information is relevant to an action or decision they are reviewing or scrutinising or intend to scrutinise.
- (c) the advice of a political adviser or assistant.

Where the Monitoring Officer determines that Overview and Scrutiny Committees are not entitled to a copy of a document that has been requested for the reasons set out above, the Executive must provide the relevant Scrutiny Committee with a written statement setting out the reasons for that decision.

16 MEMBERS ACCESS – NEED TO KNOW

16.1 Meaning of the Need to Know

Members have the right to seek information, explanation and advice which they may reasonably need in order to assist them in properly discharging their duties as a Member of the Council. This can range from a request for general information about some aspect of the Council's activities to a request for specific information on behalf of a constituent. Such approaches should normally be made to the relevant Director.

16.2 The Nature of Requests

Members should:

- (i) justify the request in specific terms, unless circumstances exist where a Member's need to know will be presumed – for example where a Member is on a committee and wants to inspect documents relating to that committee's business, or where the information requested is already in the public domain
- (ii) only use the information for the purpose for which it was provided, and get the prior agreement of the relevant Director to any disclosures to the press or the public

16.3 Limit on rights

There are a number of factors which may limit or outweigh a Member's need to know, including:

- (i) the need to know does not extend to a 'roving commission' through Council documents
- (ii) the need to know would only extend to personal information in exceptional cases
- (iii) draft documents compiled in the context of emerging Council policies, and draft reports will not usually be disclosed
- (iv) a Member of one party group will not have a need to know in relation to a document prepared for another party group
- (v) documents prepared specifically for one Member will not, unless he/she agrees, normally be provided to another Member
- (vi) documents will not be disclosed where the relevant Director believes that use of those documents by a Member may prejudice the Council's or the public interest.
- (vii) the level of resources required to deal with locating and supplying documents.

16.4 Procedure

Whether a Member has a need to know will be determined initially by the Director who holds the document in question (with advice from the Monitoring Officer). The Director must not have regard to party political advantage, nor must the Director's determination have the effect of preventing the Member concerned from giving evidence in Court, or of penalising the Member for so doing.

All internal documents and copies produced to any Member for inspection in accordance with this Rule will be produced on the basis that, in the absence of malice, officers are expressly indemnified in respect of any claim in

litigation that may result from such publication.

17 DISCLOSURE OF CONFIDENTIAL INFORMATION BY MEMBERS

- 17.1 Where a decision has been made under these Rules to exclude public access on the basis that exempt information would otherwise be disclosed, the Council requires a Member who wishes to disclose that information to approach the relevant Director, for a decision whether that information should be disclosed. Disclosure by a Member will only be refused, if the Director decides that in the event the Council received an FOI request at that time, the Council would not be obliged to disclose that information. The Council also requires in every case, so far as reasonably practicable a Member must give the relevant Director reasonable notice of their intention to make such a disclosure.
- 17.2 In deciding whether the Council would be obliged to disclose that information in response to an FOI request, the relevant Director will give particular consideration to the public interest reasons for disclosure proposed by the Member, and to the Member's right of freedom of expression and the particular importance of that right for elected representatives.

18 PUBLIC ACCESS TO OTHER INFORMATION - FREEDOM OF INFORMATION

- 18.1 Where a member of the public makes a request for information under the Freedom of Information (FOI) Act 2000, they will be informed in writing by the Council whether it holds such information, and if that is the case, they will have that information communicated to them, unless an exemption applies.
- 18.2 An FOI request must be in writing, state the name of the applicant and an address for correspondence, and describe the information requested. A request will be treated as made in writing where the text is transmitted by electronic means (e-mail), is received in legible form, and is capable of being used for subsequent reference.
- 18.3 FOI requests will be dealt with by the Lead Officer for the relevant service area.
- 18.4 FOI requests must generally be dealt with within 20 working days of receipt.
- 18.5 The Council will not comply with FOI requests where one or other of the exemptions applies. These include:

- information which is otherwise reasonably accessible

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- information intended for future publication
- information where disclosure would be likely to prejudice
 - the national or local economy
 - crime prevention/detection, prosecutions, and certain civil proceedings
 - health and safety
 - commercial interests
- information provided in confidence
- personal information

18.6 In relation to most of the exemptions, the Council must also apply the 'public interest test. Even where the terms of an exemption seem to apply, the Council is still under a duty to disclose, unless the public interest in maintaining the exemption outweighs the public interest in disclosure.

19 RIGHTS OF APPEAL

19.1 Appeals against refusals of FOI requests

If an FOI request is refused by the Council, the applicant may request a review of that decision by the Solicitor to the Council. If the complaint does not result in the disclosure of the relevant information an applicant may then apply to the Information Commissioner for a decision as to whether the Council has complied with the relevant provisions of the Freedom of Information Act 2000 or the Environmental Information Regulations.

19.2 Appeals where Public Access is denied to a Report or Background Papers

If a member of the public is denied access to a report or background papers under these Rules, they may appeal at the relevant meeting by giving notice in writing to the Democratic Services Manager, such notice to be received not less than 24 hours before the relevant meeting is due to be held. Any such appeal will be considered as the first item on the agenda.

19.3 Appeals where a Member is denied inspection of a document

If a Member is denied inspection of a document under their statutory rights or their need to know rights, they may appeal to the Chief Executive.

A decision made by a Director to withhold the inspection of any internal document shall be valid and remain in force unless and until altered on an appeal.

20. Filming and Recording of Meetings

Filming and recording at public meetings is permitted in accordance with the

Openness of Local Government Bodies Regulations 2014.

The Council has adopted a protocol on Audio/Visual Recording and Photography at Meetings which is included in Part 5 of this Constitution.

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APPENDIX 6

OVERVIEW AND SCRUTINY PROCEDURE RULES

1. Application of Rules

These rules apply to the Overview and Scrutiny Committees set out in Article 6 of this Constitution and to any of their sub-committees. For the avoidance of doubt the Council's statutory Overview and Scrutiny functions are performed by the Policy Review Committee and Scrutiny Committee only.

2. Composition and Terms of Reference

All Councillors (except Members of the Executive) may be members of an Overview and Scrutiny Committee. However no Councillor may be involved in scrutinising a decision which he/she has been directly involved in.

Overview and Scrutiny Committees and their sub-committees may recommend to the Council the appointment of a number of people as non-voting co-optees. The Council shall determine the number of co-optees it may appoint.

The Terms of Reference for Overview and Scrutiny Committees are described in Article 6 of Part 2 and Paragraph 6 of Part 3 of this Constitution.

Overview and Scrutiny Committees and their sub-committees will be free of any party whip.

3. Meetings of the Overview and Scrutiny Committees and Sub-Committees

There shall be not less than 2 ordinary meetings of each Overview and Scrutiny Committee each year. Additional ordinary meetings and extraordinary meetings may be called from time to time as and when appropriate. An Overview and Scrutiny Committee or sub-committee meeting may be called by the Chair or by any 3 Members of the committee/sub-committee or by the Chief Executive, if he/she considers it necessary or appropriate.

4. Quorum

The quorum for an Overview and Scrutiny Committee shall be as set out for committees in the Council Procedure Rules in Part 4 of this Constitution.

5. Who chairs meetings of the Overview and Scrutiny Committees?

Chairs and Vice-Chairs of Overview and Scrutiny Committees shall be appointed by the Council and will be drawn from among the councillors sitting on the committee. The Chairs and Vice Chairs of Overview and Scrutiny Sub-Committees shall be appointed by the committee which establishes the sub-committee.

6. Work programmes and agenda items

Each year all Overview and Scrutiny Committees will formulate a work programme setting out their planned work for the year ahead. ~~Draft work programmes will be submitted to the Executive for comment and each Overview and Scrutiny Committee will take into consideration the views of the Executive before they present their work programmes to Council for approval. Except where an Overview and Scrutiny Committee agree that exceptional circumstances apply, the proposed Annual Work Programme will normally be submitted no later than the first ordinary Council meeting after the Annual Meeting.~~

Any member of an Overview and Scrutiny Committee or sub-committee shall be entitled to give notice to the Chief Executive that he/she wishes to have an item relevant to the functions of that committee/sub-committee included on the agenda for the next practicable meeting. The Chief Executive shall comply with such requests.

Any councillor shall be entitled to give written notice to the Chief Executive to have an item included on an Overview and Scrutiny work programme. Such matters must be either relevant to the discharge of any function of the Authority or which affect all or part of (or any person who lives or works in) the area to which the councillor is elected. The appropriate committee or sub-committee will then decide whether to include that item and will notify the councillor (a) whether the item is to be included in its draft work programme (and if not why not) and (b) the outcome of any consideration of the substantive item.

Where the Council, or the Executive, asks Overview and Scrutiny to consider any particular matter the appropriate Overview and Scrutiny Committee, or the appropriate sub-committee, will adjust their work programme to the extent necessary to carry out that review and report back in writing to the Council or the Executive. The Council and/or the Executive shall consider the report of the committee/sub-committee within one month of receiving it.

7. Call-in

~~Call-in should only be used where councillors have evidence which suggests that the decision maker(s) did not take the decision in accordance with the principles set out in Article 13 (Decision-making).~~

- (a) ~~When a decision is made by the Executive, or a key decision is made by an officer with delegated authority from the Executive, the decision shall be published, principally by electronic means, and shall also be available at the main offices of the Council normally within 5 clear working days of being made. Councillors will be sent copies of the records of all such decisions within the same timescale and by the same means, by the person responsible for publishing the decision.~~

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- (b) ~~That notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of 5 clear working days after the publication of the decision, unless the Scrutiny Committee objects to it and calls it in.~~
- (a) Where a decision is made by the Executive or a key decision is made by an Officer under delegated powers it will be published in accordance with the Executive Procedure Rules and may be subject to Call-in.

Call-in should only be used where councillors have evidence which suggests that the decision-maker(s) did not take the decision in accordance with the principles set out in Article 13 (Decision-making).

- (be) During the 5 clear working day period between a decision being published and its implementation the Chief Executive shall call-in a decision for scrutiny by the Scrutiny Committee if so requested in writing by any 5 councillors who are not members of the Executive and shall then notify the Executive of the call-in. He/she shall call an extraordinary meeting of the Scrutiny Committee where possible after consultation with the Chair, if an ordinary meeting will not be held within 7 clear working days from the date of the call-in request. The Chief Executive will notify the Executive and any other relevant councillors and officers of the call-in and the date on which it will be considered. Written requests will be a single document or a number of documents saying the same thing which taken together are received from 5 councillors.

Such a document or documents may be submitted electronically to the Chief Executive and the Chief Executive shall accept the validity of the document unless anything is brought to his/her attention which challenges its validity.

- (cd)[†] The sponsor of the “call in” or one of the other co-signatories shall present the grounds for the call-in and their concerns about the decision to the Scrutiny Committee. The Scrutiny Committee will then hear from any other relevant contributors and then debate and determine the matter. In reaching a decision on the matter the Scrutiny Committee may also comment on the validity of the “call-in”
- (df) Having considered the decision, the Scrutiny Committee may refer it back to the Executive for reconsideration, setting out the reasons in writing, providing any other information which might be useful to the Executive when it reconsiders the matter or it may refer the matter to Council.
- (ef) If the Scrutiny Committee fails to meet within 14 clear working days of receiving a valid call-in request, or does meet but does not refer the

[†] Amendment approved by Council on 11 September 2012

matter back to the Executive or on to Council, the decision shall take effect on the date of the Scrutiny Committee meeting, or the expiry of that 14 clear working day period, whichever is the earlier.

- (fg) If the matter was referred to Council and the Council does not object to a decision which has been made, then no further action is necessary and the decision will be effective in accordance with the provision below. However, if the Council does object it has no locus to make decisions in respect of an Executive decision unless it is contrary to the policy framework, or contrary to or not wholly consistent with the budget. Unless that is the case the Council will refer any decision to which it objects back to the Executive, together with the Council's views on the decision. Within 20 clear working days of receiving the views of the Council the Executive shall decide whether to amend the decision or not before implementing it.
- (gh) If the Council does not refer the decision back to the Executive, the decision will become effective on the date of the Council meeting.
- (hi) The call-in procedure set out above shall not apply where the decision being taken by the Executive is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. The record of the decision, and notice by which it is made public shall state whether in the opinion of the Executive the decision is an urgent one, and therefore not subject to call-in. The Chairman of the Council must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. In the absence of the Chairman, the Vice-Chairman's consent shall be required. In the absence of both the Chief Executive or his/her nominee's consent shall be required. Decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency.
- (j) The operation of the provisions relating to call-in and urgency shall be monitored annually by the Chief Executive, and a report submitted to the Council with proposals for review if necessary.

8. The conduct of meetings

- (a) Overview and Scrutiny Committees and their sub-committees shall consider business in the following order:
 - (i) minutes of the last meeting;
 - (ii) any declarations of interest;
 - (iii) the forward plan
 - (iv) any response from the Executive to a previously-forwarded

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report;

- (iv) the business otherwise set out in the agenda for the meeting.
- (b) When an Overview and Scrutiny Committee or one of its sub-committees is conducting a review or investigation, it shall have the right to documents and other information as described in the Access to Information Procedure Rules set out in Part 4 of this Constitution.
- (c) Where an Overview and Scrutiny Committee conducts investigations they are to be conducted with the following principles:
 - (i) that the investigation be conducted fairly and all members of the committee be given the opportunity to ask questions of attendees, and to contribute and speak;
 - (ii) that those assisting the committee by giving evidence be treated with respect and courtesy; and
 - (iii) That the investigation be conducted so as to maximise the efficiency of the investigation or analysis.
- (d) An Overview and Scrutiny Committee or any of its sub-committees (in relation to matters falling within their terms of reference) may scrutinise and review decisions made or actions taken in connection with the discharge of any Council or Executive functions. It may require the Leader, any Member of the Executive or councillor, the Head of Paid Service and any Chief Officer or Director to attend before it to explain, in relation to their remit, the following:
 - (i) any particular decision or series of decisions and the reasons for them,
 - (ii) the extent to which any action or lack of action affects the Council and/or implements Council policy;
 - (iii) performance and outcomes in relation to the areas under their control.

It is the duty of those persons to attend if required, but such attendance will follow written notice from the Chief Executive, who will give to the relevant person at least 7 clear working days notice in writing or by electronic mail of the meeting at which he/she is required to attend. The notice will indicate the nature of the item and whether there is a requirement to produce any papers or other background information, or whether a report is required.

If, exceptionally, the relevant councillor or officer is unable to attend on the required date, an alternative date may be arranged by mutual

agreement.

An Overview and Scrutiny Committee or any of its sub-committees may invite persons other than those set out above to give evidence, including individuals from outside the Council or from other organisations. In this case attendance is voluntary.

If there is a wish for officers below Director level to give evidence, then that attendance shall only be with the agreement of the Head of Paid Service or a Chief Officer.

- (e) Following any investigation or review, an Overview and Scrutiny Committee or sub-committee shall prepare a report, for submission to the Executive and/or Council as appropriate and shall make its report and findings public.

9. Reports from Overview and Scrutiny Committees and Sub-Committees

At the conclusion of any Overview and Scrutiny activity the committee or sub-committee will publish and submit its views, findings or recommendations, in writing, to any appropriate body of the Council, an officer or relevant partner/outside organisation.

Where such a report is submitted to a body of the Council or an officer the Chief Executive shall ensure that suitable arrangements are made so that the report is considered and that a response is reported back to the Overview and Scrutiny Committee or sub-committee within 2 months. Where the original submission was published, the response shall also be published and where the original submission was copied to separate individuals, the response shall also be circulated to the same individuals. Where a report is made to an outside organisation the Chief Executive shall request consideration of it and a response.

The Chair of the Overview and Scrutiny Committee or sub-committee which has submitted the report shall be entitled to attend any meeting of the Council, its committees or the Executive to present the report.

Any report or response to or from Overview and Scrutiny shall exclude any confidential information and may exclude any exempt information. Where such exclusions are made a summary should be included which does not disclose the confidential or exempt information.

10. Joint Overview and Scrutiny Committees

The Council may decide to participate in Joint Overview and Scrutiny Committees for the purpose of securing local improvement targets.

APPENDIX 7

OFFICER EMPLOYMENT PROCEDURE RULES

These Rules incorporate the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001 ('the Regulations').

1. Appointment to be on merit

All appointments shall be made on merit irrespective of age, race, disability, ethnicity, gender, or religion and belief or political beliefs or sexual orientation or other protected characteristic.

24. Recruitment and appointment

(a) Declarations

- (i) All applicants will be required to disclose whether or not they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an officer and/or a councillor at Selby District Council or the partner of such persons. Applicants failing to disclose such a relationship will be disqualified from the appointment, or if appointed, will be dismissed without notice.
- (ii) No candidate so related to a councillor or an officer will be appointed without the authority of the relevant Chief Officer, Director or an officer nominated by him/her.

(b) Seeking support for appointment.

- (i) The Council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.
- (ii) No councillor will seek support for any person for any appointment with the Council.

32. Recruitment of officers

Where the Council proposes to appoint an officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Council will:

- (a) draw up a statement specifying:
 - (i) the duties of the officer concerned; and
 - (ii) any qualifications or qualities to be sought in the person to be appointed;

- (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- (c) make arrangements for a copy of the statement mentioned in paragraph (a) to be sent to any person on request.

43. Appointment of Head of Paid Service, Monitoring Officer, Chief Officers and Section 151 Officer

- (a) Subject to Rule 4 below, the Council will approve the appointment of the Head of Paid Service and Monitoring Officer following the recommendation of such an appointment by an Appointments Panel of the Council.
- (b) Subject to Rule 4 below, an Appointments Panel of the Council will appoint Chief Officers (except the Head of Paid Service) and the officer with Section 151 responsibilities.

(For the purposes of Rules 3 (a) and (b) an Appointments Panel shall be politically balanced and comprise a minimum of 4 and a maximum of 6 councillors including the Leader and relevant Executive Member(s)).

54. Offer of appointment as Head of Paid Service, Monitoring Officer, Chief Officer or Section 151 Officer.

An offer of appointment as Head of Paid Service, Monitoring Officer, Chief Officer or Section 151 Officer must not be made by the Council until:

- (a) the Appointments Panel has notified the Proper Officer of the name of the person to whom an offer is proposed and any other particulars which it considers are relevant to the appointment;
- (b) the Proper Officer has notified every Member of the Executive of:
 - (i) the name of the person to whom an offer is proposed;
 - (ii) any other particulars relevant to the appointment which have been notified to the Proper Officer; and
 - (iii) the period within which any objection to the making of the offer is to be made by the Leader on behalf of the Executive to the Proper Officer; and
- (c) either:
 - (i) the Leader has, within the period specified in the notice under sub-paragraph (b)(iii), notified the Appointments Panel that neither he/she nor any other Member of the Executive has any objection to the making of the offer;

- (ii) the Proper Officer has notified the Appointments Panel that no objection was received by him/her within that period from the Leader; or
- (iii) the Appointments Panel is satisfied that any objection received from the Leader within that period is not material or is not well-founded.

(For the purposes of this paragraph 'Proper Officer' means an officer appointed by the Council for this purpose in accordance with the Regulations and can be a different officer depending on the appointment being made).

65. Disciplinary action

- (a) **Suspension.** The Head of Paid Service, Monitoring Officer and Section 151 Officer may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than 2 months.
- (b) **Independent person.** No other disciplinary action other than suspension as set out above may be taken in respect of any of those officers except in accordance with a recommendation in a report made by a 'designated independent person', as defined by and appointed in accordance with the powers set out in Regulation 7 of the Regulations.

76. Dismissal of Head of Paid Service, Monitoring Officer, Chief Officer or Section 151 Officer

- (a) In this paragraph, 'dismissor' means, in relation to the dismissal of an officer of the Council, the authority or, where a committee or sub-committee or another officer is discharging the function of dismissal on behalf of the Council, that committee, or sub-committee or other officer, as the case may be. Where a committee or sub-committee is formed for this purpose, at least one Member of the Executive must be a Member of that committee/sub-committee which must otherwise be politically balanced.
- (b) Subject to paragraph 5, notice of the dismissal of the Head of Paid Service, Monitoring Officer, Chief Officer or Section 151 Officer must not be given by the dismissor until:
 - (i) the dismissor has notified the Proper Officer of the name of the person who the dismissor wishes to dismiss and any other particulars which the dismissor considers are relevant to the dismissal;
 - (ii) the Proper Officer has notified every Member of the Executive

of:

- the name of the person who the dismissor wishes to dismiss;
- any other particulars relevant to the dismissal which the dismissor has notified to the Proper Officer; and
- the period within which any objection to the dismissal is to be made by the Leader on behalf of the Executive to the Proper Officer; and

(iii) either:

- the Leader has, within the period specified in the notice under sub-paragraph (b)(ii), notified the dismissor that neither he/she nor any other Member of the Executive has any objection to the dismissal;
- the Proper Officer has notified the dismissor that no objection was received by him/her within that period from the Leader; or
- the dismissor is satisfied that any objection received from the Leader within that period is not material or is not well-founded.

(For the purposes of this paragraph 'Proper Officer' will have the same meaning as paragraph 4 and as defined in the Regulations).

- (c) In the case of the Head of Paid Service, the Council must approve that dismissal before the notice of dismissal is given.

87. Other Officers

- (a) **Officers other than those referred to in rules 3, 4, 5 and 6 above** Appointment, dismissal, or the taking of disciplinary action against all other officers is the responsibility of the Head of Paid Service or an officer nominated by him/her.
- (b) Except as reserved herein, disciplinary action shall be discharged by the Head of Paid Service or by an officer nominated by him/her and in accordance with the procedures adopted and/or amended by the Council from time to time.
- (cb) Councillors will not be involved in the appointment, dismissal or discipline of any officer below Chief Officers, the Section 151 Officer or the Monitoring Officer.

8. Appointment to be on merit

Selby District Council Part 4 - Rules of Procedure
Officer Employment Procedure Rules

- (a) ~~All appointments shall be made on merit irrespective of age, race, disability, ethnicity, gender, or religion and belief or political beliefs or sexual orientation.~~
- (b) ~~Except as reserved herein, disciplinary action shall be discharged by the Head of Paid Service or by an officer nominated by him/her and in accordance with the procedures adopted and/or amended by the Council from time to time.~~

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APPENDIX 8

EXECUTIVE PROCEDURE RULES

1. Role and Composition of the Executive

The Executive will carry out all of the Council's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution. The allocation of responsibilities is set out in Part 3 of this Constitution.

The Executive will consist of the Leader together with at least 2, but not more than 9, councillors appointed to the Executive by the Leader.

2. Delegation of Executive Functions

2.1 At the Annual Meeting of the Council, the Leader will present a report containing the following information regarding the discharge of executive functions in the forthcoming year:

- (a) The names of the councillors he/she appoints to the Executive.
- (b) The terms of reference and constitution of any Executive committees the Leader appoints and the names of the councillors appointed to them.
- (c) The nature and extent of any delegation of an Executive function to an individual member of the Executive, with details of limits on those delegations and the name of the councillor to whom the delegation is made.
- (d) The nature and extent of any delegation of an Executive function to officers, with details of limits on those delegations and the title of the officer to whom the delegation is made.
- (e) The nature and extent of any delegation of an Executive function to any Community Engagement Forum, other authority, or any joint arrangements including names of the Executive Members appointed to serve under those arrangements.

2.2 The Leader may amend the scheme of delegation relating to Executive functions at any time during the year. To do so, the Leader must give written notice to the Chief Executive and to the person, body or committee concerned. The notice must set out the extent of the amendment to the scheme of delegation, and whether it entails the withdrawal of delegation from any person, body, committee or the Executive as a whole. Any changes will take effect on the day after the notice is given to the Chief Executive. The Chief Executive will present a report to the next Ordinary meeting of the Council setting out the changes made by the Leader.

2.3 Where the Leader seeks to withdraw delegation from a committee, notice will be deemed to be served on that committee when he/she has served it

on its Chair.

3. Appointments

3.1 Election of Leader

The Leader will be elected by the Council from the elected councillors. That election will be made at the Annual Meeting of the Council immediately following an ordinary election of councillors or at a subsequent meeting if no such appointment is made and the Leader will remain in office for a period of 4 years until either:

- (a) the next Annual Meeting of the whole Council immediately following an ordinary election of councillors; or
- (b) the Leader ceases to be a Selby District councillor; or
- (c) the Council, by a majority vote of those present in response to a Notice of Motion submitted in accordance with the Council's rules, decides to remove the Leader from office; or
- (d) the Leader is suspended from being a councillor under Part III of the Local Government Act 2000; or
- (e) the Leader resigns as Leader.

3.2 Role of the Leader

- (a) To provide strategic vision and leadership to the political administration of the Council.
- (b) To promote excellence in the delivery of public services.
- (c) To represent the Council and its political administration in the community.
- (d) To develop and maintain effective relationships with the Council's Chief Executive, Chief Officers and Directors.
- (e) To encourage co-operation and communication across political and Council boundaries.

3.3 Key Tasks of the Leader

- (a) To provide political leadership to the Council.
- (b) To act as a role model for appropriate behaviour, ethical practice and democratic processes.

- (c) To act as the main political spokesperson within and outside the Council.
- (d) To answer and account to the Council and the community for the delivery of services and the performance of the Council.
- (e) To challenge the performance of the Council in order to achieve improvement and excellence.

3.4 Appointment of Deputy Leader

The Leader shall appoint a member of the Executive to serve as Deputy Leader. The term of office of the Deputy Leader shall be 2 years but it will be open to the Leader to revoke the appointment and appoint a new Deputy at any time.

3.5 Role of Deputy Leader

The Deputy Leader shall exercise all of the powers and duties of the Leader if the Leader is unable to act in that capacity or the post of Leader is vacant.

3.6 Appointment of Executive Councillors

The Leader shall appoint at least 2 and no more than 9 elected councillors to serve on the Executive.

In the event of an Executive Member resigning or otherwise being removed from office as an Executive Member the Leader shall make a new appointment or otherwise report to the Council with any new arrangements for the discharge of executive functions. The normal term of office of an Executive Member shall be 2 years.

3.7 Role of Executive Councillors

- (a) To assist and support the Leader in making strategic decisions on behalf of the Council.
- (b) To take a lead in an area of policy, or in relation to an aim, objective, priority or activity as the Leader may determine from time to time.
- (c) To promote and maintain high standards of conduct by members.
- (d) To represent the Council and its political administration in the community.

- (e) To influence and determine the development and review of the Council's policies, strategies, budget and service delivery.
- (f) To liaise with the Council's Chief Executive, Chief Officers and Directors.
- (g) To represent the Council on outside bodies and partnerships.

3.8 Key Tasks of Executive Councillors

- (a) To contribute towards developing and implementing new policy, strategy, programming, budget and service standards, and leading performance review.
- (b) To act as spokesperson within and outside the Council on matters allocated by the Leader from time to time.
- (c) To act as a role model for appropriate behaviour, ethical practice and democratic processes.
- (d) To provide advice and guidance to authorised officers in the execution of delegated authority where that authority requires prior consultation.
- (e) To answer and account to the Council and community for matters within the Executive's remit.

4. Decisions of the Executive

Executive decisions will be made either:

- (a) by the Executive as a whole; or
- (b) by a committee of the Executive; or
- (c) by an individual member of the Executive; or
- (d) by an officer acting under delegated powers, the Scheme of Officer Delegation being set out in Part 3 of this Constitution; or
- (e) by joint arrangements; or
- (f) by another local authority.

Where the Executive as a whole, a committee of the Executive or an individual member of the Executive is responsible for an Executive function, they may in turn delegate that function to an officer or to joint arrangements, but the delegation of the function will not prevent the discharge of that function by the delegating body.

5. The Forward Plan

5.1 Period of Forward Plan

The Leader will prepare a Forward Plan which must list all key decisions which the Executive anticipates that they will take during the next four months. The most recent Forward Plan will be taken to supersede any other plan.

5.2 Content of Forward Plan

The Forward Plan will include the following information in respect of each key decision:

- (a) the matter in respect of which a decision is to be made;
- (b) the person or body by whom the decision is to be made;
- (c) the date on which, or the period within which, the decision will be taken;
- (d) the steps any person might take who wishes to make representations to the decision-taker about the matter in respect of which the decision is to be made, and the date by which those steps must be taken; and
- (e) a list of the documents (which are available to the public) submitted to the decision-taker for consideration in relation to the matter.

5.3 Publication of Forward Plan

The Forward Plan must be published at least 28 clear days before the start of the period covered.

5.4 Procedure before taking key decisions

Subject to Rule 5.5 (general exception) and Rule 5.6 (special urgency), a key decision may not be taken unless:

- (a) a notice (in the 'Forward Plan') has been published in connection with the matter in question;
- (b) at least 28 clear days have elapsed since the publication of the Forward Plan; and
- (c) where the decision is to be taken at a meeting of the Executive or its committees, notice of the meeting has been given in

accordance with Rule 6.2 (Notice of Meeting).

5.5 General exception

If a matter which is a key decision has not been included in the Forward Plan, then subject to Rule 5.6 (special urgency), the decision may still be taken if:

- (a) the decision must be taken by such a date that it is impracticable to defer the decision to ensure that notice has been published within 28 clear days of the meeting.
- (b) the Proper Officer has informed the chairman of the relevant overview and scrutiny committee or, if there is no such person, each member of the relevant overview and scrutiny committee by notice in writing, of the matter about which the decision is to be made.
- (c) the Chief Executive has made copies of that notice available to the public at the offices of the Council and on the Council's internet site.
- (d) at least 5 clear working days have elapsed since the Chief Executive complied with (b) and (c).

Where such a decision is taken collectively, it must be taken in public.

5.6 Special urgency

If by virtue of the date by which a decision must be taken Rule 5.5 (general exception) cannot be followed, then the decision can only be taken if the Chair of the body making the decision obtains the agreement of the Chair of the Scrutiny Committee that the decision cannot be reasonably deferred and that the decision is genuinely urgent.

If there is no Chair of the Scrutiny Committee, or if the Chair of the Scrutiny Committee is unable to act, then the agreement of the Chairman of the Council, or in his/her absence the Vice-Chairman will suffice. If the relevant person does not agree that the decision may be reasonably regarded as urgent in the circumstances then the decision cannot be taken other than in accordance with these Rules.

As soon as practicable after agreement has been obtained, a notice must be made available at the Council's offices setting out the reasons that the making of the decision is urgent and cannot reasonably be deferred.

This notice must also be published on the Council's internet site.

5.7 Report To Council on special urgency decisions taken

The Leader will submit at least annually a report to the Council on the Executive decisions taken in the circumstances set out in Rule 5.6 (special urgency) in the period since the last report was submitted. The report will include the particulars of each decision made and a summary of the matters in respect of which those decisions were taken.

6. Meetings of the Executive

6.1 Frequency and location of Meetings

The Executive will normally meet on a monthly cycle, at such dates and times as shall be determined by the Leader and notified to the Council at its Annual Meeting.

The Executive shall meet at the Council's principal offices or at such other location as the Leader may from time to time determine.

6.2 Notice of and Public Access to Meetings and Agendas

Notice of the time and place of an Executive meeting will be given by publishing the Agenda together with the reports to be considered on the Council's website at least 5 clear working days before the meeting or at the time that the meeting is convened if that is less than 5 clear working days before the meeting. Reports for items added to the Agenda will be published when the item is added.

All meetings of the Executive shall be in public in accordance with the Access to Information Procedure Rules, set out in Part 4 of this Constitution subject to Rule 6.3 below. This does not preclude meetings which involve private, informal, discussion between Executive Members and others.

Any councillor may attend any meeting of the Executive as a member of the public, but there is no right for non-Executive Members to speak or vote at Executive meetings.

The Statutory Officers of the Council shall have the right to attend any meeting of the Executive and shall be entitled to speak on issues affecting their statutory responsibilities.

6.3 Notice of Private Executive Meetings

Where the Executive is likely to consider an item which contains exempt or confidential information and will require the public to be excluded from the meeting to prevent the disclosure of information, a notice must be published 28 clear days in advance of the meeting that includes a statement of the reasons for the meeting being held in private for that item. The notice should include details of how representations can be made.

At least 5 clear days before the meeting a further notice will be published setting out the reasons for holding any part of the meeting in private, details of any representations received about why the meeting should be in public and the response to those representations.

Where the report contains confidential information as defined in the Access to Information Procedure Rules, the public must be excluded.

If the date of the meeting and the urgency of the decision makes compliance with this requirement impractical, the meeting may only be held in private with the agreement of the Chair of the relevant scrutiny committee, or if there is no such person the Chairman of the Council. As soon as reasonably practicable after this permission is obtained a notice will be published setting out the reasons why the matter is urgent and cannot be reasonably delayed.

6.4 Agenda

The Agenda will generally follow the format below

- (a) consideration of the minutes of the last meeting;
- (b) declarations of interest, if any;
- (c) matters referred to the Executive (whether by an Overview and Scrutiny Committee or by the Council) for reconsideration in accordance with the provisions of the Overview and Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules set out in Part 4 of this Constitution;
- (d) consideration of reports from Overview and Scrutiny Committees;
- (e) reports from Statutory Officers in respect of their functions;
- (f) the items of business set out in the agenda for the meeting.

The items of business set out in the Executive Forward Plan and in the agenda will indicate which are key decisions and which are not, in accordance with the Access to Information Procedure Rules.

6.5 Who can put items on the Executive agenda?

The Leader may put on the agenda of any Executive meeting any matter which he/she wishes, whether or not authority has been delegated to the Executive, a committee of it or any member or officer in respect of that matter. The Chief Executive will comply with the Leader's requests in this respect.

Any member of the Executive may require the Chief Executive to make sure that an item is placed on the agenda of the next available meeting of the Executive for consideration. If he/she receives such a request the

Chief Executive will comply.

The Chief Executive will make sure that an item is placed on the agenda of the next available meeting of the Executive where an Overview and Scrutiny Committee or the Council has resolved that an item be considered by the Executive. However, there may only be up to 3 such items on any one agenda.

Any member of the Council may ask the Leader to put an item on the agenda of an Executive meeting for consideration, and if the Leader agrees the item will be considered at the next available meeting of the Executive. The notice of the meeting will give the name of the councillor who asked for the item to be considered. This individual will be invited to attend the meeting, whether or not it is a public meeting. However, there may only be one such item per Executive meeting unless the Leader exercises a discretion to allow more than one.

The Head of Paid Service, the Monitoring Officer and/or the Chief Financial Officer may include an item for consideration on the agenda of an Executive meeting and may require the Chief Executive to call such a meeting in pursuance of their statutory duties.

6.6 Quorum

The quorum for a meeting of the Executive or a committee of the Executive shall be 3.

6.7 Substitutions

Substitutes are not permitted for Executive Members, but the absence of an Executive Member shall not prevent consideration and determination of any matter if a quorum is present.

6.8 Conflicts of interest

If a conflict of interest arises during the consideration of any matter which is an Executive function, it will be dealt with in accordance with the Code of Conduct for Councillors set out in Part 5 of this Constitution.

If during the exercise of an Executive function that has been delegated a conflict of interest arises, then the function will in the first instance be exercised instead by the body or person by whom the delegation was made or otherwise in accordance with the Code of Conduct for Councillors, set out in Part 5 of this Constitution.

7. Record of decisions at Executive meetings

After any meeting of the Executive the proper officer will, as soon as practicable, produce a written statement which must include:

- (a) the name of the decision-making body and a date of the decision;
- (b) A record of every decision taken and the reasons for those decisions;
- (c) Details of any alternative options;
- (d) A record of any conflict of interest or Disclosable Pecuniary Interests declared by any member of the decision making body;

8. Call-in

Call-in should only be used where councillors have evidence which suggests that the decision-maker(s) did not take the decision in accordance with the principles set out in Article 13 (Decision-making).

- (a) When a decision is made by the Executive, or a key decision is made by an officer with delegated authority from the Executive, the decision shall be published, principally by electronic means, and shall also be available at the main offices of the Council normally within 5 clear working days of being made. Councillors will be sent copies of the records of all such decisions within the same timescale and by the same means, by the person responsible for publishing the decision.
- (b) That notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of 5 clear working days after the publication of the decision, unless the Scrutiny Committee objects to it and calls it in.
- (c) During the 5 clear working day period between a decision being published and its implementation, the Chief Executive shall call-in a decision for scrutiny by the Scrutiny Committee if so requested in writing by any 5 councillors who are not members of the Executive and shall then notify the Executive of the call-in. He/she shall call an extraordinary meeting of the Scrutiny Committee where possible after consultation with the Chair, if an ordinary meeting will not be held within 7 clear working days from the date of the call-in request. The Chief Executive will notify the Executive and any other relevant councillors and officers of the call-in and the date on which it will be considered. Written requests will be a single document or a number of documents saying the same thing which taken together are received from 5 councillors.

Such a document or documents may be submitted electronically to the Chief Executive and the Chief Executive shall accept the validity of the document unless anything is brought to his/her attention which challenges its validity.

APPENDIX 9

LOCAL COUNCILLOR CONSULTATIVE CHARTER

The Council is committed to providing its Elected Councillors with accurate, helpful and timely consultation, advice and information in relation to any matters of any significance or sensitivity which relate to their particular Ward and where circumstances render it appropriate to involve a Local Councillor.

1. Directors and staff will be continually vigilant to identify such matters and ensure that Local Councillors are informed accordingly.
2. Directors will ensure that all correspondence/enquiries from Local Councillors are dealt with promptly and if necessary Councillors will be kept advised of progress.
3. Any matter of significance or sensitivity which relates to a particular Ward will be discussed with the Local Councillor(s) concerned before being submitted for a decision by the Executive or other Council Body. This will provide the opportunity for early awareness and allow a local perspective to be obtained. However, it does not prevent the Executive or officers from considering such matters in advance of a formal recommendation or decision as this consultation is required only when a settled intention to proceed with an option or options affecting the Ward have been reached.
4. Directors and staff will regularly brief appropriate Executive Councillors on service and partnership issues and developments and will use such occasions to help identify any potential local issues.
5. Details of any petitions received which relate to matters in a particular Ward will be sent to the Local Councillor(s) concerned. In addition, copies will also be provided to the Leader. Local Councillors will be kept informed on the progress/outcomes of such petitions.
6. Subject to any restrictions caused by commercial, legal or personal confidentiality, copies of all correspondence with Parish/Town Councils and the Local Government Ombudsman which relate to matters of any significance or sensitivity in a particular Ward will be sent to the Local Councillor(s) concerned.
7. Copies of all correspondence with MPs and MEPs which relate to matters in a particular Ward will be sent to the Local Councillor concerned. In addition, copies will also be provided to the Leader.
8. Access Selby will provide every Councillor with an Officer contact guide for the services they provide, including where appropriate local contacts.
9. Wherever appropriate Access Selby will make Local Councillors aware of and invite them to service events and activities in their area. This will include strict adherence to the arrangements that have been agreed for the official opening/launch of Council projects, schemes, exhibitions etc.
10. In certain instances, both Councillors and Officers will receive an enquiry which relates to a matter in a particular area. In order to ensure consistency of approach in these circumstances, Officers will agree with the Councillor(s) concerned a single response to such enquiries.
11. As part of a continual review of the Charter's effectiveness, the co-operation of Councillors is sought in the responsible use at all times of advice and information that is provided to them, and Councillors are encouraged to advise Officers of the information

requirements and of any local circumstances or sensitivities which might have a bearing on the Council's work.

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APPENDIX 10

CODE OF PRACTICE FOR COUNCILLORS AND OFFICERS DEALING WITH PLANNING MATTERS

This Code of Practice supplements the Council's Code of Conduct for Councillors and where appropriate Councillors should refer to the Code of Conduct which is set out in the Council's Constitution. The Council's Monitoring Officer's advice may be sought on the interpretation of the Code of Conduct or this Code.

1. INTRODUCTION

- 1.1 Planning affects land and property interests, including the financial value of land and the quality of their settings. It is not an exact science. It is often highly contentious because decisions affect the daily lives of everyone and the private interests of Councillors of the public, landowners and developers. Opposing views are often strongly held by those involved. A key role of the planning process is balancing the needs and interests of individuals and the community.
- 1.2 The planning system can only function effectively if there is trust among those involved. There must be trust between Councillors and Officers and between the public and the Council. The Third report of the Committee on Standards in Public Life (the Nolan Committee) (1997) recommended that each local authority's practices and procedures were set out in a local code of planning conduct to avoid allegations of malpractice in the operation of the planning system.
- 1.3 The general principles that underlie the Council's Code of Conduct for Councillors and apply to this Code of Practice are:
 - 1.3.1 Councillors should serve the public interest and should never improperly confer an advantage or disadvantage on any person.
 - 1.3.2 Councillors should not place themselves in situations where their honesty or integrity may be questioned.
 - 1.3.3 Councillors should make decisions on merit.
 - 1.3.4 Councillors should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
 - 1.3.5 Councillors may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
 - 1.3.6 Councillors should respect the impartiality and integrity of Officers.
- 1.4 The Council is committed to open, fair and transparent decision-making. Planning decisions should be made impartially, with sound judgement and for justifiable reasons.
- 1.5 This Code of Practice sets out practices and procedures that Councillors and Officers of the Council shall follow when involved in planning matters. Planning matters include the consideration of planning applications, the preparation of development plans and other planning policy and the enforcement of planning control.
- 1.6 Failure to follow this Code without good reason could be taken into account in investigations into possible maladministration against the Council, or have implications

for the position of individual elected Councillors and officers. Breaches of this Code may also amount to breaches of the Council's Code of Conduct for Councillors. If in doubt about what course of action to take, a Councillor or officer should seek the advice of the Council's Monitoring Officer.

- 1.7 This Code of Practice sets out principles to guide Councillors and officers in determining planning applications and making other decisions within the terms of reference of Planning Committee. Although of particular relevance to members of Planning Committee it applies to all members of the Council who may become involved in planning and development matters.

2. THE ROLE AND CONDUCT OF COUNCILLORS AND OFFICERS

- 2.1 Councillors and Officers have different, but complementary roles. Both serve the public but Councillors are responsible to the electorate, while Officers are responsible to the Council as a whole.
- 2.2 The role of a member of the Planning Committee is to make planning decisions openly, impartially, with sound judgement and for justifiable reasons.
- 2.3 Whilst Councillors have a special duty to their ward constituents, including those who did not vote for them, their overriding duty is to the whole community. This is particularly pertinent to Councillors involved in making a planning decision. A key role of the planning system is the consideration of development proposals against the wider public interest.
- 2.4 Councillors' decisions shall not discriminate in favour of any individuals or groups and, although they may be influenced by the opinions of others, they alone have the responsibility to decide what view to take. Councillors must, therefore, consider all of the material issues in the light of Development Plan policies, Government advice and their own individual judgement and make a decision in the interests of the area as a whole.
- 2.5 Whilst Councillors should take account of all views expressed, they shall not favour any person, company, group or locality, nor put themselves in a position where they appear to do so.
- 2.6 Officers who are Chartered Town Planners are guided by the Royal Town Planning Institute's (RTPI) Code of Professional Conduct. Breaches of that code may be subject to disciplinary action by the Institute.
- 2.7 Officers in their role of advising Councillors shall provide:
- 2.7.1 Impartial and professional advice;
- 2.7.2 Complete written reports covering all necessary information for a decision to be made.
- 2.8 The Council endorses the statement in the RTPI code that, 'RTPI members shall not make or subscribe to any statements or reports which are contrary to their own professional opinions', and extends it to apply to all officers in the authority advising on planning matters.
- 2.9 That the Council may not always follow the advice of their professional planning officers is perfectly proper. The professional officer too, may have a change of opinion, but this must be on the basis of professional judgement, and not because an authority, its

Councillors or other Officers, have prevailed upon the Officer to put forward his or her professional view as something other than it really is.

- 2.10 If the Planning Committee is minded to refuse or grant an application contrary to Officer recommendation, it should consider whether to defer the application to the next available committee, before making the final decision. This will allow Councillors to obtain further legal advice on the proposed reasons for acting contrary to the recommendation based on material planning considerations. If such a decision is made it must be clearly minuted, expressed clearly and be based upon sound planning reasons supported by evidence.
- 2.11 Officers shall follow the guidance on their standards of conduct as set out in the Code of Conduct for Employees in the Council's Constitution and any National Code of Conduct for Local Government Officers issued by the Secretary of State under Section 82 Local Government Act 2000.
- 2.12 Councillors shall follow the advice in the Councillor's Code of Conduct about accepting gifts and hospitality. Councillors should treat with extreme caution any offer which is made to them personally; the normal presumption should be that such offers must be courteously declined. Similarly, officers shall politely decline offers of hospitality from people with an interest in a planning proposal. If receipt of hospitality is unavoidable, Officers shall ensure it is of a minimal level and declare it in the hospitality register as soon as possible.

3. COUNCILLORS INTERESTS AND ALLEGATION OF BIAS

- 3.1 Where Councillors have interests which may be thought likely to influence their decision, the fact should be declared at the meeting.
- 3.2 Where the interest is such that members of the public may feel that the Councillor will not be able to approach matters with an open mind and consider the application on its planning merits, Councillors should consider withdrawing from the Committee.
- 3.3 These principles apply equally to Councillors who are not members of Planning Committee Councillors who have such interests should consider whether it is appropriate for them to participate in the planning process, and in any event, should declare such interest at any meeting which they may attend or in any letter which they may write.
- 3.4 The Code of Conduct for Councillors provides guidance as to disclosable interests which may (depending on their nature) affect a Councillor's ability to take part in the decision-making process. However, Councillors may have other interests which may influence their decision which will not amount to disclosable interests for the purposes of the Code. In order to maintain the integrity of the planning system, Councillors should be careful to ensure that such interests do not unduly influence their decisions or give rise to a perception of bias in decision making. Examples of such interests are:-
 - 3.4.1 from being closely aligned with ward campaigns or issues;
 - 3.4.2 from membership of other Committees of the Council;
 - 3.4.3 from membership of other public or community bodies;
 - 3.4.4 from membership of voluntary associations and trusts (including where appointed by the Council);

- 3.4.5 from a connection with a particular policy initiative of the Council;
- 3.4.6 from membership of clubs, societies and groups; and
- 3.4.7 from hobbies and other leisure interests.

Such interests may mean that a Councillor is involved with a planning application before the matter comes before the Planning Committee. Such involvement need not on its own debar a Councillor from participating in making the planning decision when the matter is considered by Planning Committee providing that the Councillor has not already decided how they will vote on the matter before the Committee. Councillors should, however, always consider carefully whether in any particular case they could reasonably be seen to approach the planning merits of the application with an open mind. If the Councillor considers that this is not possible, the Councillor should withdraw from consideration of that item.

- 3.5 As a minimum, the integrity of the planning system requires openness on the part of Councillors; it must operate fairly and be seen to operate fairly.

4. DEVELOPMENT PROPOSED BY THE COUNCIL OR A COUNCIL OWNED COMPANY

- 4.1 Planning legislation allows the Council to submit and determine proposals for development that it proposes to carry out itself. Council owned companies also submit proposals that are decided by the Council.
- 4.2 Proposals submitted by the Council or a Council owned company shall be considered in the same way as those by private developers.
- 4.3 Members of the Planning Committee who sit on the board of a Council owned company which has submitted a planning proposal shall declare an interest and take no part in the discussion and determination of that proposal, except where they are the local Councillor when they may speak on matters of local concern but shall not vote.
- 4.4 Officers who are involved in the preparation of development proposals shall not advise on, or take any part in the consideration of, planning applications in respect of such proposals.

5. STATUTORY DUTIES

The Council is also subject to a number of statutory duties which it must comply with when carrying out its statutory functions. These will apply to the planning function except when such matters are clearly immaterial because they are not capable of relating to the use of development land. Examples of these duties include:

5.1 Equality Act 2010

Section 149 provides that:

- 5.1.1 A council must, in the exercise of its functions, have due regard to the need to:-
 - (a) eliminate discrimination, harassment, victimisation and any other conduct which is prohibited by or under the Equality Act 2010;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a protected characteristic and persons who do not share it.

5.1.2 The above powers relate to the following protected characteristics:-

- (a) Ages;
- (b) Disability;
- (c) Gender reassignment;
- (d) Marriage and civil partnership;
- (e) Pregnancy and maternity;
- (f) Race (including colour, nationality and ethnic or national origins);
- (g) Religion or belief;
- (h) Sex; or
- (i) Sexual orientation.

5.2 **Human Rights**

Section 6(1) of the Human Rights Act 1998 provides that:

"It is unlawful for a public authority to act [or fail to act] in a way which is incompatible with a Convention right."

5.3 **Best Value**

Section 3(1) of the Local Government Act 1999 provides that:

"A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

5.4 **Crime and Disorder**

Section 17(1) of the Crime and Disorder Act 1998 provides that:

"Without prejudice to any other obligation imposed on it, it shall be the duty of a [local authority] to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area."

6. **LOBBYING OF AND BY COUNCILLORS**

- 6.1 Lobbying is a normal and proper part of the political process. The applicant, supporters or those who may be affected by a proposal will often seek to influence the decision by an approach to their local Councillor or members of the Planning Committee. However, reacting to lobbying can lead to the impartiality of a Councillor being called into question and require that Councillor to declare an interest.

- 6.2 The information provided by lobbyists is likely to represent an incomplete picture of the relevant considerations in respect of a planning matter. The views of consultees, neighbours and the assessment of the case by the planning officer all need to be considered before a Councillor is in a position to make a balanced judgement on the merits of the case. Councillors should provide officers with copies of any lobbying material they may have received, whether in favour or against a proposal.
- 6.3 The time for individual members of the Planning Committee to make a decision on a proposal is at the committee meeting when all available information is to hand and has been duly considered.
- 6.4 A Planning Committee member shall be free to listen to a point of view about a planning proposal and to provide procedural advice (in particular referring the person to officers). Even though they may agree with a particular view, Planning Committee Councillors should take care about expressing an opinion indicating they have made up their mind before the decision-making meeting. To do so, without all the relevant information and views, would be unfair and prejudicial. A decision is at risk of being challenged if Councillors do not retain open minds and are not genuinely susceptible to persuasion at the decision-making meeting. Councillors who are lobbied should:
- 6.4.1 make clear that they reserve their final decision on a proposal until the committee meeting;
 - 6.4.2 only give procedural advice;
 - 6.4.3 consider referring those lobbying to the relevant Officer who can provide further advice; and
 - 6.4.4 not seek to meet an applicant or potential applicant alone.
- 6.5 Members of the Planning Committee shall not, in general, organise support or opposition for a proposal, or lobby other Councillors (other than when addressing the Planning Committee). Councillors shall not put improper pressure on officers for a particular recommendation.
- 6.6 The local Councillor who is not a member of the Planning Committee will be allowed to attend and speak at the decision-making meeting (representing the views of their ward) but not vote. The Councillor for an adjacent ward substantially affected by the proposal shall, at the discretion of the chair of the Planning Committee, also be allowed to attend and speak but not vote. A local Councillor who has an interest in an application, within the meaning of the Code of Conduct should seek prior advice from the Monitoring Officer about his or her position.
- 6.7 If a member of the Planning Committee identifies himself or herself with group or individual campaigning for or against an application, he or she shall declare an interest and not vote or decide on the matter. However, that Councillor shall be given the opportunity to address the Committee and must leave the meeting as soon as they have spoken and not return until a decision has been made by Committee.
- 6.8 Councillors of a Planning Committee must be free to vote as they consider appropriate on planning matters. A Councillor cannot be instructed how to exercise their vote on a planning matter.

- 6.9 Councillors should inform the Monitoring Officer where they feel they have been exposed to undue or excessive lobbying or approaches (including inappropriate offers of gifts or hospitality).

7. PRE- AND POST- APPLICATION DISCUSSIONS AND NEGOTIATIONS

- 7.1 Discussions between an applicant and a planning authority, prior to the submission of an application can be of considerable benefit to both parties and is encouraged. Continued discussions and negotiations between these parties, after the submission of proposals, is a common and important facet of the planning process. However, they should take place within clear guidelines, as follows.
- 7.2 It should always be made clear at the outset that the discussions will not bind the Council to making a particular decision and that any views expressed are those of the Officer only, and are provisional.
- 7.3 Advice should be consistent and based upon the Development Plan and material considerations. There should be no significant difference of interpretation of planning policies by individual planning officers.
- 7.4 A written note should be made of all potentially contentious meetings. Two or more officers should attend potentially contentious meetings. A note should also be taken of potentially contentious telephone discussions.
- 7.5 Councillors need to preserve their role as impartial decision makers and members of Planning Committee should not take part in pre- or post- submission discussions and negotiations with applicants regarding development proposals. Should there be occasions when other Councillors are involved, it should be part of a structured arrangement with Officers. Councillors must avoid indicating the likely decision on an application or otherwise committing the authority during contact with applicants.
- 7.6 Councillors may receive information from applicants and give information to applicants and members of the public but, to safeguard their impartiality, they should maintain a clear distinction between receiving information and negotiating. Any information received by Councillors should be provided to the officers dealing with the application. Councillors who are approached for planning, procedural or technical advice should refer the applicant to the relevant officer.

8. OFFICER REPORTS TO COMMITTEE

- 8.1 The Lead Officer - Planning will submit written reports to the appropriate Planning Committee on planning applications to be determined by the Council. The reports will give the background to the application including any relevant planning history of the site, a description of the proposals and their likely effects, and the relevant Development Plan and Government policy considerations, together with any other material considerations. Where a planning application requires an environmental impact assessment the Lead Officer - Planning shall include in his/her report a summary of the environmental statement, comments by bodies consulted and representations from members of the public together with his/her own comments. The reports will include a summary of representations made about the application. The Lead Officer - Planning in his/her report will give a reasoned assessment of the proposals and a justified recommendation.
- 8.2 Oral reports (except to present and update a report) should be extremely rare and fully minuted when they do occur.

- 8.3 The Lead Officer - Planning will have available for inspection by Councillors the full planning application, environmental statement (where required) and representations from bodies consulted and members of the public.

9. PLANNING CONSIDERATIONS

- 9.1 Planning decisions should be made on material planning considerations and should not be based on immaterial considerations.
- 9.2 Members of Planning Committee should attend training sessions which may be organised from time to time. All other Councillors are encouraged to attend.
- 9.3 Planning legislation, as expanded by Government Guidance and decided cases, defines which matters are material considerations for the determination of planning decisions. There is much case law on what are material planning considerations. The consideration must relate to the use and development of land.
- 9.4 Briefly, at the date of the preparation of this Protocol, material planning considerations include:-
- 9.4.1 the Development Plan;
 - 9.4.2 Government Guidance;
 - 9.4.3 Supplementary Planning Documents adopted by the Council;
 - 9.4.4 non-statutory planning policies adopted by the Council;
 - 9.4.5 the statutory duty to pay special attention to the desirability of preserving or enhancing the character or appearance of conservation areas;
 - 9.4.6 the statutory duty to pay special attention to the desirability of preserving a listed building or its setting or any features of special architectural or historic interest which it possesses;
 - 9.4.7 representations made by statutory consultees and other persons making representations in response to the publicity given to applications, to the extent that they relate to planning matters;
 - 9.4.8 planning obligations (given unilaterally or by way of agreement) under section 106 of the Town and Country Planning Act 1990.
- 9.5 it should, however, be noted that the risk of costs being awarded against the Council on appeal is not itself a material planning consideration.
- 9.6 It is the responsibility of officers in preparing reports and recommendations to Councillors to identify the material planning considerations and warn Councillors about those matters which are immaterial planning decisions.
- 9.7 Personal considerations and purely financial considerations are not on their own material; they can only be material in exceptional situations and only in so far as they relate to the use and development of land – such as, the need to raise income to preserve a listed building which cannot otherwise be achieved.

- 9.8 The planning system does not exist to protect private interests of one person against the activities of another or the commercial interests of one business against the activities of another. The basic question is not whether owners and occupiers of neighbouring properties or trade competitors would experience financial or other loss from a particular development, but whether the proposal would unacceptably affect amenities and the existing use of land and buildings which ought to be protected in the public interest.
- 9.9 Local opposition or support for a proposal is not in itself a ground for refusing or granting planning permission, unless that opposition or support is founded upon valid planning reasons which can be substantiated.
- 9.10 It will be inevitable that all the considerations will not point solely to either grant or refusal. Having identified all the material planning considerations and put to one side all the immaterial considerations, Councillors must come to a carefully balanced decision which can be substantiated, if challenged on appeal.

10. THE DECISION MAKING PROCESS

- 10.1 Councillors shall recognise that the law requires that where the Development Plan is relevant, decisions should be taken in accordance with it, unless material considerations indicate otherwise.
- 10.2 Where an environmental impact assessment is required, the Planning Committee shall take the information provided in the report into consideration when determining the application.
- 10.3 If the report's recommendation is contrary to the provisions of the Development Plan, the material considerations which justify this must be clearly stated.
- 10.4 Where the Planning Committee decide to adopt the recommendation of the Lead Officer - Planning, the reasons contained in his/her report will be minuted, together with any additional reasons determined by the Committee.
- 10.5 Where the Planning Committee is minded to approve or to refuse a planning application, contrary to the recommendation of the Lead Officer - Planning, or the Development Plan, if agreement can be reached at the meeting rather than deferring the item, the planning reasons for that decision shall be fully minuted.
- 10.6 The reasons for Committee's decision to defer any proposal should also be recorded.

11. SITE VISITS BY THE COMMITTEE

- 11.1 A site visit may be held if the Lead Officer - Planning in consultation with Chair of the relevant committee considers it will assist Councillors in reaching their decision or where a site visit has been requested or an application deferred for such a visit. Site visits should only be undertaken where there is a reason to do so. This would be, for example, where the impact of the proposed development is difficult to visualise from plans and supporting material.
- 11.2 When a site visit is held prior to the meeting of the Planning Committee it is desirable that all Councillors attending the Planning Committee should also attend the site visit. Councillors voting on a planning application without having attended the visit to the particular site may give the impression that they have not taken the opportunity to be

fully informed about the application. Information gained from the site visit should be reported back to committee so that all Councillors have the same information.

- 11.3 Site visits should be conducted in a formal manner in compliance with the Human Rights Act 1998 and any subsequent legislative criteria.
- 11.4 The organisation of the site visit will fall to the planning officer, who will inform Democratic Services of the need to send out site visit invites to the following:
- All Members of the Planning Committee including nominated substitutes
 - Relevant Ward Members
 - Relevant Parish Councillors
- 11.5 The Applicant/Agent will be informed that a site visit will take place in order to ensure that site access can be arranged. This is arranged by the planning officer due to their ongoing contact with relevant applicants/agents.
- 11.6 Objectors/supporters of the applicant will be invited to attend the site visit at the discretion of the Chair of the Planning Committee.
- 11.7 No opportunity for speaking, debate or giving opinions will be afforded to the Agent/Applicant or other parties e.g. Parish Councillors, Ward Councillors, neighbours or objectors who attend the site. The only exception to this is if the Chair of the Planning Committee permits a response to questions of fact asked by the members of the Committee.
- 11.8 The site visit will be attended by the relevant planning officer(s) who will answer any questions raised. The planning officer(s) will describe the development and point out the relevant issue(s) that the Committee has come to view.
- 11.9 On assembling at the site, at the time specified, the Chair will explain the purpose and procedures of the site visit so that all are aware that it is a fact finding exercise only and that no decision will be taken until the committee meeting. The planning officer will explain the application as it relates to the site and relevant viewpoints. Following any questions to the planning officer, or clarification sought on matters which are relevant to the site inspection, the Chair will bring the site visit to a close.
- 11.10 Members of the Committee should address any request for clarification through the Chair of the Planning Committee. Questions should not be directed to the applicant/agent, parish councillors, local Ward Councillors or other third parties present. Should the Chair deem it appropriate, those present may be requested to respond to questions of fact only.
- 11.11 Councillors should not engage in open discussion either individually or in groups with the applicant or any other people present. Any request for Councillors to express a view or accept an offer of hospitality should be politely declined.
- 11.12 Unofficial site visits are not encouraged as they do not have the appropriate procedural safeguards. Any Councillor attending an unofficial site visits must ensure that they avoid giving the impression that he/she represents the views of the Planning Committee or the Council. If a Councillor feels compelled to give a personal view, he/she should emphasise that the final decision is one for the Planning Committee.

12. PUBLIC SPEAKING AT PLANNING COMMITTEE

12.1 Wherever possible, objections or representations to planning applications should be made in writing. Written representations received will be made available for public inspection and objections summarised and reported to the Planning Committee. Councillors have the opportunity to inspect all letters received before the decision on the application is made.

12.2 The council operates a scheme of public speaking at planning committee meetings. Normally the following people can speak at Planning Committee in relation to any specific application.

- One speaker representing the applicant – usually the applicant themselves or their agent.
- One speaker representing the objectors.
- The relevant Parish Council representative.
- A Ward Member.

In exceptional circumstances the Chair has discretion to allow any other person to speak if it is considered necessary to do so.

Order of Speakers

1. The objector has five minutes to put their case.
 2. A representative of the relevant parish council then has five minutes to put their case.
 3. A ward member who wishes to speak on the application will be allocated five minutes to put their case.
 4. At the appropriate time, any other person allowed to speak at the discretion of the Chairman will be allowed five minutes to put their case.
 5. Finally the applicant, or their representative, will be allowed five minutes to put their case.
- 12.3 The speaker representing the applicant must have the permission of the applicant to represent him/her.
- 12.4 The speaker representing the objector(s) can be a neighbour, an interested individual or a representative of a residents group.
- 12.5 The first objector to register to speak will normally be appointed as the spokesperson. Where there is more than one person wishing to speak, objectors are encouraged to agree on a spokesperson who is prepared to cover all the points of concern, so as to make best use of the time available.
- 12.6 Persons wishing to speak on an application, which is to be considered at a Planning Committee and who have previously made representations on the application should contact the Public Speaking Officer on 01757 292037 before 3.00pm on the Monday prior to the Committee meeting.

No late notification will be accepted and speakers cannot “turn up” to speak at Committee without the due notice being given.

- 12.7 The purpose of the scheme is to enable speakers to put forward any points they wish to make directly to the Committee. There will be no need to read any submission already made in writing, as this will already be summarised in the report Councillors have before them.
- 12.8 Speakers should confine their comments to matters relevant to planning applications.
- 12.9 People wishing to speak at Planning Committee cannot hand out documentation to members of the Committee. Photographs may be handed out provided that a minimum of 20 copies have been delivered to the Council by 12.00 noon on the last working day prior to the meeting.
- 12.10 The Chair of the Committee retains the right to decline to hear someone if they behave improperly, offensively or if they, in the Chair's view, intentionally obstruct the business in hand.
- 12.11 Officers may comment on the representations and the merits of the application in the light of those representations
- 12.12 The Committee will proceed to debate the application and make a decision.

13 REVIEW OF DECISIONS

- 13.1 The Audit Commission's Report, 'Building in Quality', recommended that elected Councillors should visit a sample of implemented planning permissions to assess the quality of decisions. This can improve the quality and consistency of decision-making and help with reviews of planning policy.
- 13.2 Visits to application sites previously considered by the Council shall be organised in tandem with visits to current application sites, as appropriate. Briefing notes shall be prepared in each case.
- 13.3 Attendance at the review site visits shall be restricted to members of the committee and the local Councillor(s).

14. TRAINING

- 14.1 Councillors should not participate in decision-making at meetings dealing with planning matters if they have not attended the mandatory planning training prescribed by the Council.
- 14.2 Councillors should endeavour to attend any other specialised training sessions provided since these will be designed to extend Councillors' knowledge of planning law, regulations, procedures, Codes of Practice and the Development Plans beyond the minimum referred to above and thus assist them in carrying out your role properly and effectively.

APPENDIX 11

CODE OF PRACTICE FOR COUNCILLORS AND OFFICERS DEALING WITH LICENSING MATTERS

This Code of Practice supplements the Council's Code of Conduct for Councillors and where appropriate Councillors should refer to the Code of Conduct which is set out in the Council's Constitution. The Council's Monitoring Officer's advice may be sought on the interpretation of the Code of Conduct or this Code.

1. INTRODUCTION

- 1.1 Premises Licensing affects land and property interests, including the financial value of land and the quality of their settings. Personal Licences affect individuals. Licensing is often highly contentious because decisions affect the daily lives of everyone. Opposing views are often strongly held by those involved.
- 1.2 The licensing system can only function effectively if there is trust among those involved. There must be trust between Councillors and Officers and between the public and the Council.
- 1.3 The general principles that underlie the Council's Code of Conduct for Councillors and apply to this Code of Practice are:
 - 1.3.1 Councillors should serve the public interest and should never improperly confer an advantage or disadvantage on any person.
 - 1.3.2 Councillors should not place themselves in situations where their honesty or integrity may be questioned.
 - 1.3.3 Councillors should make decisions on merit.
 - 1.3.4 Councillors should be as open as possible about their actions and those of their authority and should be prepared to give reasons for those actions.
 - 1.3.5 Councillors may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
 - 1.3.6 Councillors should respect the impartiality and integrity of Officers.
- 1.4 The Council is committed to open, fair and transparent decision-making. Licensing decisions should be made impartially, with sound judgement and for justifiable reasons.
- 1.5 This Code of Practice sets out practices and procedures that Councillors and Officers of the Council shall follow when involved in licensing. Licensing matters include the consideration of applications, the preparation of policy and the enforcement of licensing law.
- 1.6 Failure to follow this Code without good reason could be taken into account in investigations into possible maladministration against the Council, or have implications for the position of individual elected Councillors and officers. Breaches of this Code may also amount to breaches of the Council's Code of Conduct for Councillors. If in doubt about what course of action to take, a Councillor or officer should seek the advice of the Council's Monitoring Officer.
- 1.7 This Code of Practice sets out principles to guide Councillors and officers in determining applications and making other decisions within the terms of reference of Licensing and

Appeals Committee. Although of particular relevance to members of the Committee it applies to all members of the Council who may become involved in licensing matters.

2. THE ROLE AND CONDUCT OF COUNCILLORS AND OFFICERS

- 2.1 Councillors and Officers have different, but complementary roles. Both serve the public but Councillors are responsible to the electorate, while Officers are responsible to the Council as a whole.
- 2.2 The role of a member of the Licensing and Appeals Committee is to make licensing decisions openly, impartially, with sound judgement and for justifiable reasons.
- 2.3 Whilst Councillors have a special duty to their ward constituents, including those who did not vote for them, their overriding duty is to the whole community.
- 2.4 Councillors' decisions shall not discriminate in favour of any individuals or groups and, although they may be influenced by the opinions of others, they alone have the responsibility to decide what view to take. Councillors must, therefore, consider all of the relevant issues in the light of Council policies, Government advice and their own individual judgement.
- 2.5 Whilst Councillors should take account of all views expressed, they shall not favour any person, company, group or locality, nor put themselves in a position where they appear to do so.
- 2.6 Officers in their role of advising Councillors shall provide:
 - 2.6.1 Impartial and professional advice;
 - 2.6.2 Complete written reports covering all necessary information for a decision to be made
- 2.7 Officers shall follow the guidance on their standards of conduct as set out in the Code of Conduct for Employees in the Council's Constitution and any National Code of Conduct for Local Government Officers issued by the Secretary of State under Section 82 Local Government Act 2000.
- 2.8 Councillors shall follow the advice in the Councillor's Code of Conduct about accepting gifts and hospitality. Councillors should treat with extreme caution any offer which is made to them personally; the normal presumption should be that such offers must be courteously declined. Similarly, officers shall politely decline offers of hospitality from people with an interest in a proposal. If receipt of hospitality is unavoidable, Officers shall ensure it is of a minimal level and declare it in the hospitality register as soon as possible.

3. COUNCILLORS INTERESTS AND ALLEGATION OF BIAS

- 3.1 Where Councillors have interests which may be thought likely to influence their decision, the fact should be declared at the meeting.
- 3.2 Where the interest is such that members of the public may feel that the Councillor will not be able to approach matters with an open mind and consider the application on its merits, Councillors should consider withdrawing from the Committee.
- 3.3 These principles apply equally to Councillors who are not members of Licensing and Appeals Committee. Councillors who have such interests should consider whether it is

appropriate for them to participate in the licensing process (as opposed to the Committee), and in any event, should declare such interest at any meeting which they may attend or in any letter which they may write.

3.4 The Code of Conduct for Councillors provides guidance as to disclosable interests which may (depending on their nature) affect a Councillor's ability to take part in the decision-making process. However, Councillors may have other interests which may influence their decision which will not amount to disclosable interests for the purposes of the Code. In order to maintain the integrity of the licensing system, Councillors should be careful to ensure that such interests do not unduly influence their decisions or give rise to a perception of bias in decision making. Examples of such interests are:-

3.4.1 from being closely aligned with ward campaigns or issues;

3.4.2 from membership of other Committees of the Council;

3.4.3 from membership of other public or community bodies;

3.4.4 from membership of voluntary associations and trusts (including where appointed by the Council);

3.4.5 from a connection with a particular policy initiative of the Council;

3.4.6 from membership of clubs, societies and groups; and

3.4.7 from hobbies and other leisure interests.

3.4.8 from political affiliations

Such interests may mean that a Councillor is involved with a licensing application before the matter comes before the Committee. Such involvement need not on its own debar a Councillor from participating in making the decision when the matter is considered by Licensing and Appeals Committee providing that the Councillor has not already decided how they will vote on the matter before the meeting. Councillors should, however, always consider carefully whether in any particular case they could reasonably be seen to approach the merits of the application with an open mind. If the Councillor considers that this is not possible, the Councillor should withdraw from consideration of that item.

3.5 As a minimum, the integrity of the licensing system requires openness on the part of Councillors; it must operate fairly and be seen to operate fairly.

4. APPLICATIONS BY THE COUNCIL OR A COUNCIL OWNED COMPANY

4.1 Licensing legislation allows the Council to submit and determine proposals for licences. Council owned companies also submit proposals that are decided by the Council.

4.2 Proposals submitted by the Council or a Council owned company shall be considered in the same way as those by private developers.

4.3 Members of the Licensing and Appeals Committee who sit on the board of a Council owned company which has submitted an application shall declare an interest and take no part in the discussion and determination of that proposal.

4.4 Officers who are involved in the preparation of licensing proposals shall not advise on, or take any part in the consideration of, applications in respect of such proposals.

5. **STATUTORY DUTIES**

The Council is also subject to a number of statutory duties which it must comply with when carrying out its statutory functions. These will apply to the licensing function except when such matters are clearly immaterial because they are not capable of relating to the proposal under consideration. Examples of these duties include:

5.1 **Equality Act 2010**

Section 149 provides that:

- 5.1.1 A council must, in the exercise of its functions, have due regard to the need to:-
- (a) eliminate discrimination, harassment, victimisation and any other conduct which is prohibited by or under the Equality Act 2010;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a protected characteristic and persons who do not share it.
- 5.1.2 The above powers relate to the following protected characteristics:-
- (a) Ages;
 - (b) Disability;
 - (c) Gender reassignment;
 - (d) Marriage and civil partnership;
 - (e) Pregnancy and maternity;
 - (f) Race (including colour, nationality and ethnic or national origins);
 - (g) Religion or belief;
 - (h) Sex; or
 - (i) Sexual orientation.

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“A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

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Section 17(1) of the Crime and Disorder Act 1998 provides that:

“Without prejudice to any other obligation imposed on it, it shall be the duty of a [local authority] to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.”

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- 6.1 Lobbying is a normal and proper part of the political process. The applicant, supporters or those who may be affected by a proposal may seek to influence the decision by an approach to their local Councillor or members of the Licensing and Appeals Committee. However, reacting to lobbying can lead to the impartiality of a Councillor being called into question and require that Councillor to declare an interest.
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- 6.5 Members of the Licensing and Appeals Committee shall not, in general, organise support or opposition for a proposal, or lobby other Councillors. Councillors shall not put improper pressure on officers for a particular recommendation.
- 6.6 If a member of the Licensing and Appeals Committee identifies himself or herself with group or individual campaigning for or against an application, he or she shall declare an interest and not vote or decide on the matter.

- 6.7 Councillors at a meeting of the Committee must be free to vote as they consider appropriate on licensing matters. A Councillor cannot be instructed how to exercise their vote on a licensing matter.
- 6.8 Councillors should inform the Monitoring Officer where they feel they have been exposed to undue or excessive lobbying or approaches (including inappropriate offers of gifts or hospitality).

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- 7.2 It should always be made clear at the outset that the discussions will not bind the Council to making a particular decision and that any views expressed are those of the Officer only, and are provisional.
- 7.3 Advice should be consistent and based upon relevant licensing policies and considerations.
- 7.4 A written note should be made of all potentially contentious meetings. A note should also be taken of potentially contentious telephone discussions.
- 7.5 Councillors need to preserve their role as impartial decision makers and members of Licensing and Appeals Committee should not take part in pre- or post- submission discussions and negotiations with applicants.
- 7.6 Councillors may receive information from applicants and give information to applicants and members of the public but, to safeguard their impartiality, they should maintain a clear distinction between receiving information and negotiating. Any information received by Councillors should be provided to the officers dealing with the application. Councillors who are approached for procedural or technical advice should refer the applicant to the relevant officer.

8. OFFICER REPORTS TO COMMITTEE

- 8.1 A Senior Enforcement Officer will submit written reports to the Licensing and Appeals Committee or Sub-Committee on licensing applications to be determined by the Council. The reports will give the background to the application including any relevant licensing history of the site, a description of the proposals, and the relevant law and Council or Government policy considerations. The reports will include a summary of representations made about the application.
- 8.2 Oral reports (except to present and update a report) should be extremely rare and fully minuted when they do occur.
- 8.3 The Senior Enforcement Officer will have available for inspection by Councillors the full application and representations from bodies consulted and members of the public.

9. RELEVANT CONSIDERATIONS

9.1 Local opposition or support for a proposal is not in itself a ground for refusing or granting application, unless that opposition or support is founded upon valid licensing reasons which can be substantiated.

9.2 It will be inevitable that all the considerations will not point solely to either grant or refusal. Having identified all the relevant matters and put to one side all the immaterial considerations, Councillors must come to a carefully balanced decision which can be substantiated, if challenged on appeal.

10. THE DECISION MAKING PROCESS

10.1 The Licensing and Appeals Committee will give reasons for all decisions.

11. SITE VISITS BY THE COMMITTEE

11.1 Site visits in licensing are rare but where they occur they should be conducted in a formal manner in compliance with the Human Rights Act 1998 and any subsequent legislative criteria.

12. PUBLIC SPEAKING AT LICENSING AND APPEALS COMMITTEE

12.1 Wherever possible, objections or representations to licensing applications should be made in writing and must comply with any relevant regulations. Written representations received will be made available for public inspection and objections summarised and reported to the Licensing and Appeals Committee. Councillors have the opportunity to inspect all letters received before the decision on the application is made.

12.2 In relation to Licensing Act 2003 and Gambling Act 2005 applications those who may speak at a meeting are defined in regulations issued under the respective Acts.

12.3 In all other cases public speaking will be permitted where it is the interests of natural justice and a fair hearing to do so.

14. TRAINING

14.1 Councillors should not participate in decision-making at meetings dealing with licensing matters if they have not attended training on an Introduction to Licensing Law and Practice.

14.2 Councillors should endeavour to attend any other specialised training sessions provided since these will be designed to extend Councillors' knowledge of licensing law, regulations, procedures, Codes of Practice and policies beyond the minimum referred to above and thus assist them in carrying out their role properly and effectively.

APPENDIX 12

Protocol on Audio/Visual Recording and Photography at Meetings

The Council is committed to being open and transparent in the way it conducts its decision making. The Council will facilitate recording at Council and committee and sub-committee meetings which are open to the public, subject to the recording being conducted under the direction of the Chairman of the meeting.

The Council understands that some members of the public attending its meetings may not wish to be recorded. The Chairman of the meeting will facilitate this by ensuring that all parties are made aware that recording is or may take place and any request not to be recorded is communicated to those doing the recording.

The guidelines which the Council will apply are:-

1. Anyone wishing to record is encouraged to contact, prior to the start of the meeting, the Democratic Services Officer whose details are set out on the Agenda for advice and assistance.
2. The recording should take place from the public seating area and must be overt (ie clearly visible to anyone at the meeting) but non-disruptive.
3. All those visually recording a meeting are requested to focus only on recording councillors, officers and those members of the public speaking to the meeting who have not objected to being filmed.
4. Any member of the public has the right not to be recorded. Agendas for meetings will make it clear that recording can take place. If any member of the public speaking at the meeting does not wish to be recorded, they must let the Chairman of the meeting know at the start of the meeting.
5. Any children or young people under the age of 18 who are present at the meeting are not to be filmed unless their parents/guardians have given their written consent.
6. The Chairman of the meeting has absolute discretion to stop or suspend the meeting if, in his/her opinion, continuing to do so in public with recording taking place would prejudice proceedings at the meeting. The circumstances in which this might occur include:-
 - recording is disrupting the proceedings of the meeting;
 - there is public disturbance of the meeting;
 - the meeting has resolved to exclude the public for reasons which are set down in the Council's Constitution;
 - a member of the public participating in the meeting objects to being recorded and it is not possible to effectively conduct the business on the Agenda whilst respecting the objection.
7. The recording and reporting on meetings of the Council, its committees and sub-committees is subject to the law and it is the responsibility of those doing the recording and reporting to ensure compliance. This will include the Human Rights Act, the Data Protection Act and the laws of libel and defamation. The recording

Selby District Council Constitution – Part 5 Codes and Protocols

should not be edited in a way that could lead to misinterpretation or misrepresentation of the proceedings or infringement of the Council's values or in a way that ridicules or shows a lack of respect for those in the recording. The Council would expect any recording in breach of these rules to be removed from public view. The Council will have no liability for material published by any other person unless it is itself undertaking the publication through its offices.

Please contact, in advance of the meeting, the Democratic Services Officer whose details are set out on the Agenda if the recording you wish to do involves equipment which is larger than a smart phone, tablet or compact camera or if you have special requirements eg to move around the room to record or film from different angles.

The use of lighting for filming/flash photography will usually be allowed if it is arranged via the Democratic Services Officer prior to the meeting.

The Council requests this contact in advance of the meeting so it can ensure the meeting will not be unduly disrupted and there is a safe environment to transact the business.



Report Reference Number: A/14/11

Agenda Item No: 7

To: Audit Committee
Date: 24 September 2014
Author: Jodie Taylor, Lead Officer - Finance
Lead Officer: Karen Iveson, Executive Director s151
Executive Member: Councillor Cliff Lunn

Title: Annual Governance Statement 2013/14

Summary: The report presents the Annual Governance Statement (AGS) 2013/14 for approval.

Recommendations:

Councillors approve the 2013/14 Annual Governance statement.

Reasons for recommendation:

The AGS has been completed in accordance with good practice, and identifies a number of issues that members may wish to consider.

It must be approved by the Audit Committee and will be signed by the Leader of the Council and the Chief Executive.

1. Introduction and background

- 1.1 Good governance is important to all involved in local government, however, it is a key responsibility of the Leader of the Council and the Chief Executive.
- 1.2 The preparation and publication of an annual governance statement in accordance with the CIPFA/SOLACE Framework is necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement of internal control “in accordance with proper practices”.

2. The Report

- 2.1 The CIPFA/SOLACE Framework defines proper practices for the form and content of a governance statement that meets the requirement to prepare and publish a statement on internal control. There is no requirement to prepare and publish a separate statement on internal control.
- 2.2 Subsequent to CIPFA “Statement on the role of the Chief Financial Officer in Local Government”, which was issued in 2010, it is now expected that the AGS will include a specific statement on whether the Council’s financial management arrangements conform to the governance requirements of the statement. Furthermore where they do not, to explain why and how the Council’s arrangements deliver the same impact.
- 2.3 At Selby there is full compliance as the Executive Director (S151 Officer) is a member of the Strategic Management Team.
- 2.4 The External Auditor has considered the AGS as part of his review of the Statement of Financial Accounts. The Auditor is required to issue his opinion on the accounts and “sign them off”.
- 2.5 The AGS provides public assurance that local authority has a sound system of internal control, designed to help manage and control risks that will impede the achievement of its objectives. The AGS should not be seen as a purely financial requirement, but as an important public expression of what the Council has done, how it sets out priorities, monitors performance and has put in place good business practice. It is also about the process for ensuring high standards of conduct and is a means of demonstrating sound governance. The requirement for it to be signed by at least the Leader and the Chief Executive reflects the importance for which it is viewed.
- 2.6 In common with most local authorities, the council has a well established system of internal control in place. However, the AGS process requires the Council to formally demonstrate what these controls are and how they safeguard against the most significant risks to the organisation and to gain assurance, based on evidence, that these controls are operating effectively, or where they are not, to identify areas for improvement.
- 2.7 Assurance can be provided by evidence from a number of sources including: inspection records, external audit reports, internal audit reports and direct assurance from managers. It is the responsibility of both councillors and chief officers to obtain and provide such assurance. The production and publication of an AGS is therefore not an isolated act, but the final stage in a continuing review of internal control processes and procedures.

- 2.8 The AGS is attached at **Appendix A** and highlights issues within the Council's control framework that are felt to warrant improvement – relating to Information Governance/Data Protection and reconciliations. Both issues have benefitted from review by management and steps have been taken to mitigate the remaining risk and improve processes.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a consequence of this report.

3.2 Financial Issues

None as a consequence of this report.

4. Conclusion

- 4.1 The statement represents progress towards setting the highest Corporate Governance standards and meets the requirements of the Accounts and Audit Regulations.
- 4.2 The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation.

5. Background Documents

CIPFA/SOLACE Good Governance Framework & Guidance.
CIPFA Financial Advisory Network – AGS @ Rough Guide for Practitioners.
CIPFA/SOLACE Application Note to Delivering Good Governance in Local Government: a Framework.

Contact Officer:

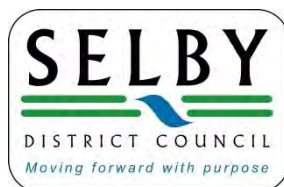
Jodie Taylor, Lead Officer – Finance
jtaylor@selby.gov.uk

Appendices:

Appendix A: Annual Governance Statement 2013/14



Annual Governance Statement 2013/14



Annual Governance Statement (AGS)

1. Scope of Responsibility

- 1.1 Selby District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 Following the Local Government Elections the Council revised its governance framework, in 2011. The Council has operated a Leader and Executive (Cabinet) Model since May 2011. Officer structures were also substantially revised in the same year and became operative in July 2011.

3. Selby District Council's Governance Framework

3.1 The key elements of the Council's Governance Framework are as follows:-

- The Council is part of a Local Strategic Partnership (LSP) comprising key stakeholders in the District. The LSP has produced a Community Strategy for the Selby District setting out a vision for the Selby District over a 5-year period 2010-2015.
- The Council's contribution to the aims of this Strategy is reflected in its Corporate Plan. The current plan, which was approved by the Executive, covers the period 2012-15 and sets out '5 Big Things' that the Council will work on, which have been identified and developed in consultation with the public and key partners.
- The formal Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Executive has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Executive there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.
- The Standards Committee was abolished at the end of June 2012 when the Localism Act 2011 removed the statutory requirement to establish and maintain a Standards Committee. The Council adopted a set of arrangements for dealing with allegations of failure to comply with the Code of Conduct. These arrangements were adopted on 24 April 2012 and came into effect on 1 July 2012.
- The Executive is subject to review by the Council's Overview and Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. There are two statutory scrutiny committees: - Policy Review, and Scrutiny. The Audit Committee also contributes to scrutiny and overview.
- The Council has established five Community Engagement Forums (CEFs) and is working with them in the development of locally based service delivery options using separate and limited funds.
- Meetings are open to the public except when exempt or confidential matters are being disclosed. The public have an opportunity to participate in some of the meetings.

- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution.
- The Council has adopted a Local Code of Corporate Governance which is reviewed by the Audit Committee.
- The Council also has separate Whistle-blowing, and Anti-Fraud & Corruption policies. The low level of cases points towards a Council that has a strong and effective counter-fraud and corruption culture.
- The Deputy Chief Executive has been appointed as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.
- The Executive Director (s151) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government", Selby is in full compliance as the Executive Director (s151) is a member of the Strategic Management Team.
- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.
- A financial management framework comprising:
 - Financial and Contract Procedure Rules as part of the Constitution;
 - A 10 year Financial Strategy which provides the framework for financial planning;
 - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
 - Service and financial planning integrated within the corporate performance management cycle;
 - Annual budget process involving scrutiny and challenge;
 - Monthly monitoring by management of revenue and capital budgets – with regular reports to Access Selby Board and the Executive;

- Embedded arrangements for securing efficiencies and continuous improvement;
- Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice;
- Compliance with requirements established by CIPFA.
- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Strategic and Corporate Management Teams on a systematic basis with areas of poor performance investigated. Key features of the Performance Management Framework include:-
 - A regular review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
 - A Service Level Agreement between the Core and Access Selby, which identifies key performance measures and targets for the year;
 - Service specific Strategic Plans, which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
 - The Council's staff appraisal system (Performance Contracts) links personal objectives directly to Service Plans;
 - Regular reports on the performance of key indicators, which are presented to Access Selby Management Group, Access Selby Board and the Executive;
 - The use of Performance Clinics within Access Selby to focus on performance management;
 - The production of an Annual Report, providing commentary and data on the previous year's performance.

The Council maintains a professional relationship with Mazars, the body responsible for the external audit of the Council.

- Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.
- Pay is governed by a Pay Policy considered and approved annually by Council.
- The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management continues to evolve within the Council and presently includes the following arrangements:-

- a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;
 - the establishment of a Risk Register(s) comprising both Corporate and Operational risks for the Council as a whole and Access Selby, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
 - Corporate Management Team keep the corporate risk management arrangements under review;
 - periodic review of risks in-year with reports to the Audit Committee and the Strategic Management Team;
 - the Audit Committee also approve and review the Risk Management Strategy;
 - the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan;
 - the requirement for Officers of the Council to consider risk management issues when submitting reports to the Executive and Council for consideration by Members;
 - the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.
- Following weaknesses identified managing information governance and data protection breaches, plans are now in place to:
 - Assign clear roles and responsibilities;
 - Approve and implement the necessary policies and procedures;
 - Deliver a targeted training programme;
 - Ensure adequate reporting arrangements; and
 - Consider appropriate disciplinary procedures for data breaches.

The Executive Director (s151), as designated Senior Information Risk Owner (SIRO), sponsor the work and the Solicitor to the Council manages the detailed project. A report asking for formal designation of the SIRO and Information Asset Owners would go to the Executive in June 2014.

Information Governance will be added to the Corporate Risk Register and progress would be reported in the autumn and at the end of the municipal year.

- The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. From 1 April 2012, responsibility for the provision of the internal audit service transferred to Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. It operates in accordance with the

statements, standards and guidelines published by CIPFA (particularly the 2006 Code of Practice for Internal Audit in Local Government in the United Kingdom) and the Chartered Institute of Internal Auditors.

- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.
- This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. Audit plans are agreed and monitored by the Audit Committee with client responsibility assigned to the Executive Director (s151). Internal Audit is required to give an opinion on the adequacy of the Council's system of internal control each year.
- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
 - Service/process transformation and efficiency reviews;
 - Working with partners;
 - External and Internal Audit feedback.

4. Review of Effectiveness

- 4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review takes account of the work of internal audit and the Council's Strategic, and Corporate Management Teams who have a responsibility for the development and maintenance of the governance environment, and also by comments made by external auditors and other review agencies and inspectorates.
- 4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.
- 4.3 The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:
- The Council's Monitoring Officer oversees the operation of the Constitution to ensure its aims and principles are given full effect;
 - The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and

providing opportunities for public involvement in specific matters of business. The revised arrangements have operated since May 2011;

- The Audit Committee met throughout the year and received reports on the progress by Internal Audit against their work plan. The Committee also considered auditable areas where Internal Audit raised significant internal control concerns;
- The Executive Director (s151) supports the Audit Committee and attends all meetings of the Committee;
- Internal Audit completes a programme of scheduled audits during the year according to its plan including follow up audits. There were no specific investigations in the year. All high risk and key financial systems were audited. The overall opinion expressed by Internal Audit stated:-
- *“The overall opinion of the Head of Internal Audit on the risk management, governance and controls operated in Selby District Council is that they provide **Substantial Assurance**. There are no qualifications to that opinion. No reliance was placed on the work of other assurance bodies in reaching this opinion. Although a substantial assurance opinion can be given, we are aware of some weaknesses in the control environment which have been identified around Information Governance and Data Security, Organisational Development, Human Resources, Council Tax/NNDR, General Ledger and Licensing. We have recommended that Information Governance and the General Ledger (reconciliations) is considered for inclusion in the report on the Annual Governance Statement, prepared by the S151 Officer”.*

Internal Audit has also raised concerns about certain auditable areas during the course of their work and these matters will be kept under review during 2014/15;

- The Council’s Risk Register has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Corporate Management Team, and the Audit Committee. The Audit Committee has approved a revised Risk Management Strategy. Access Selby’s Strategic Risk Register has been developed and maintained and reported to the Access Selby Board;
- Monitoring information on key areas of performance has been provided to Strategic Management and Members on a regular basis with attention focused on those areas that are considered by the Council to be vulnerable;
- The external auditor’s annual letter confirmed that the Council had satisfactory arrangements to secure Value for Money. In respect of the Council’s Statement of Accounts, an unqualified opinion was issued;

- The external auditor did not identify any significant weaknesses in our internal control arrangements.

5 Significant Governance issues

5.1 No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, two new issues have been identified that need to be monitored. A detailed plan to address existing weaknesses and ensure continuous improvement in the system of internal control has been produced in response and this will be subject to regular monitoring by the Council's Strategic Management Team and the Audit Committee, where appropriate. The aim is to address these weaknesses during the 2014/15 financial year.

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
2012/13	<p>ICT 2011/12.</p> <p>Risks have been identified around disaster recovery, security and back-up arrangements. As IT is fundamental to the Council achieving its goals it is important that systems and processes are robust.</p>	Internal Audit report.	The IT Manager will ensure that agreed actions are implemented.	IT Manager	<p>May 2013</p> <p>Management have formulated and tested a Disaster Recovery Plan with Craven DC and are working towards an approved Business Continuity Plan – deadline August 2013.</p> <p><i>A Business Impact Assessment was completed in July 2013.</i></p> <p><i>DR now completed and working, with Craven. April 2014.</i></p> <p><i>Business Continuity – Action Plans have been drawn up by Business Units and are currently being reviewed. April 2014.</i></p>

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
2013/14	Again, reconciliations of bank accounts and feeder systems have been undertaken although some delays have been seen.	Internal Audit Report	The Lead Officer - Finance will ensure that reconciliations are maintained up-to-date.	The Lead Officer - Finance and Access Selby Directors Immediate	May 2014 Management in the processes of bringing the reconciliations up to date.
2013/14	Information Governance and breaches in Data Protection are not adequately managed.	Internal Audit Report	Solicitor to the Council Plans are now in place to: <ul style="list-style-type: none"> • Assign clear roles and responsibilities; • Approve and implement the necessary policies and procedures; • Deliver a targeted training programme; • Ensure adequate reporting arrangements; and • Consider appropriate disciplinary procedures for data breaches. <p>Internal Audit to assist/advise.</p>		May 2014 The Executive Director (s151), as designated Senior Information Risk Owner (SIRO), sponsor the work and the Solicitor to the Council, manages the detailed project. A report asking for formal designation of the SIRO and Information Asset Owners would go to the Executive in June 2014. Information Governance will be added to the Corporate Risk Register

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
					and progress would be reported in the autumn and at the end of the municipal year.

Mary Weastell
Chief Executive

Councillor Mark Crane
Leader of the Council

To: Audit Committee
Date: 24 September 2014
Author: Jodie Taylor, Lead Officer - Finance
Lead Officer: Karen Iveson, Executive Director s151
Executive Member: Councillor Cliff Lunn

Title: Statement of Accounts 2013/14

Summary: The purpose of this report is to enable Councillors to undertake an examination of the Council's financial accounts for the financial year 2013/14 and seek approval of them.

Recommendations:

Councillors approve the 2013/14 Statement of Accounts

1. Introduction and background

- 1.1 The Accounts and Audit Regulations 2011 require Members to approve the Council's audited statutory accounts by 30th September following the financial yearend.
- 1.2 The 2013/14 accounts have been produced under the requirements of International Financial Reporting Standards (IFRS) basis.

2. The Report

- 2.1 The Statement of Accounts represents the culmination of the formal financial reporting obligations placed upon the Council and the content of the Accounts presented is largely prescribed by the statutory and professional guidance.
- 2.2 The audited Council's Statement of Accounts for 2013/14 is attached for approval at Appendix A, and was signed by the Council's Chief Financial Officer (Executive Director s151) on 4 September 2014. The Accounts have been prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the

code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 2.3 It is important that the council has sound financial, governance and resource management arrangements in place to ensure that the resources are available and used to support the Council's priorities, improve services and secure value for money for our citizens.
- 2.4 Specifically in respect of financial statements members are expected to "exercise collective responsibility for, and prioritise, financial reporting and demonstrate robust challenge and scrutiny".
- 2.5 To assist Councillors in this regard, an explanatory paper is attached at Appendix B. The Statement of Accounts also contains an explanatory foreword, which highlights the key issues arising from the financial year 2013/14, and considers these in the context of the Council's future financial prospects. Councillors are asked to consider the Statement of Accounts in detail along with the supporting notes, and either raise issues with the Executive Director s151 prior to the meeting so that a response can be prepared or discuss any such matters as necessary and appropriate at the meeting of the committee.
- 2.6 The accounts were made available for public inspection from 7 July 2014 until 4 August 2014 and the auditor was available on 4 August 2014 to answer queries regarding the accounts. No queries were received.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a consequence of this report.

3.2 Financial Issues

The financial implications are as given in the report.

4. Conclusion

- 4.1 Production of the Annual Statement of Accounts is a statutory requirement. The Statement of Accounts is the financial expression of the Council's overall worth and financial standing.

5. Background Documents

- 5.1 2013/14 closedown working papers.

Contact Officer:

Jodie Taylor, Lead Officer – Finance
jotaylor@selby.gov.uk

Appendices:

Appendix A: 2013/14 Statement of Accounts
Appendix B: Explanatory paper to the Accounts

SELBY DISTRICT COUNCIL



STATEMENT OF ACCOUNTS 2013/2014

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SELBY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2013/14

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Copies of this and previous years accounts are available for viewing, along with other information about the Council's services on the Authority's website at www.selby.gov.uk or from Selby District Council, Civic Centre, Doncaster Road, Selby, North Yorkshire, YO8 9FT. Selby District Council will on request, provide this document in Braille, **large print** or audio format. If English is not your first language and you would like a translation of this document in an alternative language please telephone - 01757 705101.

LEADER'S FOREWORD

The Statement of Accounts for 2013/14 sets out the full financial details of the Council's activities. The accounts have been produced promptly in line with target dates set for the 'Whole of Government Accounts' initiative.

The Council is committed to continuing its progress with delivering services within the scope of its mission - 'To make a stronger Selby District' and is concentrating on 5 Big Things:-

- Stronger Council
- Changing places
- Living well
- Tackling the tough stuff
- Being switched on

And these 5 Big Things have also informed our Programme for Growth. Work has been on-going during the year to deliver a range of projects aimed at stimulating the local economy over the next 2 years through: creating/supporting jobs; housing and infrastructure; retail; and leisure.

We have continued our refurbishment programme to a number of Council owned homes and construction work commenced on the new leisure centre in Selby to enhance service provision and reduce costs in the long term. The new centre is expected to be open towards the end of 2014/15.

Our service delivery arm, 'Access Selby' has again performed well over the last year. Our sound financial management means we have some resilience to help us cope with the challenges we are facing but the continuing reductions in central government funding will bite hard over the coming years and we will need to maintain our commitment to savings and efficiencies.

Whilst the future remains uncertain we remain steadfast in our aim to deliver and facilitate the services our communities need, striving to make a stronger Selby District.

Councillor Mark Crane

Leader of the Council

EXPLANATORY FOREWORD

1. Introduction

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts, and an explanation in overall terms of the Council's financial position. The foreword also includes an explanation of the purpose of each statement and the inter-relationship between statements. The accounts presented are of a Single Entity as the Council has no relationships that require it to prepare Group Accounts.

2. The Council's Accounts

The accounts have been compiled using the "Code of Practice on Local Authority Accounting in the UK 2013/14" (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The code is based on International Financial Reporting Standards. The financial figure contained within the statements and their supporting notes are rounded as appropriate and this is shown on the statement or note. The accounts contain the following statements for the year 1 April 2013 to 31 March 2014:

Accounting Policies - This explains the basis of the figures in the accounts and the principles on which the Statement of Accounts has been prepared. The accounts can only be properly appreciated if the policies, which have been followed, are explained.

Statement of Responsibilities for the Statement of Accounts - This statement sets out the respective responsibilities of the Council and the Executive Director (s151) for the accounts.

Movement in Reserves Statement - This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be utilised to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The net increase/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income & Expenditure Statement - This statement shows the accounting cost in the year of providing services for which the Council is responsible in accordance with generally accepted accounting practices, rather than the amount to be funded from income from local taxpayers (taxation). The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet - This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long-term indebtedness, long term liabilities, net current assets employed in its operation and summarised information on the non-current assets held. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories - usable and unusable. Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain them at a prudent level and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the Council is not able to use to provide services. They include reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

EXPLANATORY FOREWORD

2. The Council's Accounts continued

Cash Flow Statement - This shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from recipients of services provided by the Council. Investing activities identify the extent to which cash flows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Housing Revenue Account (HRA) Income and Expenditure Statement - This reflects a statutory obligation to account separately for the local authority housing function, it is ringfenced from the General Fund so that rents cannot be subsidised from council tax or vice versa. It shows the major elements of housing revenue expenditure - maintenance, administration, rent rebates and capital financing - and how rents and other income meet these. The Council charges rents in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Movement on the Housing Revenue Account (HRA) Statement - This shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. The overall objectives and the general principles for its construction are the same as those generally for the Movement in Reserves Statement.

The Collection Fund - This is an agent's statement and shows the transactions of the Council as a billing authority in relation to Non-Domestic Rates and the Council Tax collections, and illustrates the way in which these have been distributed to precepting bodies such as North Yorkshire County Council, the Government and the General Fund. The Council has a statutory obligation to maintain a separate Collection Fund.

Annual Governance Statement - This statement sets out the internal control framework operated by the Council during 2013/14 and presents a review of the effectiveness of the system as required by the CIPFASOLACE Framework issued in 2007.

3. Structure of the Council's Accounts

The Council has to manage spending on services within a statutory framework, making sure that spending keeps within cash-limited budgets. This requires keeping:

- A General Fund to account for day-to-day spending on most Council services.
- A separate Housing Revenue Account.
- A separate Collection Fund Account.
- A capital programme to account for investment in assets needed for the delivery of Council services.

The way each of these is funded is also different:

- General Fund services are paid for from government grant, council tax, non-domestic rates and service charges.
- Housing income comes from housing rents.
- The Collection Fund is financed by income from taxpayers.
- The capital programme is funded in various ways - long-term borrowing, external finance, capital receipts from the sale of Council non-current assets and from revenue.

EXPLANATORY FOREWORD

4. Revenue Spending in 2013/14

Revenue expenditure for 2013/14 is summarised in the Comprehensive Income and Expenditure Statement. This shows the costs of all the Council's services and how the net expenditure has been funded. The following charts show where the Council's money comes from, what it is spent on and the cost of the services it

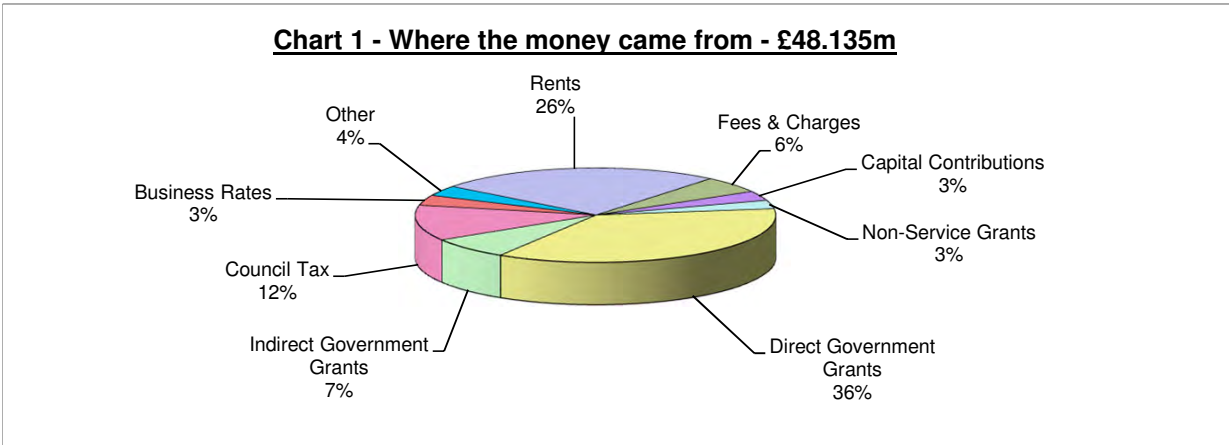


Chart 1 above shows income received in the year of £48.135m. 43% (£21.1m) of this is received from the government as formula (or indirect) grants, i.e. grants that are not ring-fenced for specific purposes, and direct grants, mainly to fund benefit payments. Council Tax provides a further £5.9m, which includes £1.5m for Parish Council precepts, and business rates contribute £1.7m. Rents provide £12.3m of which £11.9m is from housing rents.

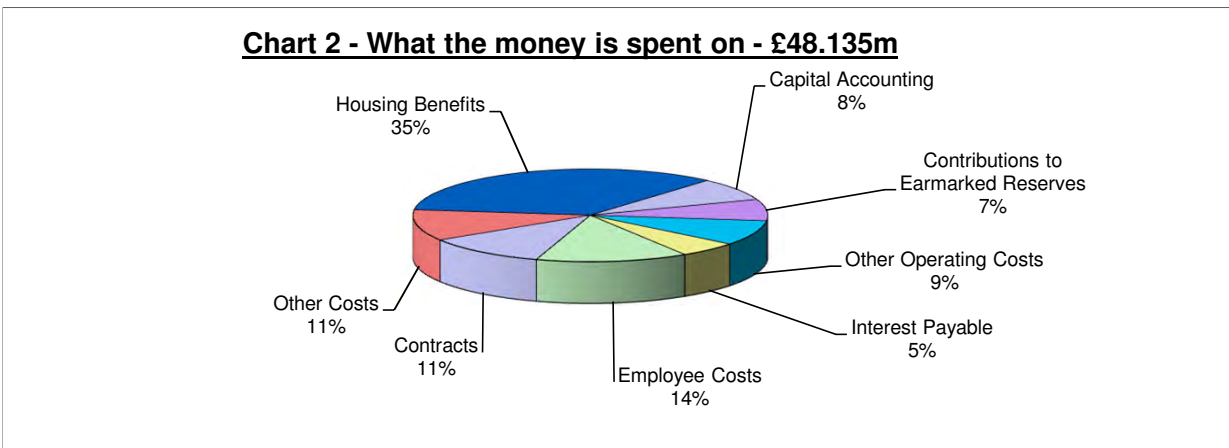


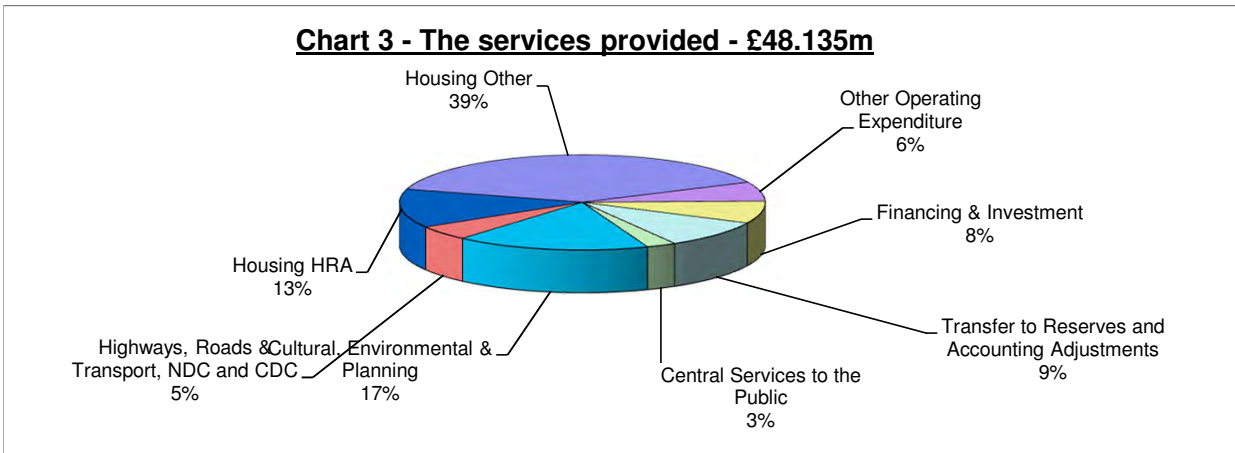
Chart 2 above shows that the largest proportion of the Council's money (£16.6m) is spent on Housing benefit payments. Other costs total £5.2m and £6.7m was spent on employee costs, with contracts for recycling, refuse collection, street cleansing, and leisure costing £5.4m. Other operating costs total £4.2m of which the largest elements are parish precepts at £1.5m and drainage board levies at £1.5m. Contributions to Earmarked Reserves cost £3.6m, with interest payable and capital accounting costing £2.6m and £3.8m respectively.

Chart 3 following shows the gross cost of the service provision by the Council as set out in the Comprehensive Income and Expenditure Statement (page 20) together with the other items of expenditure which have to be funded. The largest proportion of service expenditure (£18.6m) is Housing Services (non HRA) which includes housing benefit payments.

During the year a net £3.6m was transferred to earmarked reserves with a further £0.5m going to General Fund and Housing Revenue Account balances. Offsetting these accounting adjustments, which are determined by the Code of Practice, reduced costs by £0.6m. The major accounting adjustments relate to the transfer from the HRA to the Major Repairs Reserve to meet future capital and debt redemption costs (£5.1m) reduced by the transfer from the Capital Adjustment Account of set-aside resources to offset depreciation and revaluation charges (£3.7m) and the transfer from the Collection Fund Adjustment Account to reverse the business rate year-end transactions (£3.1m).

EXPLANATORY FOREWORD

4. Revenue Spending in 2013/14 continued



Financial Performance in 2013/14 Compared to Agreed Budget

The latest approved budget included a contribution to General Fund balance of £129k and to the Major Repairs Reserve (MRR) of £799k. The out-turn position was that the contribution to the General Fund balance was maintained, however for the Housing Revenue Account a surplus of £498k was delivered from which a contribution of £408k was made to the HRA balance and £90k to the MRR. The performance against budgets for general fund services and the housing revenue account are shown separately in the following paragraphs.

General Fund

The table below provides a summary of the Council's Comprehensive Income and Expenditure Statement for 2013/14 for General Fund services compared to the latest approved budget.

	Latest Approved Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	9,733	8,883	(850)
Parishes Precepts	1,519	1,519	-
Internal Drainage Board Levies	1,503	1,479	(24)
Interest Payable and Similar Charges	113	149	36
Investment Interest	(200)	(211)	(11)
Non Cash Adjustments included in (Surplus)/Deficit	876	1,024	148
Net Operating Expenditure	13,544	12,843	(701)
Revenue Support Grant	(3,229)	(3,229)	-
Non Service Related Government Grants	(1,339)	(1,405)	(66)
Business Rates	(1,989)	(1,990)	(1)
Council Tax Precept (including parish precepts)	(5,840)	(5,864)	(24)
Net (surplus) / deficit	1,147	355	(792)
Other Non Cash Adjustments	(4,577)	(4,580)	(3)
Transfers to / (from) Reserves	3,301	4,096	795
Transfers (to) / from GF Balances	(129)	(129)	-

EXPLANATORY FOREWORD

4. Revenue Spending in 2013/14 continued

The previous table shows a saving against net cost of services of £850k. The table below looks at the major variances and gives a brief explanation as to why they have occurred. The main variances shown demonstrate that as part of its prudent financial management councillors and officers continually review budgets to achieve efficiency savings.

General Fund		
	Variance £'000	Reason for Variance
Staff Costs	(149)	Variance arising from frozen posts, unfilled vacancies and maternity pay adjustments, plus some pension adjustments.
Customer & Client Receipts	(176)	Increase in Housing Benefit Overpayments, Supporting People income & Land Charges offset by shortfall on Property Rental Income & Commercial Waste.
Housing Benefits	60	Net Grant income was lower than projected as a result of case load not increasing as anticipated.
Premises Costs	(35)	Resulting from one-off savings in Pay&Display car parks and lower than expected utility bills from the PCT for Civic Centre
Benefits Bed Debt Provision Adjustment	19	Increase in Housing Benefit Overpayment Debtors requires an increased provision to be set aside for bad and doubtful debts
Office Expenses & IT Consumables	(43)	Underspends relating to general office expenses and IT consumables
NNDR Refund	(151)	One off refund following successful appeal against Civic Centre NNDR rateable value
Windfall Recycling Income	(229)	Rebate from York and North Yorkshire Waste Partnership as a result of exceeding recycling targets over a number of years.
Unspent Contingency	(70)	Access Selby managed its operational budget without requiring the use of contingency.
Homeless Grant Funding	(53)	Changes to the profile of project spend has resulted in a saving from the Homeless Grant Funding
HRA Share of Support Services	191	Recharges from the General Fund for HRA services, including Corporate Management.
Commercial Waste Charges	(36)	Savings resulting from Commercial waste collections
Core Savings	(43)	Identified during the year on Audit fees and Pension Charges
Carry Forward budgets not required	(44)	A number of carry forward budgets from 2012/13 were not required including Tadcaster Regeneration, Office Accommodation.
Miscellaneous	(91)	Several smaller savings and overpends contributing towards the final surplus
Total	(850)	

Increased expenditure on interest payable and similar charges has arisen due to the timing of interest payments due on external borrowing.

Investment income was originally budgeted at £200k due to the interest rates remaining at 0.5% and the potential impact of the economic climate reducing the cash balances the Council had available for investment. The outturn is slightly higher at £211k due to improved cash flows and achieving of better than expected interest rates. The impact of the base rate remaining at 0.5% for longer than expected will have an effect in 2014/15 and beyond. This has been taken in to account in the Councils budgets going forward.

EXPLANATORY FOREWORD

4. Revenue Spending in 2013/14 continued

Non cash adjustments included in surplus/deficit on service provision are accounting adjustments made to the accounts that are reversed out within 'other non-cash adjustments' and will not impact on the Council Tax Payer. The variance comprises of the gain/loss on disposal on non-current assets, contribution of housing capital receipts to the government pool, recognised capital grants and contributions and pension fund adjustments.

Other non cash adjustments are accounting adjustments made to the accounts so that costs do not impact on the Council Tax Payer. The variance is made up of the variances in impairment charges, asset depreciation, capital accounting adjustments and pension fund adjustments. It also includes £24k with the council tax adjustment account to counter the £24k shown against the council precept in the table. In addition there is a transaction of £3,108k which relates to the accounting treatment for the business rates accounting arrangements. This entry arises because the Accounting Code requires local authorities to include the original estimate for the year as their out-turn rather than the actual out-turn. To counter the impact this would have on the accounts this sum has been moved to earmarked reserves so that funds exist to meet the liability in the 2014/15 accounts.

Housing Revenue Account

The Housing Revenue Account (HRA) was estimated to make a surplus of £799k which was to be transferred to the Major Repairs Reserve (MRR) to support funding of the capital programme. The out-turn position is that a surplus of £498k was made, consisting of £408k savings on Access Selby and £90k on Core Services, giving a reduced surplus of £301k. The saving on Access Selby has been transferred to HRA Balances and the Core Services savings to the MRR.

	Latest Approved Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	(6,108)	(6,115)	(7)
Interest Payable and Similar Charges	2,413	2,456	43
Investment Interest	(45)	(44)	1
Non Cash Adjustments included in Surplus/Deficit	322	393	71
Net (surplus) / deficit	(3,418)	(3,310)	108
Capital Expenditure financed from revenue	1,740	2,549	809
Other Non Cash Adjustments	1,366	751	(615)
Transfers to / (from) Reserves	(487)	(488)	(1)
(Surplus) / Deficit available for distribution	(799)	(498)	301
Transfers (to) / from MRR	(799)	(90)	709
Transfers (to) / from HRA Balances	-	(408)	(408)

The previous table shows a saving against net cost of services of £7k. The table following looks at the major variances and gives a brief explanation as to why they have occurred. The main variances shown demonstrate that as part of its prudent financial management, councillors and officers continually review budgets to achieve efficiency savings.

EXPLANATORY FOREWORD

4. Revenue Spending in 2013/14 continued

Housing Revenue Account		
	Variance £'000	Reason for Variance
Dwellings Repairs & Maintenance	354	Various savings including Electrical Testing, responsive works including Fencing, Gutters and Footpath, utilities and repairs at Community Centres and Hostels and Grounds Maintenance Works, offset by revaluation costs on non-current assets. Numerous savings including; Energy Performance Certificates Debt Management, Gas Audits and Tenant Participation. High Occupancy at the Hostels, recharges to former tenants and admin income from RTB. Recharges for support to Capital Schemes and increased Private Payers for the Supporting People Scheme. Recharges from the General Fund for HRA services, including Corporate Management. Increase in provision for Rent Debtors £4k and Non Rent Debtors £51k Income exceeded estimates, partly due to quicker turnaround and re-let of void properties.
Sundry	(92)	
Customer & Client Receipts	(42)	
Recharge Income	(51)	
HRA Share of Support Services	(191)	
Provision for Bad Debts	55	
Rent - Dwellings & Garages	(40)	
Total	(7)	

Non cash adjustments included in surplus/deficit on provision of services are accounting adjustments made to the accounts that are reversed out within 'other non-cash adjustments' and will not impact on the Rent Payer. This variance is made up of the the gain/loss on disposal on non-current assets and pension fund adjustments.

The variance on the capital expenditure financed from revenue is due to slippage on projects which are expected to be completed in 2014/15.

Other non cash adjustments are the accounting adjustments made to the accounts to reverse out impairment and depreciation charges and the profit/loss on disposal of non-current assets. It also includes capital accounting adjustments and pension fund adjustments.

Within both the General Fund and HRA a number of projects and financial commitments were not completed by 31 March 2014 and financial resources are being carried forward to 2014/15 to complete these projects. The total value of carry forwards is £1,427k (£398k Housing Revenue Account, £1,029k General Fund).

The detailed Core Financial Statements and accompanying notes are shown on pages 19 to 102.

5. Capital Expenditure

In 2013/14 the Council spent £6.850m (2012/13 £5.708m) on its capital programme (£2.873m General Fund and £3.977m Housing Revenue Account). An analysis of where the money was spent and the sources of funding are shown in the following two tables:

Capital Programme Analysis	Actual £'000	Proportion %
Council Dwelling Improvements	3,977	58.1%
Equipment & Vehicles, including Intangible Assets (e.g. computer software)	237	3.5%
Other Land and Buildings, including Community Assets	2,328	34.0%
Home Improvement Grants and Loans and Disabled Facilities Grants	308	4.5%
Total	6,850	100%

EXPLANATORY FOREWORD

5. Capital Expenditure continued

Where the money came from	Actual £'000	Proportion %
Government Supported Borrowing	-	0.0%
Prudential Borrowing	-	0.0%
Capital Receipts	(148)	2.2%
Major Repairs Reserve	(1,428)	20.8%
Grants and Contributions	(1,722)	25.1%
Revenue and Reserves	(3,552)	51.9%
Total	(6,850)	100%

Explanation of variances against budget

The Council expected to spend £7.459m on its capital programme, £3.042m on General Fund and £4.417m on its Housing Investment. However slippage and changes to the timing of projects, including building refurbishments, road adoption works, grants to outside organisations and council housing improvements has resulted in an underspend of £0.169m on the General Fund and £0.440m on the Housing Revenue Account. Work on these projects will be completed in 2014/15 or later.

The majority of the variation on the HRA relates to the timing of payments for Airey house repairs offset by slippage (£0.757m) relating to works on central heating and solid fuel systems.

The major items of capital expenditure in 2013/14 were as follows:

	Actual £'000
Abbey Leisure rebuild	1,597
Tadcaster Centre Area redevelopment	237
Land Purchase	515
Airey House repairs	1,001
Central Heating systems	1,104
Roof Replacements	521
Other Housing improvements	1,351
Total	6,326

6. Borrowing Facilities and Capital Borrowing

The Council's ability to borrow is governed by the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is able to determine its own programmes for capital investment in fixed assets that will assist in the delivery of its services to the citizens of the Selby District, subject to that programme being affordable, prudent and sustainable.

The Council did not take out new borrowing during 2013/14.

7. Collection Fund

At 31 March 2014 there is a deficit on the Collection Fund of £6.6m. The Council Tax element is a surplus of £1.2m of which £1.0m is owed to North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority. There is a deficit of £7.8m for non-domestic rates. The deficit has arisen mainly due to a large back-dated revaluation reduction which has meant that rates already paid have had to be refunded. Of the deficit £3.9m is to be recovered from the central government and £0.8m from North Yorkshire County Council and North Yorkshire Fire and Rescue Authority. The collection rates for recovery of 2013/14 bills was 97.5% for Council Tax and 98.1% for Non-Domestic Rates.

EXPLANATORY FOREWORD

8. Pensions Liability

The Council participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet reduced from £25.595m at 31 March 2013 to £17.957m at 31 March 2014 based on the 2013 triennial review of the fund. This liability is set out in detail in note 39 and has been brought about as the value of liabilities exceeds the fair value of assets. It has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, but the statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary. The reduction in the Pension Liability of £7.6m is matched by a reduction in the level of the Pension Reserve and does not represent a reduction in the Council's cash reserves or impact on the council tax.

9. Significant Points to Note in Respect of the Balance Sheet

The Balance Sheet on page 21 shows that the net worth of the Council increased by £13.1m to £59.1m, although £7.6m of this is due to a reduction in the actuary's valuation of the pension liability. The Council has set-aside £3.1m in earmarked reserves to meet the Council's share of the business rates year-end deficit, which is also included in the balance on the collection fund adjustment account. Other balance sheet entries affected by the new accounting arrangements for business rates are short-term creditors where included in the increase of £6.5m is £6.0m payable to central government in relation to transitional relief support, provisions which comprises the Council's share of the potential cost for appeals against rateable values outstanding with the District Valuer and short-term debtors which are increased by £4.8m for the preceptors and central government share of the year-end deficit and £1.4m for safety net adjustments.

Other significant movements on the balance sheet include the effect of additions to non-current assets of £6.6m arising from expenditure on the capital programme offset by the net impact of disposals, depreciation and revaluations of £4.1m. Long and short-term investments are reduced by £3.1m whilst cash equivalents increases by £9.3m to reflect the decision to deposit more money for periods of less than three months so that the Council is in a position to take advantage of improved rates when the market recovers. Other movements in short-term debtors show an increase of £2.2m including £1.6m for Sport England grant towards the cost of building the new Leisure Centre, offset by the non-recurrence of the 2012/13 debtor for the insurance settlement of £3.4m which was received in early April 2013. In addition, as explained above, the liability related to the North Yorkshire Pension scheme reduced by £7.6m largely due to an increase in the value of equities held by the fund.

In 2013/14 the Council received capital receipts of £783k from the sale of council houses and land. After the deduction of allowable costs and the payment of £350k to the Government pool, receipts of £148k were applied to fund capital expenditure.

10. Review of the Council's Current Financial Position

At the 31 March 2014 the Council's usable reserves stood at £25.5m compared to £19.9m at the end of 2012/13. Included within these figures are £3.8m (£1.7m GF and £2.1m HRA) of unallocated revenue reserves. The Movement on the Housing Revenue Account Statement on page 93 shows that a contribution of £408k was made to the HRA unallocated reserve instead of the budgeted zero. The explanation of variances against budget on page 7 shows that the actual contribution to the General Fund unallocated reserves was £129k, in line with the contribution in the approved budget. The Council has not approved any increase to or reduction from these balances as part of the budget package for 2014/15.

Through its previous restructure and creation of its commissioning Core, its Service Delivery Vehicle - 'Access Selby', and a team currently working with the voluntary sector - 'Communities Selby' the Council has been able to achieve a cumulative £3.593m towards its target of £4.597m by 2016/17 which is required as a consequence of the cuts in grant funding from Central Government.

EXPLANATORY FOREWORD

10. Review of the Council's Current Financial Position continued

The remaining usable reserves include £14.9m earmarked reserves, £2.4m major repairs reserve and £4.1m capital receipts reserve. The latter two represent sums set aside to meet the cost of future capital programme costs. Although earmarked reserves have increased by £3.6m in the year £3.1m of this relates to the new accounting arrangements for business rates, and will be required to meet the Council's share of the 31 March 2014 deficit when it is brought into the Council's 2014/15 accounts. The remaining increase in earmarked reserves reflects the decision to set aside funds to provide resources for project work to generate future savings and develop new working practices, as well as resources to provide for potential cost pressures. The increase in reserves is primarily an issue of timing between the identification of the resources and when the payment will be made.

The Section 151 officer annually undertakes a risk assessment to calculate a minimum level for reserves. For 2013/14 the minimum level was calculated to be £1.5m for General Fund and £1.5m for the Housing Revenue Account. The Medium Term Financial Plan assumes increases to reserves over the next few years to ensure that future demands can be met.

11. Changes in Accounting Practices & Policies

This set of Accounts is prepared under International Financial Reporting Standards (IFRS) as set out in the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The IFRS requires that accounting policies are applied retrospectively. There is only one small change in presentation affecting the 2013/14 accounts relating to IFRS19, which is set out on page 24.

Accounting policies are defined by the Code of Practice as "the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements". The starting premise is that accounting policies prescribed by the Code should be followed, but need not be applied if the effect of applying them is not material. The accounting policies of the Council have been reviewed for ongoing compliance with IFRS and amended as required.

Changes in accounting policies are only permitted if the change is required by the Code or where the change results in the financial statements providing more reliable and relevant information. A change in circumstances or adoption of policies for "new" transactions, events or conditions that did not occur or were not material previously are not classed as changes in accounting policies.

12. Future Developments

The Council's Medium Term Financial Plan is set within a robust and well established planning framework (Medium Term Financial Strategy), which is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. This strategic framework has enabled the Council to deliver significant performance improvements in many areas, whilst maintaining effective control and use of its limited financial resources. The Council is facing further risks and pressures over the medium term and these are identified in the following paragraphs.

Reductions and Changes to Funding from Central Government: Reductions in central government funding is set to continue for the foreseeable future and the risk to business rates income continues with anticipated closure of two large businesses in the district. The continued development of the Medium Term Financial Strategy and 3 year financial plan will ensure that the Council is ready to meet these and other

Economic Downturn: The economic climate continues to present challenges for the Council. This includes pressures resulting from the low interest rates earned on the Council's investments as well as lower income from planning fees and higher demand for services such as housing and council tax benefit. Our financial strategy and plan recognise these challenges and seek to provide financial resilience through savings and efficiencies and through the use of reserves and balances where appropriate. For example using one-off resources to facilitate spend to save initiatives to deliver on-going savings and improved value for money.

EXPLANATORY FOREWORD

12. Future Developments continued

Pension Fund Deficit: The 2013 triennial valuation resulted in the stabilising of employers' contribution rates. However the long-term risk to the Council's revenue budget remains. The Council has been preparing for this by setting aside £200k from its base budget into a Pensions Equalisation Reserve which provides financial capacity to withstand a level of increase in employers contributions.

Programme for Growth: Local economic growth is a key priority for the Council and work continues on a £5m programme of initiatives to stimulate growth through jobs, housing and infrastructure, retail and leisure. The programme is aligned to the 5 Big Things identified in the Council's Corporate Plan and is funded through earmarked reserves and New Homes Bonus. The Council plans to refresh its Corporate Plan in 2014 and consider its future funding priorities as part of this process.

Future Collaboration: The Council understands the need for improved value for money particularly when budgets are under pressure. It has actively sought out partners to work with on a number of services over the years and is currently exploring the potential for improved two tier working with North Yorkshire County Council. The project which includes a shared Chief Executive/Assistant Chief Executive for Selby/NYCC, provides the opportunity for improved outcomes for citizens, reduced costs and improved capacity and

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The District Council's responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is the Executive Director (s151).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Executive Director's responsibilities

The Executive Director (s151) is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing this Statement of Accounts the Executive Director (s151) has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Executive Director (s151) has also:

- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts

I hereby certify that the Statement of Accounts on pages 19 - 102 present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2014.

Karen Iveson

CPFA

Executive Director (s151)

Dated

4 September 2014

Approval of the Accounts

This Statement of Accounts was approved by a resolution of the Audit Committee of Selby District Council on 25 September 2013.

Councillor C Pearson

Chair of Audit Committee

Dated

24 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELBY DISTRICT COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Selby District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Selby District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Executive Director (s151) and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Director (s151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director (s151); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Selby District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELBY DISTRICT COUNCIL

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELBY DISTRICT COUNCIL

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, Selby District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Cameron Waddell

For and on behalf of Mazars LLP, Appointed Auditors

The Rivergreen Centre
Aykley Heads
Durham, DH1 5TS

24 September 2014

	General Fund Balance £000	Earmarked GF Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2012	(2,290)	(7,794)	(1,639)	(1,083)	(871)	(505)	(228)	(14,410)	(30,939)	(45,349)
Restated Movement in reserves during 2012/13										
Restated (Surplus) or deficit on provision of services	(4,376)	0	684	0	0	0	0	(3,692)	0	(3,692)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	3,050	3,050
Total Comprehensive Expenditure and Income	(4,376)	0	684	0	0	0	0	(3,692)	3,050	(642)
Restated Adjustments between accounting basis & funding basis under regulations (note 7)	2,555	0	(609)	0	(421)	(3,331)	0	(1,806)	1,806	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,821)	0	75	0	(421)	(3,331)	0	(5,498)	4,856	(642)
Transfers to/from Earmarked Reserves (note 8)	2,566	(2,586)	(127)	147	0	0	0	0	0	0
Increase/Decrease (movement) in Year	745	(2,586)	(52)	147	(421)	(3,331)	0	(5,498)	4,856	(642)
Balance at 31 March 2013 carried forward	(1,545)	(10,380)	(1,691)	(936)	(1,292)	(3,836)	(228)	(19,908)	(26,083)	(45,991)
Movement in reserves during 2013/14										
(Surplus) or deficit on provision of services	(1,220)	0	(3,310)	0	0	0	0	(4,530)	0	(4,530)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(8,592)	(8,592)
Total Comprehensive Expenditure and Income	(1,220)	0	(3,310)	0	0	0	0	(4,530)	(8,592)	(13,122)
Adjustments between accounting basis & funding basis under regulations (note 7)	(3,005)	0	3,390	0	(1,149)	(273)	0	(1,037)	1,037	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(4,225)	0	80	0	(1,149)	(273)	0	(5,567)	(7,555)	(13,122)
Transfers to/from Earmarked Reserves (note 8)	4,096	(4,146)	(488)	538	0	0	0	0	0	0
Increase/Decrease (movement) in Year	(129)	(4,146)	(408)	538	(1,149)	(273)	0	(5,567)	(7,555)	(13,122)
Balance at 31 March 2014 carried forward	(1,674)	(14,526)	(2,099)	(398)	(2,441)	(4,109)	(228)	(25,475)	(33,638)	(59,113)

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Restated 2012/13				2013/14			Notes
Expenditure £'000	Income £'000	Net Exp. £'000		Expenditure £'000	Income £'000	Net Exp. £'000	
5,791	(5,167)	624	Central Services to the Public	1,253	(506)	747	
953	(169)	784	Cultural and Related Services	1,118	(195)	923	
-	-	-	Exceptional Costs - Impairment from Abbey Leisure Centre Demolition	592	-	592	
4,663	(1,519)	3,144	Environmental and Regulatory Services	4,820	(1,752)	3,068	
1,850	(760)	1,090	Planning Services	1,719	(768)	951	
215	(345)	(130)	Highways and Transport Services	206	(347)	(141)	
10,090	(11,968)	(1,878)	Local Authority Housing (HRA)	6,322	(12,437)	(6,115)	
18,563	(17,790)	773	Other Housing Services	18,586	(17,791)	795	
1,856	(41)	1,815	Corporate and Democratic Core	1,885	(22)	1,863	
138	(80)	58	Non Distributed Costs	65	(6)	59	
-	-	-	Exceptional Costs - Revaluation costs of unused assets	237	-	237	
44,119	(37,839)	6,280	Cost of Services	36,803	(33,824)	2,979	
		2,535	Other Operating Expenditure			3,149	9
		3,238	Financing and Investment Income & Expenditure			3,398	10
		(15,745)	Taxation and Non-Specific Grant Income			(14,056)	11
		(3,692)	(Surplus) or Deficit on Provision of Services			(4,530)	
			Other Comprehensive Income and Expenditure				
		(222)	Surplus or deficit on Revaluation of Property, Plant and Equipment Assets			(514)	26.1
		236	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			328	26.1
		-	(Surplus) / Deficit on revaluation of available for sale financial assets			2	26.2
		3,036	Remeasurement of the net defined benefit liability			(8,408)	39
		3,050	Total Other Comprehensive Income and Expenditure			(8,592)	
		(642)	Total Comprehensive Income and Expenditure			(13,122)	

BALANCE SHEET

31-Mar-13 £'000		31-Mar-14		Notes
		£'000	£'000	
113,766	Property Plant & Equipment	116,267		12
154	Intangible Assets	67		16
6,074	Long Term Investments	4,030		17
287	Long Term Debtors	260		18
120,281	Total Long Term Assets	120,624		
9,147	Short Term Investments	8,064		17
18	Inventories and Work in Progress	7		20
6,229	Short Term Debtors	9,796		17,18,21
1,385	Cash and Cash Equivalents	10,706		22
16,779	Total Current Assets	28,573		
137,060	Total Assets		149,197	
(620)	Short Term Borrowing	(621)		17
(3,411)	Short Term Creditors	(9,956)		23
-	Provisions	(514)		24
(4)	Capital Grants Receipts In Advance	-		33
(4,035)	Total Current Liabilities	(11,091)		
(60,299)	Long Term borrowing	(60,299)		17
(25,595)	Other Long Term Liabilities:			
(1,140)	Defined Benefit Pension Scheme	(17,957)		39
	Finance Leases	(737)		36
(87,034)	Total Long Term Liabilities	(78,993)		
(91,069)	Total Liabilities		(90,084)	
45,991	Net Assets		59,113	
(19,908)	Usable Reserves		(25,475)	25
(26,083)	Unusable Reserves		(33,638)	26
(45,991)	Total Reserves		(59,113)	

Karen Iveson
CPFA
Executive Director (s151)

Dated 4 September 2014

CASH FLOW STATEMENT

2012/13 £'000		2013/14		Notes
		£'000	£'000	
	Operating Activities			
	<u>Cash Outflows</u>			
4,934	Employees	4,951		
13,520	Payments to Suppliers	13,709		
10,104	Housing Benefit	9,873		
1,442	Precepts	1,519		
2,568	Interest Paid	2,603		
209	Payments to the Capital Receipts Pool	263		
3,037	Other Payments for Operating Activities	3,069		
35,814	Cash Outflows from Operating Activities		35,987	
	<u>Cash Inflows</u>			
(4,806)	Rents (after rebates)	(5,400)		
(5,860)	Council Tax	(5,918)		
-	Non-domestic rate income	(16,985)		
(4,705)	Non-domestic rate pool	-		33
(91)	Revenue Support Grant	(3,229)		33
(21,326)	DWP grants for benefits	(16,723)		
(2,137)	Other Government Grants	(2,368)		
(309)	Interest received	(298)		
-	Dividends received	-		
(7,434)	Goods and services	(7,419)		
(46,668)	Cash Inflows from Operating Activities		(58,340)	
(10,854)	Net Cash Flow from Operating Activities		(22,353)	
	Investing Activities			
	<u>Cash Outflows</u>			
5,030	Purchase of Property, Plant & Equipment	5,427		
36	Other capital cash payments	-		
-	HRA Self Financing Settlement	-		
75,250	Purchase of short-term investments	3,000		
2	Purchase of long-term investments	-		
	<u>Cash Inflows</u>			
(957)	Sale of fixed assets	(777)		
-	Capital grants received	(150)		33
(16)	Other capital cash receipts	(3,056)		
(79,250)	Disposal of investments	(6,061)		
95	Net Cash Flow from Investing Activities		(1,617)	
(10,759)	Net Cash Flow Before Financing c/fwd		(23,970)	

CASH FLOW STATEMENT

2012/13 £'000		2013/14		Notes
		£'000	£'000	
(10,759)	Net Cash Flow Before Financing b/fwd		(23,970)	
	Financing			
	<u>Cash Outflows</u>			
4,504	Repayments of amounts borrowed	-		
401	Repayments of Leases	405		
6,244	Other payments from financing activities	14,244		
	<u>Cash Inflows</u>			
-	New loans raised	-		
-	New short term loans	-		
-	Other receipts from financing activities	-		
11,149	Net Cash Flow from Financing		14,649	
390	Net (Increase) / Decrease in Cash		(9,321)	
(1,775)	Cash and Cash equivalents at the beginning of the reporting period		(1,385)	
(1,385)	Cash and Cash equivalents at the end of the reporting period		(10,706)	22

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

Restatement of Accounts

Under IAS8 Councils are required to disclose changes made to the previous years Statement of Accounts in relation to changes in accounting policy and material prior period adjustments. The following tables explain the differences between the amounts presented in the 2012/13 financial statements and the equivalent amounts presented in the 2013/14 financial statements. None of these changes have affected the general fund balances held by the Council.

Changes in Accounting Policy

The reporting requirements for employee benefits (IAS 19) have meant that there are small changes in the analysis of administration costs, net interest charges and actuarial gains and losses in the Council's accounts. Overall these have a net nil impact on the Council's balances. The changes are shown below:

	2012/13 Statements £'000	Adjustment Made £'000	2013/14 Statements £'000
Movement in Reserves Statement			
2012/13 Transactions			
(Surplus) or deficit on provision of services:			
- General Fund Balances	(4,568)	192	(4,376)
Other Comprehensive Income and Expenditure:			
- Total Unusable Reserves	3,242	(192)	3,050
Total Movement		-	
Comprehensive Income and Expenditure Statement			
2012/13 Transactions			
Charged to Net Cost of Services:			
- current service cost	819	20	839
- past service costs	-	-	-
- settlement and curtailments	9	-	9
- administration expenses	-	18	18
Charged to Financing and Investment Income and Expenditure:			
- interest cost	2,369	(2,369)	-
- expected return on assets in the scheme	(1,482)	1,482	-
- net interest	-	1,041	1,041
Charged to Other Comprehensive Income and Expenditure:			
- actuarial (gains) and losses	3,228	(192)	3,036
Total Movement		-	

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Qualitative Characteristics of Financial Statements

(a). Relevance

The accounts have been prepared with the objective of providing information about the Council's financial position, performance and cash flows that is useful for assessing the stewardship of public funds and for making economic decisions.

(b). Reliability

The financial information is reliable as it has been prepared so as to reflect the reality or substance of the transaction, is free from deliberate systematic bias, is free from material error, is complete within the bounds of materiality and cost and has been prudently prepared.

(c). Comparability

In order to aid the understanding of the Statement of Accounts prior year comparable information is provided throughout the prime statements and the notes. In addition to complying with the Code the accounts also comply with the SeRCOP. This code establishes proper practice in relation to consistent financial reporting below the statement of accounts level and aids comparability with other local authorities.

(d). Understandability

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

(e). Materiality

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not effect the interpretation of the accounts.

iii. Underlying Assumptions

(a). Accruals Basis

The financial statements, other than cash flow, are prepared on an accruals basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

iii. Underlying Assumptions continued

(b). Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future.

iv. Accruals of Income and Expenditure (Debtors and Creditors)

The revenue accounts of the Council are maintained in accordance with the Code of Practice and FRS 18 *Accounting Policies*. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

- Revenue relating to such things as Council Tax, Non Domestic Rates, is measured at the full amount receivable (net of any impairment losses as they are non-contractual non-exchange transactions and there can be no difference between the delivery and payment dates).
- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- In the event that consideration has been paid in advance of the receipt of goods or services or other benefit, an authority shall recognise a debtor (i.e. payment in advance) in respect of that outflow of resources.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried on the balance sheet as inventories.
- In the event that consideration is received but the revenue does not meet the recognition criteria as described above, the Council recognises it as a creditor (i.e. receipt in advance) in respect of that inflow of resources.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this include electricity and similar periodic payments. These are included at the date of the meter readings rather than apportioned between two financial years. The policy is applied consistently to ensure a full year's expenditure is included and therefore this does not have a material effect on the year's

v. Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

vi. Cash Flow

Presentation of Cash Flow Statements can be done using either the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed, or the indirect method, whereby the net cash flow from revenue activities is derived as a means of a reconciliation from the surplus or deficit on the Comprehensive Income and Expenditure Statement for the year. The Council uses the Direct Method.

vii. Capital Receipts

Amounts in excess of £10,000 received from disposals of assets are credited to the Usable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Council's borrowing requirement.

A proportion of receipts relating to Housing Revenue Account dwelling and land disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a Government pool.

viii. Council Tax Income

Selby District Council is a billing authority and as such is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates. The Fund's key features relevant to accounting for council tax in the core financial statements are:

In its capacity as a billing authority the Council acts as an agent: it collects and distributes Council Tax income on behalf of the major preceptors and itself. The major preceptors are North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority.

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors. The amount credited to the General Fund under statute is the Council's precept or demand for the year plus the Council's share of the surplus on the Collection Fund for the previous year or less its share of the deficit on the Collection fund for the previous year; and this amount may be more or less than the accrued income for the year in accordance with GAAP, although in practice the difference would usually be small.

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year.

The difference between the income included in the Comprehensive Income & Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Since collection of Council Tax is in substance an agency arrangement, the cash collected by the Council as billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers.

If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from Council Tax debtors/creditors in the year the Council as billing authority shall recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor shall recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year. If the cash paid to a major preceptor is less than its proportionate share of net cash collected in the year from Council Tax debtors/creditors the Council as billing authority shall recognise a credit adjustment for the amount underpaid to the major preceptor in the year and the major preceptor shall recognise a debit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

viii. Council Tax Income continued

The Cash Flow Statement of the Council includes in Revenue Activities cash flows only of its own share of Council Tax net cash collected from Council Tax debtors in the year; and the amount included for precepts paid excludes amounts paid to major preceptors. The difference between the major preceptors' share of the net cash collected from Council Tax debtors and net cash paid to major preceptors as precepts and settlement of the previous year's surplus or deficit on the Collection Fund is included as a net increase/decrease in other liquid resources.

ix. Charges to Revenue for Non-current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used for the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement for capital projects funded from borrowing prior to 2007/08 and since then over the life of the asset purchased, (excluding amounts attributable to HRA activity). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP or loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

x. Employee Benefits

(a). Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. A calculation is done at the year end to assess the materiality of the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the following financial year. Whilst this figure remains at a similar level to previous years and is below £30k in total no accrual will be made. Should the figure be above this level then consideration will be given for an accrual. Any accrual would be charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

(b). Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

x. Employee Benefits continued

Where termination benefits involve the enhancement of pensions, statutory provision require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(c). Post Employment Benefits (Pensions)

Employees of the Council are members of the Local Government Pensions Scheme which is a fully funded defined benefits scheme administered by North Yorkshire County Council.

The liabilities of the North Yorkshire pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using the relevant discount rate for the year (based on the indicative rate of return on average weighted 'spot yields' on AA rated bonds).

The assets of the North Yorkshire pension fund attributable to the council are included in the Balance Sheet at their fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

The change in net pensions liability is analysed into the following components:

Service costs, which comprise:

- Current service cost - the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest cost - the net interest on the net defined benefit liability, i.e. net interest expense for the Council. The change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

x. Employee Benefits continued

Remeasurements, which comprise:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- Actuarial gains and losses - changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- Contributions paid to the North Yorkshire Pension Fund - cash paid as employer's contributions to the pension funding settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to relevant accounting standards. Where this does not match the amount charged to the Comprehensive Income and Expenditure Statement for the year (i.e. the amount of pension earned by employees) the difference is taken to the Pensions Reserve. This item is shown as a reconciling item within the Movement in Reserves Statement. This means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Further information in respect of pensions is disclosed at note 39 to the Core Financial Statements.

xi. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xii. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

xiii. Financial Instruments

(a). Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For short-term borrowings and those from the PWLB this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

However, the LGS stock issued by the Council in 1995 is now carried at a lower amortised cost than the outstanding principal and interest is charged at a marginally higher effective rate of interest than the rate payable to stockholders as the balance of the material amount of costs incurred in its issue are being financed over the remaining life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Discounts and/or premiums incurred on the premature repayment or rescheduling of loans prior to April 2009 cannot be attributed to any existing debt and have been classified as over-hanging. The balances are being carried in the Financial Instruments Adjustment Account and will continue to be amortised to the General Fund and Housing Revenue Account over a period which represents the life of the loans repaid.

We have based our fair value report on the comparable new borrowing/deposit rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities.

(b). Financial Assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xiii. Financial Instruments continued

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a loan to a voluntary organisation at less than market rates (soft loan). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisation, with the difference serving to increase the amortised cost of the loan in the Balance sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained on the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices - independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised within the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Available-for-Sale Reserve.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xiii. Financial Instruments continued

Where any assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

The Council has some War stock and Conversion Stock which are shown as long term investments on the balance sheet.

xiv. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xv. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xv. Intangible Assets continued

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meet this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines(s) in the Comprehensive Income and Expenditure Statement to reflect the pattern of consumption of benefits.

An asset is tested for impairment whenever there is an indication that it might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Interest in Companies and Other Entities

The Council has a small share-holding (£2,000) in Veritau North Yorkshire Limited which is a private limited company. Veritau Ltd owns 50% of the share capital and five district councils, one of which is Selby District Council, own 10% each. Due to the value involved this does not require the Council to prepare Group Accounts.

xvii. Inventories and Long Term Contracts

In accordance with proper accounting practice, inventories (stocks) are valued at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xviii. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of assets of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and the expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

The Council is in partnership with Ryedale, Hambleton, Richmondshire and Scarborough Councils for the delivery of Building Control services. Selby, Scarborough and Ryedale Councils have also entered into a partnership to jointly procure goods and services. Due to the small level of assets (reserves) that these partnerships have a decision has been taken by the partnership authorities to show as a disclosure note only the proportion of the income and expenditure relevant to each authority and their share of the reserve.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xviii. Jointly Controlled Operations and Jointly Controlled Assets continued

The Council is in partnership with Wigan Leisure and Cultural Trust (WLCT) for the delivery of Leisure Services in the District by WLCT. This arrangement for delivery of services is through the mechanism of jointly controlled assets.

xix. Leases

Leases are classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee. Whether the lease is a finance lease or an operating lease depends on the substance of the transaction rather than the contract. Leases are classed as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Land and building elements of a lease are considered separately for the purpose of lease classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where the fulfilment of the arrangement is dependant on the use of specific assets. This is referred to as an embedded lease (e.g. assets used in delivery of the Street Scene Contract).

(a). The Council as Lessee

Finance Leases - Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a deferred liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Any premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirement. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xix. Leases continued

(b). The Council as Lessor

Finance Leases - Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same area in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases - Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xx. Non-Domestic Rates (NDR) Income

With effect from 1 April 2013 the Government's localisation of business rates was introduced and the financing and accounting arrangements for NDR billing and income collection were changed. The following policy applies from 1 April 2013. In 2012/13 the accounting treatment was that of an agency agreement.

Selby District Council is a billing authority and as such is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates. The Fund's key features relevant to accounting for non-domestic rates in the core financial statements are:

In its capacity as a billing authority the Council acts as an agent: it collects and distributes NDR income on behalf of the government, major preceptors and itself. The major preceptors are North Yorkshire County Council and North Yorkshire Fire and Rescue Authority.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xx. Non-Domestic Rates (NDR) Income continued

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to the government and major preceptors. The amount credited to the General Fund under statute is the Council's pre-determined share for the year plus the Council's share of the surplus on the Collection Fund for the previous year or less its share of the deficit on the Collection fund for the previous year; and this amount may be more or less than the accrued income for the year in accordance with GAAP, although in practice the difference would usually be small.

NDR income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year.

The difference between the income included in the Comprehensive Income & Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Since collection of NDR is in substance an agency arrangement, the cash collected by the Council as billing authority from NDR debtors belongs proportionately to the billing authority, the government and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and the government and each major preceptor to be recognised since the net cash paid to the government and each major preceptor in the year will not be its share of cash collected from NDR payers.

If the net cash paid to the government and the major preceptors in the year is more than its proportionate share of net cash collected from NDR debtors/creditors in the year the Council as billing authority shall recognise a debit adjustment for the amount overpaid to the government and major preceptors in the year and the government and major preceptors shall recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year. If the cash paid to the government and the major preceptors is less than its proportionate share of net cash collected in the year from NDR debtors/creditors the Council as billing authority shall recognise a credit adjustment for the amount underpaid to the government and major preceptors in the year and the government and major preceptor shall recognise a debit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

The Cash Flow Statement of the Council includes in Revenue Activities cash flows only of its own share of NDR net cash collected from NDR debtors in the year; and the amount included for precepts paid excludes amounts paid to the government and major preceptors. The difference between the government and major preceptors' share of the net cash collected from NDR debtors and net cash paid to the government and major preceptors as precepts and settlement of the previous year's surplus or deficit on the Collection Fund is included as a net increase/decrease in other liquid resources.

xxi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xxi. Overheads and Support Services continued

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Net Cost of Services.

The main bases of allocation are outlined as follows:

- | | |
|--|--|
| <ul style="list-style-type: none">• Central Departments• Administrative Buildings• Computer (non staff)• Telephones / Postage / Copying | <ul style="list-style-type: none">- Estimated time spent by staff- Floor space occupied- Usage statistics- Actual usage |
|--|--|

xxii. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of changes in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

xxiii. Private Finance Initiative (PFI) Scheme

The Council entered into a 30 year PFI scheme in 2003 with South Yorkshire Housing Association. This arrangement has delivered 153 housing units to rent. PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under the contract are charged to the General Fund Revenue Account to reflect the value of services received in each financial year.

The accounting requirements for PFI are based on International Financial Reporting Standards IFRIC 12 "Service Concession Arrangements". This requires PFI assets that are currently off balance sheet to be reviewed and in most cases to be brought onto an organisations balance sheet during the PFI period not just at the end of it.

The Council has reviewed its PFI contract. The Council put land into the project and this is currently leased to South Yorkshire Housing Association (SYHA) on a 999 year lease. This land is included in the Council's Balance Sheet. The dwellings are the property of SYHA and will remain their property at the end of the 30 year period and are not therefore included in the Council's Balance Sheet.

PFI credits - Government grants received for the scheme in excess of current levels of expenditure are carried forward as an earmarked reserve to fund future contract expenditure.

xxiv. Property Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes on a continuing basis (more than one financial year).

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xxiv. Property Plant and Equipment continued

Recognition - Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will be of benefit to the Council and the services that it provides for more than one financial year and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged to revenue as an expense when it is incurred.

The Council has a de-minimis level for capital expenditure on assets of £5k, and generally will not treat expenditure on individual assets below this as capital and such expenditure will be charged to revenue. However individual assets below this level, such as IT equipment, which are subject to a rolling replacement programme may be grouped together to form an asset of significant value which will then be depreciated. In addition if the purchase of such de-minimis assets is funded from grant which requires them to be treated as capital then this will override the policy.

Measurement - Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until any such conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried on the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction - depreciated historical cost
- council dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets except for the new Civic Centre - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- new Civic Centre - due to its specialist nature, depreciated replacement cost.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value at the year end, but as a minimum every five years.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xxiv. Property Plant and Equipment continued

The Council commissioned this to be done during 2009/10, and all land and buildings (other than Council Dwellings) were revalued at 1 April 2009. In accordance with the Code, all land and buildings are subject to a 'desk top review' each year with any material changes being reflected in the balance sheet in the year in which they occur.

Council Dwellings were valued at 1 April 2011 in order to comply with Resource Accounting for the Housing Revenue Account and are also subject to annual 'desk top reviews' with material changes being reflected in the year in which they occur. The next full revaluation is due in April 2016.

Increases in values following the five yearly revaluations and annual desk top reviews are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

Componentisation - All Property assets containing a building are split into two components - Land and Buildings. The buildings are then further reviewed to assess if there are additional components which should be recognised. This assessment is based on the value of the building and the value of the components. A materiality level has been set below which this additional review will not be done. Only buildings with a valuation greater than £150,000 will be considered for componentisation. The cost of the component should be at least 20% of the value of the building. Components whose value is under this level will be considered if the circumstances are deemed appropriate. Componentisation will only be done either at the full 5 yearly valuation or when major capital improvements are undertaken.

Impairment - Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income & Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xxiv. Property Plant and Equipment continued

Depreciation - Depreciation is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets), and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the Valuer.
- vehicles, plant, furniture and equipment - straight-line allocation over the life of the asset, as advised by a suitably qualified officer.
- infrastructure - straight-line allocation over 25 years or less if appropriate.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale - When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are apportioned to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies continued

xxv. Provisions, Contingent Liabilities and Contingent Assets

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line(s) in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not included in the accounts but disclosed as a note to the accounts. Only material types of liability will be disclosed with an estimate of the financial effect where known and any uncertainties relating to amounts or timing.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. The disclosure will indicate the nature of the contingent asset and an estimate of its value.

xxvi Reserves

The Council maintains separate balances for the General Fund and Housing Revenue Account to or from which appropriations are made for annual surpluses or deficits.

The Council also sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

xxvi Reserves continued

Capital Reserves, consisting of the Major Repairs Reserve and Useable Capital Receipts can only be used for capital purposes and are not available for revenue purposes.

In addition certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits that do not represent usable resources for the Council. These reserves are explained in the relevant policies.

xxvii. Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

xxiii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been Issued but have not yet been adopted

Changes in accounting policies are retrospective unless alternative transitional arrangements are specified in the Code, i.e. the accounts have to be cleared of the effects of previous accounting policy and the new policy applied as if that policy had always been applied. This requires the recalculation of balances and comparative transactions to apply the policy from the date the income, asset or liability was first recognised. In addition, the Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code.

A complete set of financial statements is defined in the Code. This includes a Balance Sheet as at the beginning of the earliest comparative period (i.e. a third Balance Sheet) when an authority applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

The standards to be adopted in the 2014/15 Code of Practice are IFRS 10 (consolidated financial statements), IFRS 11 (joint arrangements), IFRS 12 (disclosure of interest in other entities), IAS 27 (separate financial statements), IAS 28 (investments in associates and joint ventures), IAS 32 (financial instruments: presentation) and annual improvements to IFRSs 2009-2011 cycle. The impacts of these new standards are set out in the following paragraphs.

The adoption of IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 will not require any changes to the Council's current Statement of Accounts as all current joint arrangements and interest in other entities are not financially material.

IAS 32 and the annual improvements to IFRS 2009-2011 cycle are not expected to have any implications on the Council's Accounting Policies or Statement of Accounts.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

3. Critical Accounting Judgements In Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Classification of Leases

The Council has undertaken an analysis to classify the leases that it holds both as a lessor and a lessee, as either operating or finance leases. In deciding whether these transactions score as leases and which type under the accounting arrangements for ISA 17 Leases it has been necessary to make judgements about the underlying economic substance of the lease agreement.

Arrangements Containing a Lease

The Council is deemed to control the assets that fall within contractual and other arrangements which involve the provision of a service using specific underlying assets and which are therefore considered to contain a lease. This affects the Street Scene and Leisure contracts. The accounting treatment for leases has been applied to these arrangements to determine whether the lease contained within them is a finance or operating lease and as a result additional assets are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Investment Properties (Commercial Property)

The Council reviewed its assets in accordance with the accounting policy and as a result determined that no properties should be disclosed as investment properties.

Heritage Properties

The Council reviewed its assets in accordance with the accounting policy and as a result determined that no properties should be disclosed as heritage properties.

Assets Held For Sale

The Council has reviewed all assets in accordance with the accounting policy and determined that no properties currently need to be reclassified.

4. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the following paragraphs.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

4. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty continued

Valuation and Revaluation of Property Plant and Equipment

Property, plant and equipment are revalued every five years. They are however, tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication for impairment. The impairment tests include whether there has been any material damage to the asset as well as an examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. The influence of external market factors on the value of assets are also reviewed annually. This work is undertaken by the valuers employed by the Council. If the actual results differ from the assumptions the value of property, plant and equipment will be over or understated. This would be adjusted at the full five yearly revaluation.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council fails to sustain its current maintenance programme there may be doubt around the useful lives assigned to assets. If the useful life of assets is reduced then depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by between £36k and £37k for the total dwellings stock for every year that useful lives had to be reduced.

The material judgement in choice of accounting policy for the valuation of the Council's dwellings stock. The dwellings stock constitutes the majority of the Council's property plant and equipment base. The guidance issued by the Department for Communities and Local Government permits two valuation methods: the Beacon Approach and the Discounted Cash Flow Approach. The Council has chosen the Beacon Approach which groups properties according to their type and values them accordingly at Open Market Value, then applies a multiplication factor of 31% to reflect Existing Use (Social Housing), as it is felt that this more accurately reflects the value of the stock.

The Council has also made a material judgement on the value level at which non land assets will be considered for componentisation. The threshold has been set at £150,000 and components will only be reflected if they constitute more than 20% of this total.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by North Yorkshire County Council (the Pension Fund Administrators) on behalf of the Council to provide the expert advice about the assumptions that are to be applied.

The effects on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £937k, while a 0.1% increase in inflation assumptions would result in an increase in the pension liability of £953k.

However, the assumptions interact in complex ways. During 2013/14 the actuaries advised that the net pensions liability was based on the 2013 actuarial valuation.

Arrears

At 31 March 2014, the Council had a sundry debtors balance of £522k. A review of the significant balances suggested that an impairment of doubtful debts of 5% for debts over 30 days, 15% over 60 days, 40% for those over 90 and less than 364 days and 90% for those over 364 days was appropriate. The impact of the current economic climate is being kept under review to enable an assessment to be made as to whether or not this allowance is sufficient for debt up to 364 days.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

4. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty continued

If collection rates were to deteriorate, a doubling of the amount of impairment for doubtful debts would require an additional £27k to be set aside as an allowance.

The provision for bad and doubtful Council Tax debts is 23.8% of total arrears and has been calculated using prescribed formula. It is considered to be an adequate provision, and the Council includes its share of this sum in its balance sheet. The provision for bad and doubtful debts for national non-domestic rates has been calculated by a detailed analysis of the status of the debtor, including whether or not it is still trading. A provision equal to 57% of total arrears has been made, and the Council includes its share in its balance sheet.

Business Rates Appeals

The introduction of the Business Rates Retention Scheme from 1 April 2013 has led to local authorities being liable for their proportionate share of the cost of any successful appeals against business rates charged for all years, including those prior to 1 April 2013. The estimate has been calculated using details of appeals lodged with the Valuation Office and historic data on previous successful appeals.

Employee Benefits Accrual

The employee benefits accrual cost was calculated for years from 2008/09 to 2013/14. There is little or no variation year on year. The amount involved is deemed not to be material and therefore no accrual has been included within the accounts. The calculation will be performed and reviewed each year and should it be deemed material an accrual will be made in the accounts.

5. Material Items of Income & Expenditure

The Comprehensive Income and Expenditure Statement includes the following items that are material in the context of the overall income and expenditure of the Council, or are otherwise variable in nature:

2012/13 £'000		2013/14 £'000
16,661	Housing benefits	16,598
4,777	Council tax benefit	-
-	Impairment General Fund - Leisure Centre	592

The Council paid out a total of £16.598m in housing benefits in 2013/14 (£16.661m in 2012/13), this was funded by government subsidy. The expenditure on council tax benefits in 2012/13 was also funded by government subsidy. The accounting arrangements for council tax benefit changed in 2013/14 and it is no longer a cost to the Council's income and expenditure accounts.

Impairments costs were incurred in 2013/14 relating to the demolition of the remains of the former Abbey Leisure Centre which was partially destroyed in a fire in February 2012.

The new accounting rules for national non-domestic rates led to a notional profit being shown in the Comprehensive Income and Expenditure Statement due to the requirement to reflect the original estimate for the year rather than the out-turn in the accounts. This has been transferred to an Earmarked Reserve so that there is no impact on the Council's General Fund Balance.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director s151 on 4 September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

6. Events After the Balance Sheet Date continued

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2014 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

The Council established Selby and District Housing Trust as a company limited by guarantee, on 29 May 2013. The company is independent from the council although the Council may appoint up to 3 trustees to the board of 7 trustees. Subject to the necessary consent being obtained, it is the Council's intention to transfer land holdings to the trust for affordable housing development and to support such development through prudential borrowing should this be required. Two offers have been made to the Trust subject to contract and work is progressing on finalising the contractual arrangements.

7. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance. The General Fund is the statutory fund into which all the receipts of a council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding Housing Revenue Account services.

Housing Revenue Account Balance. This reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or, if in deficit, that is required to be recovered from tenants in future years.

Major Repairs Reserve. The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve. This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied. This reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2013/14	General Fund Balances £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>						
Charges for depreciation and impairment of non-current assets	(2,089)	(1,577)	-	-	-	3,666
Revaluation losses on Property, Plant and Equipment	-	-	-	-	-	-
Movements in the fair value of Investment Properties	-	-	-	-	-	-
Amortisation of intangible assets	(81)	(6)	-	-	-	87
Capital grants and contributions applied	1,572	-	-	-	-	(1,572)
Revenue expenditure funded from capital under statute	(130)	-	-	-	-	130
Soft Loans	5	-	-	(20)	-	15
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	(26)	(537)	-	-	-	563
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>						
Statutory provision for the financing of capital investment	593	5	-	-	-	(598)
Capital expenditure charged against the General Fund and HRA Balances	987	-	-	-	-	(987)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(16)	783	-	(767)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	148	-	(148)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	(21)	-	21	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(350)	-	-	350	-	-

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2013/14	General Fund Balances £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	(5)	-	5
Adjustments primarily involving the Major Repairs Reserve:						
Transfer from the HRA to meet future capital and debt redemption costs	-	5,126	(5,126)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	3,977	-	-	(3,977)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1	-	-	-	-	(1)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 39)	(1,415)	(582)	-	-	-	1,997
Employer's pensions contributions and direct payments to pensioners payable in the year	1,028	199	-	-	-	(1,227)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(3,084)	-	-	-	-	3,084
Cost of Services	(3,005)	3,390	(1,149)	(273)	-	1,037

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2012/13	General Fund Balances £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>						
Charges for depreciation and impairment of non-current assets	(1,374)	(5,292)	-	-	-	6,666
Revaluation losses on Property, Plant and Equipment	-	-	-	-	-	-
Movements in the fair value of Investment Properties	-	-	-	-	-	-
Amortisation of intangible assets	(40)	(18)	-	-	-	58
Capital grants and contributions applied	19	16	-	-	-	(35)
Revenue expenditure funded from capital under statute	(70)	-	-	-	-	70
Soft Loans	-	-	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	(1)	(333)	-	-	-	334
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>						
Statutory provision for the financing of capital investment	592	5	-	-	-	(597)
Capital expenditure charged against the General Fund and HRA Balances	258	-	-	-	-	(258)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	516	456	-	(972)	-	-
Transfer of insurance receipts	3,450	-	-	(3,450)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	843	-	(843)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	(13)	-	13	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(242)	-	-	242	-	-

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2012/13	General Fund Balances £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	(7)	-	7
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	4,741	(4,741)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	4,320	-	-	(4,320)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1	-	-	-	-	(1)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 39)	(1,539)	(368)	-	-	-	1,907
Employer's pensions contributions and direct payments to pensioners payable in the year	1,004	197	-	-	-	(1,201)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(19)	-	-	-	-	19
Cost of Services	2,555	(609)	(421)	(3,331)	-	1,806

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

8. Earmarked Reserves

The Council has reserves which have been set up voluntarily to earmark resources for future spending plans. This note sets out the amounts set aside from the General Fund and the Housing Revenue Account during the accounting period and the amounts posted back to meet General Fund and Housing Revenue Account expenditure over the same period. The major reserves, and the intended purpose of those reserves are described in more detail below:

	Balance at 31-Mar-12 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31-Mar-13 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31-Mar-14 £'000	See Notes Below
General Fund								
Access Selby	(263)	250	(425)	(438)	-	(202)	(640)	8.1
Building Repairs	(461)	28	(130)	(563)	19	(130)	(674)	8.2
Business Rates Equalisation	-	-	(300)	(300)	158	(3,468)	(3,610)	8.3
Car Loan Bonds	(5)	-	-	(5)	-	-	(5)	8.4
Carried Fw'd Budgets	(857)	857	(906)	(906)	906	(1,029)	(1,029)	8.5
Commutation Surplus	(5)	1	-	(4)	-	-	(4)	8.6
Contingency	(553)	-	-	(553)	-	-	(553)	8.7
Discretionary RR Fund	-	-	(300)	(300)	-	-	(300)	8.8
District Election	(37)	-	(30)	(67)	-	(30)	(97)	8.9
ICT Replacement	(511)	165	(334)	(680)	250	(200)	(630)	8.10
Industrial Units	(51)	-	(7)	(58)	1	(3)	(60)	8.11
NYCC Collaboration	-	-	(250)	(250)	-	-	(250)	8.12
Pensions Reserve	(200)	-	(200)	(400)	-	(200)	(600)	8.13
PFI Scheme	(2,423)	363	(363)	(2,423)	376	(359)	(2,406)	8.14
Planning Inquiries	(100)	-	-	(100)	-	-	(100)	8.15
Programme for Growth	(1,404)	-	(1,112)	(2,516)	660	(1,128)	(2,984)	8.16
ROS Maintenance	(11)	-	-	(11)	-	-	(11)	8.17
Sherburn Amenity Land	(10)	-	-	(10)	-	-	(10)	8.18
Spend to Save	(250)	57	(119)	(312)	159	(119)	(272)	8.19
Tadcaster Central Area	(474)	8	-	(466)	193	-	(273)	8.20
Transport Renewal Fund	(161)	164	(3)	-	-	-	-	8.21
Wheeled Bin Hardship	(18)	-	-	(18)	-	-	(18)	8.22
Total	(7,794)	1,893	(4,479)	(10,380)	2,722	(6,868)	(14,526)	
Housing Revenue Account								
Carried Fw'd	(1,083)	1,083	(936)	(936)	936	(398)	(398)	8.5
Total	(1,083)	1,083	(936)	(936)	936	(398)	(398)	

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

8. Earmarked Reserves continued

- 8.1. Access Selby is a fund to hold savings achieved to date to provide resources for the delivery of services in future years.
- 8.2. The Building Repairs reserve has been created to fund repairs and improvements to the Corporate Buildings, Depots and Leisure Centres.
- 8.3. The Business Rates Equalisation reserve is to provide protection should the Council suffer early losses before the funding safety net is reached.
- 8.4. The Car Loans Bond reserve exists to cover the potential event that an employee defaults on the repayment of their car loan.
- 8.5. A reserve to provide resources to fund budgets carried forward into 2014/15 for schemes which have been delayed from 2013/14.
- 8.6. The Commutation Reserve holds the balance of monies received when DCLG repaid debt on behalf of the Council in respect of Improvement Grants in 1993. This is being transferred to General Fund over the life of the loans repaid.
- 8.7. To fund contingency items throughout the year.
- 8.8. The Discretionary RR Fund has been created to meet the costs of the new policy.
- 8.9. To spread the cost of funding expenditure on the District Elections every 4 years.
- 8.10. The ICT Replacement reserve is to fund the purchase new computer equipment and upgrade of systems.
- 8.11. To hold funds paid by industrial unit tenants for repairs and maintenance.
- 8.12. The NYCC Collaboration reserve has been created to meet implementation costs of the project.
- 8.13. To dampen the impact of future years' employers pensions costs increases.
- 8.14. To hold government grant and SDC contributions to pay for the housing PFI project .
- 8.15. To fund costs associated with Planning Inquiries.
- 8.16. The Programme for Growth reserve provides funds for capital or 'one-off' revenue projects.
- 8.17. The ROS Maintenance reserve holds funds received through S106 agreements for recreation and open spaces maintenance.
- 8.18. Balance of budget required for works on land at Sherburn undertaken during 1996.
- 8.19. The Spend to Save reserve provides 'up front' investment for initiatives that generate revenue budget savings.
- 8.20. The Tadcaster Central Area reserve has been created to provide funds for its redevelopment.
- 8.21. Following a review the balance on the Transport Renewal Fund was transferred to the ICT replacement reserve.
- 8.22. The Wheeled Bins Hardship Fund provides bins for those on low income/pensions who cannot afford to purchase.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

9. Other Operating Expenditure

2012/13 £'000		2013/14 £'000
1,442	Payments of Precepts to Parishes	1,519
1,461	Levies payable (Drainage Boards)	1,479
242	Contribution of Housing Capital Receipts to Government Pool	350
(610)	(Gain) / Loss on Disposal of Non-Current Assets	(199)
-	(Gain) / Loss on Disposal of Intangible Assets	-
2,535	Total	3,149

10. Financing and Investment Income and Expenditure

2012/13 £'000		2013/14 £'000
2,483	Interest Payable on Debt	2,567
42	Interest Element of Finance Leases	37
1,041	Net interest on the net defined benefit liability	1,049
(328)	Investment Interest Income	(255)
3,238	Total	3,398

11. Taxation and Non-Specific Grant Income

2012/13 £'000		2013/14 £'000
(6,300)	Council Tax	(5,864)
-	Non-domestic Rates	(14,436)
-	NDR top-ups/tariffs and safety net income	12,758
(91)	Revenue Support Grant	(3,229)
(4,705)	Non-domestic Rates Redistribution	-
-	Small Business Empty Property Rate Relief	(303)
(114)	Local Services Support Grant	-
(1,069)	Non Service Related Government Grants	(1,414)
(3,466)	Recognised Capital Grants and Contributions	(1,568)
(15,745)	Total	(14,056)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

**12. Property, Plant and Equipment
Movement on Fixed Assets**

The table below and on the following page show the movement in value of the Council's non-current assets. The value of the Council's housing stock, and other properties owned by the Council are valued annually by a qualified firm of external valuers, either by way of a desk top review exercise, or a full valuation (carried out every 5 years). They also indicate the extent that any capital expenditure carried out on the housing stock has affected the value of individual properties. The adjustment to the opening leases balance reflects the derecognition of vehicles no longer used within the Council's Street Scene Contract.

2013/2014	PROPERTY PLANT AND EQUIPMENT									
	Council Dwellings £'000	Other Land and Buildings £'000	Assets under Construction £'000	Surplus Assets £'000	Infra-structure £'000	Community Assets £'000	Vehicles Plant & Equipment £'000	Total Valued Assets £'000	Leased Vehicles & Equipment £'000	Total £'000
Tangible Assets										
Cost or Valuation at 31 March 2013	97,182	20,177	242	303	298	198	5,081	123,481	2,681	126,162
Adjustment to opening balance	-	(4,949)	-	-	(19)	-	(3,133)	(8,101)	(12)	(8,113)
Movement in 2013/2014										
Additions	3,977	534	1,793	-	1	-	237	6,542	11	6,553
Transfers	-	329	-	(303)	-	(26)	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	1	513	-	-	-	-	-	514	-	514
Revaluation increases/ (decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(1,957)	(989)	-	-	-	-	-	(2,946)	-	(2,946)
Derecognition - disposals	(545)	-	-	-	-	-	(56)	(601)	-	(601)
Value as at 31 March 2014	98,658	15,615	2,035	-	280	172	2,129	118,889	2,680	121,569
Accumulated Depreciation and Impairment										
at 31 March 2013	(1,636)	(4,949)	(7)	(195)	(94)	(36)	(4,326)	(11,243)	(1,153)	(12,396)
Adjustment to opening balance	-	4,949	-	-	19	-	3,133	8,101	6	8,107
Movement in 2013/2014										
Transfers	-	(195)	-	195	-	-	-	-	-	-
Depreciation for the Year	(1,204)	(473)	-	-	(25)	(2)	(194)	(1,898)	(413)	(2,311)
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,636	-	-	-	-	-	-	1,636	-	1,636
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	(328)	-	-	-	-	-	(328)	-	(328)
Impairment losses/(reversals) recognised in the (Surplus)/ Deficit on the Provision of Services	-	-	(45)	-	-	-	-	(45)	-	(45)
Derecognition - disposals	7	-	-	-	-	-	28	35	-	35
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-
Value as at 31 March 2014	(1,197)	(996)	(52)	-	(100)	(38)	(1,359)	(3,742)	(1,560)	(5,302)
Net Book Value										
at 31 March 2014	97,461	14,619	1,983	-	180	134	770	115,147	1,120	116,267
at 31 March 2013	95,546	15,228	235	108	204	162	755	112,238	1,528	113,766

12. Property, Plant and Equipment continued

Movement on Fixed Assets continued

2012/13	PROPERTY PLANT AND EQUIPMENT									
	Council Dwellings £'000	Other Land and Buildings £'000	Assets under Construction £'000	Surplus Assets £'000	Infra-structure £'000	Community Assets £'000	Vehicles Plant & Equipment £'000	Total Valued Assets £'000	Leased Vehicles & Equipment £'000	Total £'000
Tangible Assets										
Cost or Valuation at 31 March 2012	96,785	19,252	75	302	298	198	4,946	121,856	3,040	124,896
Adjustment to opening balance	(63)	63	-	-	-	-	-	-	(704)	(704)
Movement in 2012/13										
Additions	4,336	628	167	-	-	-	136	5,267	345	5,612
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	222	-	-	-	-	-	222	-	222
Revaluation increases/ (decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(3,538)	12	-	1	-	-	-	(3,525)	-	(3,525)
Derecognition - disposals	(338)	-	-	-	-	-	(1)	(339)	-	(339)
Value as at 31 March 2013	97,182	20,177	242	303	298	198	5,081	123,481	2,681	126,162
Accumulated Depreciation and Impairment										
at 31 March 2012	(10)	(3,847)	(7)	(183)	(69)	(34)	(4,096)	(8,246)	(1,307)	(9,553)
Adjustment to opening balance	-	-	-	-	-	-	-	-	558	558
Movement in 2012/13										
Depreciation for the Year	(1,155)	(374)	-	(1)	(25)	(2)	(230)	(1,787)	(404)	(2,191)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	(236)	-	-	-	-	-	(236)	-	(236)
Impairment losses/(reversals) recognised in the (Surplus)/ Deficit on the Provision of Services	(475)	(492)	-	(11)	-	-	-	(978)	-	(978)
Derecognition - disposals	4	-	-	-	-	-	-	4	-	4
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-
Value as at 31 March 2013	(1,636)	(4,949)	(7)	(195)	(94)	(36)	(4,326)	(11,243)	(1,153)	(12,396)
Net Book Value										
at 31 March 2013	95,546	15,228	235	108	204	162	755	112,238	1,528	113,766
at 31 March 2012	96,775	15,405	68	119	229	164	850	113,610	1,733	115,343

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

13. Depreciation Methodologies

Depreciation is generally provided on all non-current assets other than freehold land, and is charged from the date of purchase up to the date of disposal. Enhancements to the Council housing stock are assumed to take place at the start of the year. The Council depreciates its assets on a straight line basis over the expected life of the asset after allowing for a residual value. An external valuer has assessed the useful life of all Council owned buildings, which have been determined as follows:

	Estimated Useful Life (years)
Buildings	
Council Dwellings - Traditional Construction	60
Council Dwellings - Non-Traditional Construction	20 - 40
Garages	15
Operational Buildings	15 - 60
Non-Operational Buildings	30 - 55
Other Assets	
Vehicles, Plant & Equipment	3 - 10

14. Commitments Under Capital Contracts

The Council is required to disclose any significant commitments under capital contracts. These commitments relate to contractual obligations entered into but not discharged by 31 March 2014, and commitments to meet items in the proposed capital programme where contracts have not been entered into, which are not already reflected within the accounts.

The Council has authorised expenditure in future years of £22.271m. The table below analyses this sum into those schemes which were contractually committed at 31 March 2014 and those which are approved to proceed but where contracts have not yet been agreed.

	Expenditure approved and contracted at 31-Mar-14 £'000	Expenditure approved to proceed but not contracted at 31-Mar-14 £'000	Period of Investment
Equipment & IT Software	67	924	1-3 years
Home Improvement & Repair Grants	-	990	1-3 years
Modernisations to HRA land & buildings	4,833	4,470	1-3 years
Leisure Centre Re-Build & All-Weather Pitch	5,169	250	1-3 years
New Build Projects	-	5,600	1-3 years
Collapsed Culvert - Portholme Road	-	150	1-3 years
Programme for Growth Projects	-	188	1-3 years
Total	10,069	12,572	

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

15. Revaluations

The following statement shows the progress of the Council's programme for the revaluation of assets. The valuation of council dwellings, other land and buildings, is carried out by G Tyerman BSc, MRICS of Mouchel Parkman, who are external valuers. The basis of valuation is set out in the statement of accounting policies and the numbers below include the desktop review. No revaluation is undertaken in relation to Vehicles, Plant, Furniture and Equipment.

The five yearly full inspection and revaluation for all Land and Buildings other than Council Dwellings took place in 2009/10, Council dwellings were revalued in 2011/12.

	Council Dwellings £'000	Other Land and Buildings £'000	Total £'000
Valued at historical cost:	-	-	-
Valued at current value :	97,461	14,619	112,080

16. Intangible Assets

2012/13				2013/14		
Software Licenses £'000	Other Intangible £'000	Total £'000		Software Licenses £'000	Other Intangible £'000	Total £'000
			Balance at start of year			
550 (449)	145 (118)	695 (567)	Original Cost	634	145	779
			Accumulated amortisation	(491)	(134)	(625)
101	27	128	Net carrying amount at start of year	143	11	154
84	-	84	Expenditure in Year	-	-	-
-	-	-	Disposals in Year	(305)	(34)	(339)
(42)	(16)	(58)	Amortisation for the year	(76)	(11)	(87)
-	-	-	Amortisation derecognised on disposal	305	34	339
143	11	154	Net carrying amount at end of year	67	-	67
			Comprising:			
634 (491)	145 (134)	779 (625)	Gross carrying amounts	329	111	440
			Accumulated amortisation	(262)	(111)	(373)
143	11	154		67	-	67

The intangible assets set out in the previous table relate to current IT projects. Software licences are held for the Access to Services, Planning Public Access, Internal / External e-mail, CAPS, Finance, Revenues & Benefits and Housing IT projects. Other Intangibles mainly relate to consultancy costs for these projects. The assets are shown at historical cost and will be amortised over 5 years on a straight line basis. In accordance with the Council's policy, amortisation will occur from the date of purchase.

The amortisation cost of Housing Revenue Account (HRA) intangible assets directly attributable to the HRA is £6k (£18k 2012/13). However through the allocation of CEC charges for corporate buildings and projects both the HRA and General Fund receive a share of these costs and it is not possible to tell where these go.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

17. Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. Notes 19 and 43 provide further information.

	Long-Term		Current	
	31-Mar-13 £'000	31-Mar-14 £'000	31-Mar-13 £'000	31-Mar-14 £'000
Investments				
Loans and receivables	6,054	4,011	9,147	8,064
Available-for-sale financial assets	20	19	-	-
Total investments	6,074	4,030	9,147	8,064
Debtors				
Loans and receivables	287	260	34	19
Financial assets carried at contract amounts	-	-	4,943	2,808
Total included in Debtors	287	260	4,977	2,827
Borrowings				
Financial Liabilities at amortised cost	(60,299)	(60,299)	(215)	(215)
Total included in Borrowings	(60,299)	(60,299)	(215)	(215)
Other Long-Term Liabilities				
Finance lease liabilities	(1,140)	(737)	(405)	(406)
Total Other Long-Term Liabilities	(1,140)	(737)	(405)	(406)
Creditors				
Financial liabilities carried at contract amounts	-	-	(1,033)	(2,509)
Total Creditors	-	-	(1,033)	(2,509)
Cash and Cash Equivalents				
Financial assets carried at contract amounts	-	-	1,385	10,706
Total Cash and Cash Equivalents	-	-	1,385	10,706

18. Long Term Debtors

	Long-Term		Current	
	31-Mar-13 £'000	31-Mar-14 £'000	31-Mar-13 £'000	31-Mar-14 £'000
Soft Loans	51	40	10	7
Employee Loans	16	6	14	10
Mortgages - Ex Council Houses	2	-	4	2
Repair Assistance Loans	218	214	6	-
Total Long Term Debtors	287	260	34	19

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

19. Financial Instruments Gains, Losses and Fair Values

The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

2012/13					2013/14			
Financial Liabilities	Financial Assets		Total		Financial Liabilities	Financial Assets		Total
Liabilities at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	Total £'000		Liabilities at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	Total £'000
2,524	-	-	2,524	Interest Expense	2,604	-	-	2,604
-	-	-	-	Losses on derecognition	-	-	-	-
-	-	-	-	Impairment Losses	-	-	-	-
2,524	-	-	2,524	Interest Payable & Similar Charges	2,604	-	-	2,604
-	(315)	(1)	(316)	Interest income	-	(248)	(1)	(249)
-	-	-	-	Gains on derecognition	-	-	-	-
-	(315)	(1)	(316)	Interest & Investment Income	-	(248)	(1)	(249)
-	-	-	-	Gains on Revaluation	-	-	-	-
-	-	-	-	Losses on Revaluation	-	-	2	2
-	-	-	-	Amounts recycled to the I&E Account after impairment	-	-	-	-
-	-	-	-	Surplus arising on the revaluation of financial assets	-	-	2	2
2,524	(315)	(1)	2,208	Net gain/(loss) for the year	2,604	(248)	1	2,357

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Previously the Council has used the fair value calculation provided by Sector Treasury Services for consistency as it has both PWLB and Market Debt. Sector uses the new borrowing rate, whereas the PWLB uses the premature repayment rate which gives a variation in the valuation. The PWLB fair value of its debt is £59.6m, the Sector fair value for the same debt is £47.4m. As the PWLB borrowing is now the major amount of the debt held valuations using both methods have been shown below for comparison.

- (a) estimated interest rates at 31 March 2014 of 1.35% - 4.31% for PWLB borrowing, 2.92% for LGS Stock.
- (b) estimated interest rates of between 0.55% and 3.20% for external loans receivable interest for deposits placed with financial institutions;
- (c) in addition mortgages advanced to council tenants under the right to buy, the interest free loan to the voluntary services for the community house project, home improvement loans and employee car loans, which form part of the loans receivable total, are valued at carrying amount;
- (d) no early repayment or impairment is recognised;
- (e) where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- (f) the fair value of trade and other receivables is taken to be the invoiced or billed amount;

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

19. Financial Instruments Gains, Losses and Fair Values continued

The fair values calculated using Sector's method are as follows:

	31 March 2013		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities	60,515	59,653	60,515	56,178

The fair values calculated using PWLB's method are as follows:

	31 March 2013		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities	60,515	69,827	60,515	68,398

The fair value is higher than the carrying amount because the authority's portfolio of loans are all at fixed rates where the interest rate payable is higher than for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2013		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	(15,525)	(15,566)	(12,354)	(12,413)

The fair value is marginally lower than the carrying amount because the authority's portfolio of investments consists of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the balance sheet date. This guarantee to receive interest at around current market rates reduces the amount that the authority would receive if it agreed to early repayment of the loans.

20. Inventories

The stock held by the Council is classified into two categories: other, which includes stock of stationery and railcards for the elderly; and supplies for building maintenance which is used on council dwellings.

	Other		Building Maintenance		Total	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	6	10	14	8	20	18
Purchases in Year	40	-	254	272	294	272
Usage in Year	(36)	(10)	(260)	(273)	(296)	(283)
Closing Balance	10	-	8	7	18	7

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

21. Debtors & Prepayments

31-Mar-13 £'000		31-Mar-14 £'000
443	Amounts falling due in one year:	
363	Central Government Bodies	4,967
6,102	Other Local Authorities	995
	Other Entities and Individuals	5,072
6,908		11,034
(713)	Less Provision for Bad Debts	(1,257)
6,195	Total	9,777

22. Cash and Cash Equivalents

	Balance at 31-Mar-13 £'000	Balance at 31-Mar-14 £'000	Cash Movement £'000
Cash in hand	1	1	-
Cash at bank / (overdrawn)	1,384	1,381	(3)
Cash Equivalents	-	9,324	9,324
Total	1,385	10,706	9,321

23. Creditors

31-Mar-13 £'000		31-Mar-14 £'000
(813)	Central Government Bodies	(6,129)
(73)	Other Local Authorities	(145)
(2,022)	Other Entities and Individuals	(3,181)
(503)	Section 106 Receipts (see note 23.1)	(501)
(3,411)	Total	(9,956)

23.1. Section 106 Receipts

Section 106 receipts are monies paid to the Council by Developers as a result of the grant of planning permission, where works are required to be carried out or new facilities provided as a condition of that permission (e.g. creation of a play area). The sums are restricted to being spent only in accordance with the agreement concluded with the Developer. The balances of Section 106 receipts held by the Council during the year were as shown in the following table.

	Balance at 31-Mar-13 £'000	Income £'000	Expenditure £'000	Balance at 31-Mar-14 £'000
Open Space Schemes	(323)	(115)	118	(320)
Health Care Facilities	(66)	-	-	(66)
Education	(3)	-	-	(3)
Public Transport / Traffic	(82)	-	-	(82)
Waste & Recycling	(29)	(16)	15	(30)
Total	(503)	(131)	133	(501)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

23.1. Section 106 Receipts continued

Parish Councils can apply for the release of funds from the Open Space Schemes monies applicable to their Parish by submitting a proposed scheme to the Council. On approval of the scheme the monies will be paid over to the Parish Council in staged payments. The contributions from Developers relating to traffic management, public transport, education and health care schemes are received by the Council and then paid over to the appropriate authority.

24. Provisions

	NNDR Appeals £'000	Total £'000
Balance at 1 April 2013	-	-
Additional provisions made in 2013/14	(514)	(514)
Amounts used in 2013/14	-	-
Unused amounts reversed in 2013/14	-	-
Balance at 31 March 2014	(514)	(514)

The NNDR Appeals provision is a result of the new Business Rates Retention Scheme. The Council is now liable for its proportionate share of the cost of refunds for successful appeals against business rates for 2013/14 and all earlier financial years. The provision has been recognised at the best estimate of the amount that may be refunded should the appeals be successful. The estimate has been calculated using the Valuation Office ratings list of appeals and an analysis of successful appeals to date, with an assumption that as the rating list is almost five years old most appeals will have been submitted and will be settled shortly.

25. Usable Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans. These Reserves can be analysed between Usable (i.e. the balances are available to support the delivery of Council Services) and Unusable (i.e. they are kept to manage accounting processes for non-current assets, financial instruments, and retirement benefits and do not represent usable resources for the Authority). Unusable Reserves are detailed in note 26.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, and set out in detail in note 7. Descriptions of each reserve are shown after the table.

2012/13 £'000		2013/14 £'000	Note
	Usable Reserves		
(1,545)	General Fund	(1,674)	25.1
(11,316)	Earmarked Reserves	(14,924)	25.2
(1,187)	Housing Revenue Account - Core	(1,187)	25.3
(504)	Housing Revenue Account - Access Selby	(912)	25.3
(1,292)	Major Repairs Reserve	(2,441)	25.4
(3,836)	Capital Receipts Reserve	(4,109)	25.5
(228)	Capital Grants Unapplied	(228)	25.6
(19,908)	Total	(25,475)	

25.1. General Fund

This is a non-earmarked balance which is set aside to cover unforeseen events and the risk of inflation increases. The Council has a minimum level for this balance set at £1.5m. Any amounts above this may be used to support the budget and future council tax levels within the context of the Council's financial strategy.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

25. Usable Reserves continued

25.2. Earmarked Reserves

The Council has reserves which have been set up voluntarily to earmark resources for future spending plans. The details of these reserves are set out in note 8.

25.3. Housing Revenue Account

These are non-earmarked balances which are set aside to cover unforeseen events and the risk of inflation increases within the Housing Revenue Account. The Council has a minimum level for these balances set at £1.5m for the two. Any amounts above this may be used to support the budget within the context of the Council's financial strategy.

25.4. Major Repairs Reserve

This is an earmarked balance which is used to support capital expenditure on the Council's Housing stock. It's purpose is to hold funds for the housing capital programme or the repayment of HRA debt until such time as they are required.

25.5. Capital Receipts Reserve

Usable capital receipts are created from the income arising from the sale of non-current assets and other capital income including the sale of intangible assets which are assets that have no physical substance, receipts from loans, right to buy discounts and covenants which are used to finance capital expenditure. They are held in this reserve until such time as they are required.

25.6. Capital Grants Unapplied Reserve

This reserve holds grants and contributions that the Council has received from central government and other organisations towards the costs of capital expenditure that have not been used at the balance sheet date, but which will be used in the future. The contributions held in this reserve do not have conditions attached to either the timing of their use or the purpose for which they may be utilised or both.

26. Unusable Reserves

Unusable reserves are those that are kept to manage accounting processes for non-current assets, financial instruments, and retirement benefits and do not represent usable resources for the Authority. Usable Reserves are detailed in note 25.

Details of each of the reserves, together with movements in the year, are shown after the table.

2012/13 £'000		2013/14 £'000	Note
	Unusable Reserves		
	Revaluation Balances		
(1,986)	Revaluation Reserve	(2,098)	26.1
2	Available-for-Sale Financial Instruments Reserve	4	26.2
	Adjustment Accounts		
(49,570)	Capital Adjustment Account	(52,460)	26.3
17	Financial Instruments Adjustment Account	11	26.4
(7)	Deferred Capital Receipts Reserve	(2)	26.5
25,595	Pensions Reserve	17,957	26.6
(134)	Collection Fund Adjustment Account	2,950	26.7
(26,083)	Total	(33,638)	

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

26. Unusable Reserves continued

26.1. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2012/13 £'000		2013/14 £'000
(2,074)	Balance brought forward at 1 April	(1,986)
(222)	Upwards revaluation of assets	(514)
236	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	328
14	Surplus/(Deficit) on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	(186)
74	Difference between fair value depreciation and historical cost depreciation	74
-	Accumulated gains on assets sold or scrapped	-
74	Amount written off to the Capital Adjustment Account	74
(1,986)	Balance carried forward at 31 March	(2,098)

26.2. Available-for-Sale Financial Instruments Reserve

The available-for-sale financial instruments reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised.

2012/13 £'000		2013/14 £'000
2	Balance brought forward at 1 April	2
-	Upward revaluation of investments	2
-	Downward revaluation of investments not charged to the surplus/deficit on the Provision of Services	-
-	Total movement on the reserve in Year	2
2	Balance carried forward at 31 March	4

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

26. Unusable Reserves continued

26.3. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2012/13 £'000		2013/14 £'000
(50,571)	Balance brought forward at 1 April	(49,570)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
6,666	Charges for depreciation and impairment of non-current assets	3,666
58	Amortisation of intangible assets	87
70	Revenue expenditure funded from capital under statute	130
334	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	563
7,128		4,446
(74)	Adjusting amounts written out of the Revaluation Reserve	(74)
7,054	Net written out amount of the cost of non-current assets consumed in the year	4,372
	Capital financing applied in the year:	
(843)	Use of the Capital Receipts Reserve to finance new capital expenditure	(148)
(4,320)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,977)
(35)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,568)
-	Application of grants to capital financing from the Capital Grants Unapplied	(4)
(197)	Minimum Revenue Provision - Borrowing	(193)
(400)	Minimum Revenue Provision - Leases	(405)
(258)	Capital expenditure financed from revenue	(987)
(6,053)	Total capital financing applied in the year	(7,282)
-	Soft Loan Adjustment	20
(49,570)	Balance carried forward at 31 March	(52,460)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

26. Unusable Reserves continued

26.4. Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council has used the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed in 1992 and 2001. The transfer in 2013/14 is the final transaction.

2012/13 £'000		2013/14 £'000
18	Balance brought forward at 1 April	17
(1)	Overhanging Loan Premiums	(1)
-	Soft Loan adjustment	(5)
(1)	Total movement on the account in Year	(6)
17	Balance carried forward at 31 March	11

The Available-for-Sale Financial Instruments Reserve and the Financial Instruments Adjustment Account are two reserves that help to manage the accounting requirements for financial instruments. Financial instruments are required to be carried at fair value and the outcome of proper accounting practices for the Comprehensive Income and Expenditure Statement is different from that required for assessing the impact on local taxes. These reserves are matched by borrowings and investments within the Balance Sheet and are not resources available to the Council.

26.5. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal on non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. They arise principally from mortgages on sales of Council Houses which form the part of loans and receivables in notes 20 and 21.

2012/13 £'000		2013/14 £'000
(14)	Balance brought forward at 1 April	(7)
7	Principal Repayments in year transferred to the Capital Receipts Reserve	5
(7)	Balance carried forward at 31 March	(2)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

26. Unusable Reserves continued

26.6. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2012/13 Restated £'000		2013/14 £'000
21,853	Balance brought forward at 1 April	25,595
3,036	Remeasurement of the net defined benefit liability	(8,408)
1,907	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,997
(1,201)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,227)
25,595	Balance carried forward at 31 March	17,957

26.7. Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The entry for 2012/13 relates to council tax income only as the financing and accounting requirements for non-domestic rates changed with effect from 1 April 2013.

2012/13 £'000		2013/14 £'000
(153)	Balance brought forward at 1 April	(134)
19	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	3,084
(134)	Balance carried forward at 31 March	2,950

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

27. Amounts Reported for Resource Allocation Decisions

Authorities are required to analyse the financial performance of their operations in the Comprehensive Income and Expenditure Statement using the service analysis included in the Service Reporting Code of Practice with the intention of securing consistency of reporting across all authorities.

However, for the purposes of the Councils accounts, it is more relevant to review the financial performance according to how the Council has been managed, with information corresponding with that used by management in making decisions. These decisions were taken by Council Boards and Committees.

The aim of amounts reported for resource allocation decisions is to disclose information to enable users of the Council's financial statements to evaluate the nature and the financial effects of the activities in which it engages and the economic environments in which it operates.

The Chief Operating Decision Maker is the 'Executive' made up of elected representatives including the Leader of the Council plus up to nine other Members. The data presented in the following table is in a format familiar to the Council.

2013/14	Core £'000	Access Selby £'000	Community Selby £'000	TOTALS £'000
Income				
Contract Income from the Core	-	(10,361)	(199)	(10,560)
Fees, charges and other service income	(11,803)	(4,297)	(43)	(16,143)
Government grants and contributions	-	(17,446)	(10)	(17,456)
Total Income	(11,803)	(32,104)	(252)	(44,159)
Expenditure				
Employees	1,579	5,454	25	7,058
Premises	(3)	1,180	-	1,177
Transport	15	256	2	273
Supplies & Services	273	7,254	217	7,744
Third Party Payments	1,479	360	-	1,839
Benefit Payments	-	16,669	-	16,669
Support Services	-	377	-	377
Contract Payment to Access Selby & TSO	10,305	-	-	10,305
Gross Expenditure	13,648	31,550	244	45,442
Net Services Expenditure	1,845	(554)	(8)	1,283
Investment Income	(248)	-	-	(248)
Interest Payments	2,568	-	-	2,568
Reversal of Accounting for Pension adjustments	-	-	-	-
Capital Accounting adjustments	189	-	-	189
Contributions to / (from) Reserves	9,604	-	-	9,604
Net Expenditure	13,958	(554)	(8)	13,396

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

27. Amounts Reported for Resource Allocation Decisions continued

There is a movement in net services expenditure of -£3.301m between 2012/13 and 2013/14. This is mainly due to a larger proportion of the expenditure on council dwellings being assessed as adding value by the Council's valuers, and so a lower impairment cost.

2012/13	Core £'000	Access Selby £'000	Community Selby £'000	TOTALS £'000
Income				
Contract Income from the Core	-	(9,971)	(410)	(10,381)
Fees, charges and other service income	(11,466)	(4,040)	(25)	(15,531)
Government grants and contributions	(168)	(22,406)	-	(22,574)
Total Income	(11,634)	(36,417)	(435)	(48,486)
Expenditure				
Employees	1,298	5,398	136	6,832
Premises	52	1,288	1	1,341
Transport	12	251	4	267
Supplies & Services	324	7,435	245	8,004
Third Party Payments	1,461	159	-	1,620
Benefit Payments	-	21,370	-	21,370
Support Services	4	(5)	-	(1)
Contract Payment to Access Selby & TSO	10,381	-	-	10,381
Gross Expenditure	13,532	35,896	386	49,814
Net Services Expenditure	1,898	(521)	(49)	1,328
Investment Income	(314)	-	-	(314)
Interest Payments	3,429	-	-	3,429
Reversal of Accounting for Pension adjustments	(763)	-	-	(763)
Capital Accounting adjustments	2,653	30	-	2,683
Contributions to / (from) Reserves	3,290	-	-	3,290
Net Expenditure	10,193	(491)	(49)	9,653

This reconciliation shows how the figures in the analysis of income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2012/13 Restated £'000		2013/14 £'000
9,653	Net expenditure in the Analysis	13,396
-	Net expenditure of services and support services not included in the Analysis	492
3,930	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-
(7,303)	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(10,909)
6,280	Cost of Services in Comprehensive Income and Expenditure Statement	2,979

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

27. Amounts Reported for Resource Allocation Decisions continued

Reconciliation to Subjective Analysis

These tables reconcile the data in the analysis of income and expenditure relate to a subjective analysis of the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement

2013/14	Core, Access & Community £'000	Amounts Not Reported to Managem't £'000	Amounts Not Included in CIES £'000	Net Cost of Service £'000	Corporate Amounts £'000	Net Position £'000
Income						
Fees, charges and other service income	(16,398)	(200)	344	(16,254)	-	(16,254)
Government grants and contributions	(17,456)	-	(114)	(17,570)	(6,514)	(24,084)
Interest Receipts	(248)	-	248	-	(255)	(255)
Income from Council Tax and Business Rates	-	-	-	-	(7,542)	(7,542)
Gain on disposal of Non-current assets/Other Capital Receipts	-	-	-	-	(199)	(199)
Total Income	(34,102)	(200)	478	(33,824)	(14,510)	(48,334)
Expenditure						
Employee Expenses	7,058	-	(6,291)	767	-	767
Premises	1,177	-	(159)	1,018	-	1,018
Transport	273	-	(113)	160	-	160
Supplies & Services	7,744	152	(1,149)	6,747	-	6,747
Third Party Payments	18,508	-	(1,482)	17,026	-	17,026
Support Service Recharges	377	-	7,230	7,607	-	7,607
Depreciation, amortisation and Impairment	189	540	2,749	3,478	-	3,478
Interest Payments	2,568	-	(2,568)	-	3,653	3,653
Precepts & Levies	-	-	-	-	2,998	2,998
Payments to the Housing Capital Receipts Pool	-	-	-	-	350	350
Contributions to/from Reserves	9,604	-	(9,604)	-	-	-
Gross Expenditure	47,498	692	(11,387)	36,803	7,001	43,804
(Surplus)/Deficit on the Provision of Services	13,396	492	(10,909)	2,979	(7,509)	(4,530)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

27. Amounts Reported for Resource Allocation Decisions continued

Reconciliation to Subjective Analysis continued

2012/13 Restated	Core, Access & Community £'000	Amounts Not Reported to Managem't £'000	Amounts Not Included in CIES £'000	Net Cost of Service £'000	Corporate Amounts £'000	Net Position £'000
Income						
Fees, charges and other service income	(15,531)	-	182	(15,349)	-	(15,349)
Government grants and contributions	(22,574)	-	(67)	(22,641)	(9,445)	(32,086)
Interest Receipts	(314)	-	314	-	(328)	(328)
Income from Council Tax	-	-	-	-	(6,300)	(6,300)
Gain on disposal of Non-current assets/Other Capital Receipts	-	-	-	-	(610)	(610)
Total Income	(38,419)	-	429	(37,990)	(16,683)	(54,673)
Expenditure						
Employee Expenses	6,069	-	402	6,471	-	6,471
Premises	1,341	-	-	1,341	-	1,341
Transport	267	-	10	277	-	277
Supplies & Services	8,004	38	(277)	7,765	-	7,765
Third Party Payments	22,990	-	(1,620)	21,370	-	21,370
Support Service Recharges	(1)	-	1	-	-	-
Depreciation, amortisation and Impairment	2,683	3,892	471	7,046	-	7,046
Interest Payments	3,429	-	(3,429)	-	3,566	3,566
Precepts & Levies	-	-	-	-	2,903	2,903
Payments to the Housing Capital Receipts Pool	-	-	-	-	242	242
Contributions to Reserves	3,290	-	(3,290)	-	-	-
Gross Expenditure	48,072	3,930	(7,732)	44,270	6,711	50,981
(Surplus)/Deficit on the Provision of Services	9,653	3,930	(7,303)	6,280	(9,972)	(3,692)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

28. Officers' Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is less than £150k but equal to or more than £50k per year.

2013/14 Post Title	Salary (including fees & allowances) £'000	Benefits in Kind (car allowance) £'000	Total Remuneration		
			excluding pension contributions 2013/14 £'000	Employers pension contributions £'000	
			Total Remuneration including pension contributions 2013/14 £'000		
Chief Executive to 13 October 2013	45	1	46	5	51
Chief Executive from 28 October 2013	39	1	40	5	45
Deputy Chief Executive	75	1	76	9	85
Executive Director S151	56	1	57	6	63
Director (MD)	56	1	57	6	63
Director	51	1	52	6	58
Director	51	1	52	6	58
Executive Director	51	1	52	6	58
	424	8	432	49	481

The new Chief Executive provides services for both Selby District Council and North Yorkshire County Council. She is formally employed by Selby District Council and NYCC is recharged 40% of her salary and other remuneration.

2012/13 Post Title	Salary (including fees & allowances) £'000	Benefits in Kind (car allowance) £'000	Total Remuneration		
			excluding pension contributions 2012/13 £'000	Employers pension contributions £'000	
			Total Remuneration including pension contributions 2012/13 £'000		
Chief Executive	93	1	94	11	105
Deputy Chief Executive	72	1	73	8	81
Executive Director S151	56	1	57	6	63
Director (MD)	56	1	57	6	63
Director	51	1	52	6	58
Director	51	1	52	6	58
Executive Director	51	1	52	6	58
	430	7	437	49	486

The Council has no other employees who receive more than £50k remuneration, excluding employers pension contributions.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

28. Officers' Remuneration continued

The Council terminated the contract of 1 employee in 2013/14 (1 in 2012/13), incurring liabilities of £18k (£3k in 2012/13). The number of exit packages and total cost per band are shown in the following table. These costs have arisen due to the Council's rationalisation of services. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)		Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band		
		2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	
£'000	£'000							£'000	£'000	
0	-	20,000	-	1	1	-	1	1	3	18
20,001	-	40,000	-	-	-	-	-	-	-	-
40,001	-	60,000	-	-	-	-	-	-	-	-
60,001	-	80,000	-	-	-	-	-	-	-	-
80,001	-	100,000	-	-	-	-	-	-	-	-
Total			-	1	1	-	1	1	3	18

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

29. Surpluses / Deficits on Significant Trading Operations

Trading operations are activities of a commercial nature financed substantially by charges to recipients of the service. The Council does not have any significant trading operations.

30. Agency Services

The Council acts as agent for central government, North Yorkshire County Council and North Yorkshire Fire and Rescue Authority in the collection of non-domestic rates, and as agent for North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority in the collection of council tax. Further details are given in the notes to the Collection Fund.

31. Members Allowances

The cost of Members Allowance payments is included within the Corporate and Democratic Core costs and in 2013/14 amounted to £255k (£233k in 2012/13). The 2013/14 figures include the £1k allowances paid to the chair (£2k in 2012/13) and £1k paid to the vice chair (£1k in 2012/13). It also includes a payment of £19k paid to HMRC in respect of unpaid Tax and NI on Councillors home To office mileage payments since 2008/09. The payments can be allocated as follows:

2012/13 £'000		2013/14 £'000
230	Allowances	227
8	Expenses	28
238	Total	255

32. External Audit Costs

The Council's external auditors for are Mazars. The Council incurred the following fees relating to the audit of the Statement of Accounts, certification of grant claims and statutory inspections:

2012/13 Restated £'000		2013/14 £'000
59	Fees due to the External Auditors with regard to external audit services carried out by the appointed auditor.	59
(5)	Rebate on fees from the Audit Commission	(8)
20	Fees paid to the External Auditors for the certification of grant claims and returns.	20
2	Non-audit work for the Housing Trust	-
76	Total	71

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

33. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2012/13 £'000		2013/14 £'000
	<u>Credited to Taxation and Non-specific Grant Income</u>	
(91)	Revenue Support Grant	(3,229)
(4,705)	NNDR Rates Pool	-
-	Small Business Empty Property Rate Relief	(303)
-	Renewable Energy	(9)
(114)	Local Services Support Grant	-
	Non-Service Related Government Grants	
(3)	Business Rates Deferral Scheme	-
(880)	New Homes Bonus	(1,201)
(120)	Council Tax Reduction Grant	(48)
(13)	New Burdens Grants	(156)
(53)	Homeless Persons Grant	-
	Capital Grants and Contributions	
(16)	Energy Efficiency (Housing Revenue Account)	-
(3,450)	Insurance Receipt for Abbey Leisure Centre fire	-
-	Grant Receipt for new Sports Centre	(1,568)
(9,445)	Total	(6,514)
	<u>Credited to Services</u>	
	Other Government Grants:-	
(10,007)	Rent Allowances	(9,999)
(4,692)	Council Tax Benefits	2
(6,548)	Rent Rebates	(6,457)
(191)	Private Sector/Disabled Facilities Home Improvement Works (General Fund)	(150)
(477)	Housing Benefits Admin & Counter Fraud Grant	(400)
(278)	Private Finance Initiative	(278)
(149)	Other Small Grants	(33)
(22,342)	Total	(17,315)

The Council has previously received a number of grants, contributions and donations that were not recognised as income as they had conditions attached to them at the balance sheet date that required the monies or property to be returned to the giver if they are not utilised for the intended purpose. Capital grant receipts in advance are sums of money received from the Government and other organisations to contribute towards the costs of non-current assets and other capital expenditure such as grants to other organisations. When the conditions for the grant are met it is transferred to the Comprehensive Income and Expenditure Statement. Should the conditions not be met then the grant is repaid. There are no revenue receipts in advance with conditions attached, and all capital grants have been fully utilised. The balances at the year-end are as follows:

	Long-Term		Current	
	31-Mar-13 £'000	31-Mar-14 £'000	31-Mar-13 £'000	31-Mar-14 £'000
<u>Grants Receipts in Advance (Capital Grants)</u>				
Single Capital Pot	-	-	(4)	-
Total	-	-	(4)	-

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

34. Related Party Transactions

The Council is required to disclose all material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits, council tax bills). Grants received from Government Departments and recognised as income in the year are disclosed in note 33, together with receipts in advance not yet recognised as income.

Members

Members of the Council have direct control over the council's financial and operating policies. The total of member allowances paid in 2013/14 is shown in Note 31.

Some Members are directors and/or trustees of various entities in their own private capacity. During 2013/14 the following material transactions took place with organisations in which Members have an interest. In all instances contracts and grants were made with proper consideration of declarations of interest.

	No. of Members With an Interest	2013/14 Transactions £'000	2013/14 Balance Owed £'000
Selby AVS	2	122	-
Selby District CAB	1	38	-
Total	3	160	-

The register of Members' Interest is open to public inspection at the Civic Centre during office hours, on application.

Officers

In 2013/14 with one exception there were no material related party transactions requiring disclosure in relation to officers who have the authority and responsibility for planning, directing and controlling the activities of the Council. The son of one senior officer is a manager of a branch of Jewsons, who supply materials to the Council. The total expenditure on materials in the year was £275k, of which £29k was procured from Jewsons. No car loans were advanced during the year to officers to enable them to carry out their official duties, £14k was repaid leaving a balance of £16k.

However, it should be noted that the Executive Director (S151) is a volunteer Managing Director of Selby and District Housing Trust providing strategic support but not financial advice, and is a director of Veritau North Yorkshire Ltd. Also the Democratic Services Manager is Company Secretary to the Selby and District Housing Trust.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

34. Related Party Transactions continued

Other Public Bodies

During the year the Council made payments to other public bodies, which are considered to be related parties as they are subject to common control by central government. These exclude payments of precepts to North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority.

The internal audit, counter-fraud and information governance services is being provided by Veritau North Yorkshire Limited. The Council has a share-holding of £2k in Veritau North Yorkshire Limited which was acquired when the North Yorkshire Audit Partnership ceased, paid for by the Council's share of the balances remaining in the former partnership.

The North Yorkshire Procurement Partnership provides a purchasing service to the Council. It provides access to purchasing networks and looks for better procurement opportunities and tender prices through group purchasing. The host authority is Scarborough Borough Council. The Council pays £35k pa (half from General Fund and half from the Housing Revenue Account) and expects to recoup these costs through better prices on services purchased.

The Council is a full partner along with Ryedale (the host authority), Hambleton and Richmondshire District Councils and Scarborough Borough Council to provide Building Control services on behalf of the five Councils. A joint committee manages the Partnership with an equal number of representatives from each council. The agreed financial arrangements are that each partner is required to pay a fixed fee for non-chargeable services and receive a share of any surpluses over the maximum agreed reserve balance of £150,000. The Partnership produce their own set of accounts and these can be requested from Ryedale District Council.

During 2013/14 Selby District Council has paid a management fee of £70k (£53k in 2012/13) to cover non-chargeable costs as part of the arrangement with the North Yorkshire Building Control Partnership. The balance on the Partnerships reserve is estimated at 31 March 2014 as £82k of which £16k belongs to Selby (31 March 2013 reserve of £10k with Selby's share being £2k).

The table below summarise these material transactions which were a cost to the Council during the year. The table also shows the balances owed to/(from) these parties at the year end.

2012/13 Transactions £'000		2013/14 Transactions £'000	2013/14 Balance Owed £'000
1,442	Parish Precepts	1,519	-
1,461	Internal Drainage Board Levies	1,479	-
1,191	North Yorkshire Pension Fund (Employer Contributions)	1,225	-
140	North Yorkshire waste disposal services	138	21
92	Veritau North Yorkshire Limited	88	-
4,326	Total Payments	4,449	21

Entities controlled or significantly influenced by the Council

The Council is party to a Private Finance Initiative (PFI) scheme with South Yorkshire Housing to build social housing, which will expire in 2035. Further information is disclosed in note 37.

Leisure Services are provided by Wigan Leisure and Cultural Trust (WLCT) on behalf of the Council, for which they receive a management fee. The cost in 2013/14 was £207k (2012/13 was £159k) resulting from 12 months of the costs associated with Profiles Gym.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

35. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table following (including the value of assets acquired under finance leases), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2012/13 £'000		2013/14 £'000	2013/14 £'000
63,141	Opening Capital Financing Requirement		61,564
	Capital investment		
5,100	Property Plant & Equipment - Council Owned	4,749	
345	Property Plant & Equipment - Leased	11	
167	Assets Under Construction	1,793	
84	Intangible assets	-	
322	Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Grants	278	
35	Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Loans	30	
6,053	Total Capital Investment		6,861
	Sources of finance		
(843)	Capital receipts	(148)	
(2,419)	Government grants and other contributions	(3,150)	
(2,446)	Sums Set Aside from Revenue (Assets/Soft Loans/REFCUS)	(3,552)	
(1,372)	MRP / Loans Fund Principal	(1,369)	
(401)	MRP - Lease Principal	(405)	
(149)	Reduction in lease liability re Leisure & Street Scene Vehicles	(8)	(8,632)
61,564	Closing Capital Financing Requirement		59,793
	Explanation of movements in year		
-	Increase in underlying need to borrow (supported by government financial assistance)	-	
-	Increase in underlying need to borrow (unsupported by government financial assistance)	-	
345	Assets acquired under finance leases	11	
(1,372)	MRP / Loans Fund Principal	(1,369)	
(401)	MRP - Lease Principal	(405)	
(149)	Reduction in lease liability re Leisure & Street Scene Vehicles	(8)	(1,771)
(1,577)	Increase / (decrease) in Capital Financing Requirement		(1,771)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

35. Capital Expenditure and Financing continued.....

Revenue Expenditure Funded from Capital Under Statute

This is expenditure which is classified as capital but which does not result in a tangible asset for the Council. Examples are where capital grants are given to third parties e.g. improvement grants or expenditure on property not owned by the Council. During 2013/14 the Council funded £0.308m (£0.357m 2012/13) of capital expenditure through this method, which related to the Disabled Facilities Grants and Home Improvement Grants and Loans.

36. Leases

Authority as a Lessee

Finance Leases

The Council does not currently have any finance leases in its own right. However its contractor for the Street Scene Contract, Enterprise, has finance leases for the vehicles that are used for delivering the service and as such these assets have to be included in the Council's balance sheet. In addition Wigan Leisure & Cultural Trust who run the leisure service on behalf of the Council, have leased gym equipment and this is also included in the Council's Balance Sheet.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

31-Mar-13 Restated £'000		31-Mar-14 £'000
1,287	Vehicles, Plant, Furniture & Equipment (Vehicles)	934
241	Vehicles, Plant, Furniture & Equipment (Equipment)	186
1,528		1,120

The Council is committed to making payments in respect of a Street Scene contract with Enterprise and a Leisure Management contract with Wigan Leisure Trust. The embedded financial leases form just part of the costs and as such should be seen as part of the whole costs of the service delivery.

31-Mar-13 £'000		31-Mar-14 £'000
405	Finance lease liabilities (net present value of minimum lease payments): Current	406
1,140	Non-current	737
87	Finance costs payable in future years	51
1,632		1,194

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-13 £'000	31-Mar-14 £'000	31-Mar-13 £'000	31-Mar-14 £'000
Not Later Than One Year	442	432	405	406
Later than One Year and not later than five years	1,190	762	1,140	737
Later than Five years	-	-	-	-
	1,632	1,194	1,545	1,143

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

36. Leases continued

Operating Leases

Vehicles, Plant, Furniture and Equipment - the Council uses a warden call system, photocopiers and vehicles, financed under terms of an operating lease. The amount paid under these arrangements in 2013/14 was £102k (2012/13 £105k).

The future minimum lease payments due under non-cancellable leases in future years are:

31-Mar-13 £'000		31-Mar-14 £'000
102	Not later than one year	48
11	Later than one year and not later than five years	-
-	Later than five years	-
113		48

The expenditure charged to the Comprehensive Income & Expenditure Statement during the year in relation to these was:

31-Mar-13 £'000		31-Mar-14 £'000
105	Minimum lease payments	102
-	Contingent rents	-
-	Sub lease payments (receivable)	-
105		102

The expenditure was charged to the following lines on the Comprehensive Income & Expenditure Statement:

31-Mar-13 £'000		31-Mar-14 £'000
23	Central Services to the Public	23
4	Environmental and Regulatory Services	2
78	Local Authority Housing (HRA)	77
105		102

Authority as a Lessor

Finance Leases

Selby District Council has no finance lease for which it acts as a lessor.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

36. Leases continued

Operating Leases

The Council acts as a lessor for a number of industrial units. These units are intended to be used as set-up premises for fledging businesses, and long-term tenants are not expected. The income received from these tenants during the year was £91k (£93k in 2012/13).

The future minimum lease payments receivable under non-cancellable leases in future years are:

31-Mar-13 £'000		31-Mar-14 £'000
33	Not later than one year	39
65	Later than one year and not later than five years	73
-	Later than five years	-
98		112

The rentals receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

37. Assets Recognised Under PFI Arrangements

The Council is party to a Private Finance Initiative (PFI) scheme with South Yorkshire Housing to build social housing. The Council does not recognise any assets in its balance sheet under PFI arrangements because they are the property of South Yorkshire Housing Association (SYHA) and will remain in their ownership on expiry of the contract. However in 2013/14 the authority was committed to making payments of £376k (£363k in 2012/13). The contract expires in 2035.

38. Impairment Losses

During 2013/14 the Council has recognised impairment losses of £0.373m (£1.214m in 2012/13) which are shown by class of asset in notes 12 and 15. Of this total £0.328m (£0.236m in 2012/13) was offset against previous revaluation gains in the revaluation reserve and the balance of £0.045m (£0.978m in 2012/13) was charged to the appropriate service in the Comprehensive Income & Expenditure Statement. The major impairments are to industrial units and the reclassification of the former Civic Centre land to a car park.

39. Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

39. Retirement Benefits continued

The Council participates in the Local Government Pension Scheme, administered by North Yorkshire County Council and called the North Yorkshire Pension Fund - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the HRA the amounts required by statute as described in the accounting policies note.

Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the reported net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund and the HRA via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2012/13 Restated £'000	North Yorkshire Pension Fund	2013/14 £'000
	Comprehensive Income and Expenditure Statement	
	<i>Net Cost of Services:</i>	
839	current service cost	930
-	past service costs (gains)	-
9	settlement and curtailments	-
18	administration expenses	18
	<i>Financing and Investment Income and Expenditure:</i>	
1,041	net interest expense	1,049
1,907	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,997
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
(3,054)	return on plan assets	(3,579)
-	experience (gain) / loss	(1,274)
543	actuarial (gains) / losses arising on changes in demographic assumptions	(133)
5,547	actuarial (gains) / losses arising on changes in financial assumptions	(3,422)
3,036	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(8,408)
	Movement in Reserves Statement	
(1,907)	reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(1,997)
	Actual Amount charged against the General Fund Balance for pensions in the year:	
1,201	employers' contributions payable to the scheme	1,227

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

39. Retirement Benefits continued

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2012/13 £'000		2013/14 £'000
56,422	Present value of the defined benefit obligation	53,310
(30,827)	Fair value of plan assets	(35,353)
25,595	Net liability arising from defined benefit obligation	17,957

Reconciliation of the Movements in the Fair Value of Scheme Assets

2012/13 Restated £'000		2013/14 £'000
26,887	Opening Fair Value of Scheme Assets	30,827
1,308	Interest income	1,288
	Remeasurement gain/(loss)	
	- the return on plan assets, excluding the amount included in the net interest expense	
3,054		3,579
1,201	Contributions from employer	1,227
286	Contributions from employees into the scheme	284
(1,891)	Benefits Paid	(1,834)
(18)	Other	(18)
30,827	Closing Fair Value of Scheme Assets	35,353

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2012/13 Restated £'000		2013/14 £'000
(48,740)	Opening Balance at 1 April	(56,422)
(839)	Current Service Cost	(930)
(2,349)	Interest Cost	(2,337)
(286)	Contributions from Scheme Participants	(284)
	Remeasurement gain / (loss)	
-	- Experience Gains / (Losses)	1,274
(543)	- Actuarial Gains / (Losses) arising from changes in demographic assumptions	133
(5,547)	- Actuarial Gains / (Losses) arising from changes in financial assumptions	3,422
-	Past Service Costs	-
(9)	Curtailments	-
1,891	Benefits Paid	1,834
(56,422)	Closing Balance at 31 March	(53,310)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

39. Retirement Benefits continued

Local Government Pension Scheme Assets

The fair value of scheme assets are as follows:

2012/13 £'000		2013/14 £'000
154	Cash and Cash Equivalents	177
	Equity Instruments:	
13,470	- UK Quoted	16,934
5,333	- Global Quoted	5,833
925	- Emerging Markets	919
19,728	Sub-total Equity Instruments	23,686
	Bonds	
2,868	- Corporate	2,651
4,254	- Government	4,384
7,122	Sub-total Bonds	7,035
	Property	
1,141	- UK (Unitised)	1,662
1,141	Sub-total Property	1,662
	Alternatives	
2,682	- DGF (UK Unitised)	2,793
2,682	Sub-total Other Investment Funds	2,793
30,827	Total Assets	35,353

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. North Yorkshire Pension Fund liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

39. Retirement Benefits continued

The main assumptions used in their calculations have been:

At 31-Mar-13		At 31-Mar-14
	<i>Long-term expected rate of return on assets in the scheme</i>	
7.00%	Equity Investments	7.00%
2.80%	Government Bonds	3.40%
3.90%	Other Bonds	4.30%
5.70%	Property	6.20%
0.50%	Cash / Liquidity	0.50%
7.00%	Other	Dependent on type
	<i>Longevity at 65 for current pensioners (in years):</i>	
22.6	Men	23.0
25.3	Women	25.5
	<i>Longevity at 65 for future pensioners (in years):</i>	
24.4	Men	25.3
27.2	Women	27.8
2.40%	Rate of CPI inflation	2.40%
4.15%	Rate of increase in salaries	3.90%
2.40%	Rate of increase in pensions	2.40%
4.20%	Rate for discounting scheme liabilities	4.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The impact of changes on the defined benefit obligation in the scheme are set out in the table below.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase in 1 year)	1,043	
Rate of inflation (increase by 0.1%)	953	
Rate of increase in salaries (increase by 0.1%)	168	
Rate of increase in pensions (increase by 0.1%)	953	
Rate for discounting scheme liabilities (increase or decrease by 0.1%)		937

Asset and Liability Matching (ALM) Strategy

The Pension Fund Committee of North Yorkshire County Council has determined the investment strategy which is aimed at growing the Fund's assets to meet benefit obligations when they fall due. As required by the regulations, the suitability of various classes of investments has been considered including assessing the benefit of asset class diversification. The Fund is primarily invested in equities (67% of scheme assets) and fixed income (20%) with investments also in property and alternatives, the proportions being not materially dissimilar to the comparative year. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency position of the Fund

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

39. Retirement Benefits continued

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 27 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipated to pay £1.291m expected contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 19 years.

Further information can be found in the North Yorkshire Pension Fund's Annual Report which is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

40. Contingent Liabilities

1. The Council faces potential claims for costs in respect of legal challenge to the core strategy due to be heard in the High Court in Leeds in July 2014. If the Council is unsuccessful in the case it will be liable to pay costs to Samuel Smith Old Brewery Tadcaster. The estimated costs associated with this potential liability are

2. A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £110k plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

41. Contingent Assets

No contingent assets have been identified.

42. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

42. Nature and Extent of Risks Arising From Financial Instruments continued

The Council's treasury team operates under the treasury management policy, annual treasury management strategy and investment strategy approved by the Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The treasury management policy determines the amounts deposited with banks and other financial institutions. Deposits are only made with institutions whose credit rating is at or above Long-term A- and Short-term B. The only exceptions are other local authorities and public sector organisations. Deposits will vary from £1m for an institution rated Long-term A- and Short-term B to £5m maximum for a Long-term AAA Short-term A rated organisation.

Certain customers for goods and services may be assessed if appropriate, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk at 31 March 2014 in relation to its investments in banks and building societies of £17.769m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2014 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Estimated maximum exposure default and uncollectability 31 Mar 2013 £'000 (A x C)		Amount at 31 Mar 2014 £'000 (A)	Historical experience of default % (B)	Historical experience adjusted for market at 31 Mar 2014 % (C)	Estimated maximum exposure to default and uncollectability 31 Mar 2014 £'000 (A x C)
0	Deposits with banks and financial institutions	21,400	0	0	0
52	Customers	2,808	1.61	2.46	69
52					69

No credit limits were breached during the reporting period and the Council did not have and does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council has a robust debt recovery policy for its customers and has provisions for bad debts in its accounts which are reviewed on a regular basis to ensure that they are adequate.

The Council does not generally allow credit for customers. The past due amount can be analysed by age as shown in the following table. The decrease in 30 days debtors from March 2013 is as a consequence of the inclusion in the 2012/13 accounts of the known insurance settlement for the Abbey Leisure Centre fire, which was received in early April 2013.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

42. Nature and Extent of Risks Arising From Financial Instruments continued

At 31-Mar-13 £'000		At 31-Mar-14 £'000
4,181	Less than 30 days	2,073
50	30 - 60 days	11
196	60 - 90 days	273
19	90 - 120 days	20
497	over 120 days	431
4,943		2,808

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing from either the Public Works Loans Board or the money market. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Treasury Management Strategy approved by the Council each year allows flexibility for the treasury team to ensure that resources are available to fund commitments. The risk that the Council is facing, all be it some way off, is that £6.5m of its debt becomes due for repayment in 2020 and potentially will need to be replaced.

The maturity analysis of financial liabilities is as follows:

At 31-Mar-13 £'000		At 31-Mar-14 £'000
216	Less than one year	-
-	Between one and two years	-
-	Between two and five years	-
60,333	More than five years	60,333
60,549		60,333

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The authority is exposed to risk in terms of exposure to interest rate movements on its investments and borrowings. The Council's long term borrowing is at fixed rates which as interest rates have dropped has increased the fair value or increased the penalty which would need to be paid to repay the debt early. However, as borrowings are carried at amortised cost any changes in fair value have no impact on the Comprehensive Income and Expenditure Statement.

The Council has generally been a net investor and as such its earnings from its deposits form a critical element of income for delivery of services. With interest rates at an all time low generating investment income has been particularly challenging and a mix of short term and longer term deposits have been made, to enable any increases in interest rates to be maximised.

With effect from 28 March 2012 the Council, as a consequence of the HRA Self Financing determination payment, has moved to being a net borrower. The new loans of £50.233m were taken at a fixed rate over different periods from 30 years to 50 years to take advantage of the historically low interest rates and to give flexibility for repayments and remove risk associated with variable rate loans when rates start to rise.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

42. Nature and Extent of Risks Arising From Financial Instruments continued

During times of falling interest rates the Council will look to invest ahead of the falls and for longer periods. However, if borrowing is required then this will either be delayed or kept short. If there is potential for rates to rise then investments are kept short so that increases in rates can be taken advantage of.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2014, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

At 31-Mar-13 £'000		At 31-Mar-14 £'000
-	Increase in interest payable on variable rate borrowings	-
241	Increase in interest receivable on variable rate investments	237
-	Increase in government grant receivable for financing costs	-
241	Impact on Surplus of Deficit on the Provision of Services	237
28	Share of overall impact debited to the HRA	42
151	Decrease in fair value of fixed rate investment assets	89
151	Impact on Other Comprehensive Income & Expenditure	89
8,874	Decrease in fair value of fixed rate borrowings liabilities (no impact on Consolidated Income and Expenditure Statement)	8,051

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Council does not invest in the equity share market.

The in-house treasury team do not purchase Gilts (Government backed securities) as this is a specialist market.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

43. Council Tax

The Council Tax due to the Council as shown on the Comprehensive Income & Expenditure Statement is the amount due to the Council on an accruals basis for the year. It includes the actual surplus/deficit that will be distributed/recovered from the Council in the future. The table below analyses the amount of Council Tax actually paid to the Council on a cash basis in the year adjusted for the accrual.

2012/13 £'000		2013/14 £'000
(6,260) (59)	Council Tax precept for year (District & Parish) (Surplus)/Deficit payable/repayable in year	(5,780) (60)
(6,319)	Total Council Tax payable to Council in year	(5,840)
19	Movement in Collection Fund Adjustment Account in year	(24)
(6,300)	Council Tax due to Council	(5,864)

44. Non-domestic Rates

The non-domestic rates due to the Council as shown on the Comprehensive Income & Expenditure Statement is the amount due to the Council on an accruals basis for the year. It includes the actual surplus/deficit that will be distributed/recovered from the Council in the future. The table below analyses the amount of non-domestic rates actually paid to the Council on a cash basis in the year adjusted for the accrual.

2012/13 £'000		2013/14 £'000
-	Non-domestic rates due for year	(17,553)
-	(Surplus)/Deficit payable/repayable in year	-
-	Total non-domestic rates payable to Council in year	(17,553)
-	Movement in Collection Fund Adjustment Account in year	3,117
-	Non-domestic rates due to Council	(14,436)

45. Capital Expenditure Financed from Revenue

The capital programme can be financed from a variety of sources, one of which is revenue. In 2013/14 £3,552k of capital expenditure was funded from revenue (£2,446k in 2012/13), £2,549k of which was from the Housing Revenue Account (£2,177k in 2012/13), £16k (£10k in 2012/13) from the General Fund and £987k from various General Fund reserves (£259k in 2012/13). The General Fund financing is for expenditure on grants and assets not in the ownership of the Council, referred to as Revenue Funding from Capital Under Statute (REFCUS), the costs for which are contained within the net cost of services.

HOUSING REVENUE ACCOUNT

HRA INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2012/13 £'000		2013/14 £'000	Notes
	<u>Expenditure</u>		
2,144	Repairs & Maintenance	2,236	
2,334	Supervision & Management	2,401	
42	Rents, rates, taxes and other charges	41	
5,338	Depreciation and Impairment of non-current assets	1,584	2
5	Debt Management costs	5	
73	Movement in the allowance for bad debts	55	3
9,936	Total Expenditure	6,322	
	<u>Income</u>		
(11,328)	Dwelling rents	(11,788)	
(119)	Non-dwelling rents	(117)	
(115)	Charges for Services and Facilities	(155)	
(392)	Contributions towards expenditure	(377)	
(14)	Housing Revenue Account Subsidy Receivable	-	1
(11,968)	Total Income	(12,437)	
(2,032)	Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	(6,115)	
150	HRA services share of Corporate & Democratic Core	204	
4	HRA Share of other amounts included in the whole authority Cost of Services but not allocated to specific services	7	
(1,878)	Net Expenditure / (Income) for HRA Services	(5,904)	
	HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(110)	(Gain) or loss on sale of HRA non-current assets	(225)	
2,370	Interest payable and similar charges	2,456	11
(38)	Interest and investment income	(44)	
355	Net interest on the net defined benefit liability	407	
(15)	Capital grants and contributions receivable	-	
684	(Surplus) / Deficit for the year on HRA services	(3,310)	

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2012/13 £'000		2013/14 £'000	Notes
(1,639)	Balance on the HRA at the end of the previous year	(1,691)	
684	(Surplus) / Deficit for year on the HRA Income and Expenditure Statement.	(3,310)	
(609)	Adjustments between accounting basis and funding under statute	3,390	
75	Net (Increase) / Decrease before transfers to or from reserves	80	
(127)	Transfers to / (from) earmarked reserves	(488)	
(52)	(Increase) / Decrease in year on the HRA	(408)	
(1,691)	Balance on the HRA at the end of the current year	(2,099)	

NOTE TO THE MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2012/13 £'000		2013/14 £'000	Notes
	<u>Adjustments between accounting basis and funding under statute</u>		
-	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the code and those determined in accordance with statute.	-	
-	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements.	-	
110	Gain / (loss) on sale of HRA non-current assets.	225	
2,177	Capital expenditure funded by the Housing Revenue Account	2,549	
(170)	HRA share of contributions to / (from) the Pensions Reserve	(383)	
2,564	Transfer to / (from) Major Repairs Reserve	2,577	4
(5,290)	Transfer to / (from) the Capital Adjustment Account	(1,578)	
(609)	<u>Total Adjustments between accounting basis and funding under statute</u>	3,390	
	<u>Transfers to or (from) earmarked reserves</u>		
(147)	Transfer to / (from) Housing Carry Forward Budget Reserve	(538)	
20	Transfer to / (from) ICT Reserve	50	
(127)	<u>Total Transfers to / (from) reserves</u>	(488)	

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Revenue Account (HRA) Self Financing

During 2011, the Government announced significant changes to the funding of the HRA. The aim of the government reforms was to enable Councils to manage their housing stock for the benefit of local residents in a transparent, accountable and cost effective way. In practical terms, the self financing initiative put an end to the housing subsidy system and put authorities in a position where stock can be supported from income raised within the HRA. New arrangements were introduced from 1 April 2012, and in future the HRA will be a self sufficient ring fenced account which will retain and use rental income. Remaining subsidy received from the government in 2012/13 is analysed below:

2012/13 £'000		2013/14 £'000
(14)	Prior Year Subsidy outstanding	-
(14)	Negative Housing Subsidy Payable	-

2. Depreciation & Impairments

The following amounts were charged to the Account in respect of depreciation of assets:

2012/13 £'000		2013/14 £'000
1,155	Council Dwellings	1,204
123	Other Land, Buildings & Assets	113
1,278	Total	1,317

The operational / non-operational split of the charges is as follows:

2012/13 £'000		2013/14 £'000
1,259	Operational	1,298
19	Non-operational	19
1,278	Total	1,317

The following amounts were charged to the service revenue accounts for impairment and reversal of impairment costs where there has been an increase in value:

2012/13 £'000		2013/14 £'000
4,013	Dwellings	321
-	Garages	1
(4)	Ousegate Hostel	(15)
2	Edgerton Lodge Hostel	(1)
44	Community Centres	(42)
(1)	Non-operational Land	3
6	Other Operational Buildings	-
4,060	Total	267

Impairment occurs because something has happened either to the non-current assets, or to the economic environment in which they are used. A review for impairment of a non-current asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. The Statement of Accounting Policies gives further information.

NOTES TO THE HOUSING REVENUE ACCOUNT

3. Provision For Bad Debts

The account is charged with the 'top up' required for provision towards bad debts in respect of rent arrears and the potential impact of overpaid housing benefit. An increase of £4k was made during the year in respect of rent arrears in 2013/14 (£21k in 2012/13) and £36k was allocated in respect of Housing Benefit overpayments (£42k in 2012/13). The total rent arrears provision at 31 March 2014 amounted to £115k (£89k 2012/13). In addition, a further provision has been created for general non rent HRA debtors totalling £64k (£53k in 2012/13).

4. Major Repairs Reserve

The following is a statement of the movements in this reserve during the financial year 2013/14:

2012/13 £'000		2013/14 £'000
(871)	Opening Balance	(1,292)
(1,272)	Amount transferred to the reserve from the Capital Adjustment Account	(1,312)
(3,469)	Amount transferred to / (from) the reserve to the Housing Revenue Account: - non-current assets	(3,814)
4,320	Debits to the reserve in respect of HRA capital expenditure on: - houses	3,977
(1,292)	Closing Balance	(2,441)

5. Housing Revenue Account Non-Current Assets

The total balance sheet value of non-current assets owned by the Housing Revenue Account is summarised as follows:

01-Apr-12 £'000	31-Mar-13 £'000		01-Apr-13 £'000	31-Mar-14 £'000
768	732	Land	732	951
96,775	95,546	Council Dwellings	95,546	97,461
1,373	1,261	Other Buildings	1,261	1,160
98,916	97,539	Total	97,539	99,572

Assets can be defined as either operational (such as council dwellings and other buildings) or non-operational (such as community land). The split is summarised below:

01-Apr-12 £'000	31-Mar-13 £'000		01-Apr-13 £'000	31-Mar-14 £'000
96,775	95,546	Operational		
1,889	1,739	Dwellings	95,546	97,461
252	254	Other Land & Buildings	1,739	1,656
		Non-operational	254	455
98,916	97,539	Total	97,539	99,572

Vacant Possession Value

The vacant possession value of the houses within the Housing Revenue Account as at 1 April 2013 was £319.001m (£311.964m at April 2012). The substantial difference between the vacant possession value and the balance sheet value of dwellings demonstrates the economic cost to Government of providing council housing at less than open market value.

NOTES TO THE HOUSING REVENUE ACCOUNT

6. Capital Receipts

Capital Receipts totalling £783k (£456k 2012/13) were received by the Housing Revenue Account in 2013/14. The total can be broken down as follows:

2012/13 £'000		2013/14 £'000
	Disposal of Assets:	
456	Houses	742
-	Land	41
456		783
-	Principal Repaid on Housing Advances	-
-	Repayment of discount received on Right to Buy sales	-
456	Total	783

7. Capital Expenditure

Capital expenditure and sources of financing during the year were as follows:

2012/13 £'000		2013/14 £'000
	Capital expenditure	
-	Vehicles, Plant & Equipment	-
-	Intangible Assets	-
-	Land and Infrastructure	-
4,336	Improvements to Council Dwellings	3,977
4,336	Total	3,977
	Sources of finance	
-	Prudential Borrowing	-
(3,450)	Revenue contributions	(3,861)
(871)	Major Repairs Reserve	(116)
(15)	Other Grants	-
(4,336)	Total	(3,977)

8. Rent Arrears

During the year 2013/14 rent arrears as a proportion of gross rent income have increased to 2.60% (£309k) from 2.36% (£269k) in 2012/13. The arrears figure includes Housing Benefit overpayments.

2012/13 £'000		2013/14 £'000
269	Rent Arrears at 31 March	309
4	Hostel Arrears	6
(186)	Rent Credits	(242)
(1)	Hostel Credits	-
86	Total	73

NOTES TO THE HOUSING REVENUE ACCOUNT

9. Revenue Expenditure Financed From Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in an asset being carried on the Balance Sheet. The purpose of this is to enable it to be funded from capital resources rather than being charged to the Housing Revenue Account. No expenditure has been incurred in 2013/14.

10. Housing Stock

The analysis of the HRA housing stock is summarised as follows:

31-Mar-13 (number)		31-Mar-14 (number)
528	Houses and Bungalows - 1 Bedroom	528
892	- 2 Bedroom	891
1,075	- 3 Bedroom	1,062
37	- 4 Bedroom	37
2	- 5 Bedroom	2
225	Flats, Bedsits and Maisonettes - 1 Bedroom	225
380	- 2 Bedroom	378
1	- 3 Bedroom	1
2	Multi Occupied Dwellings (Hostels)	2
3,142	Total	3,126

11. Capital Asset Charges Accounting Adjustment

The Code of Practice requires an explanation of the capital assets accounting adjustment, calculated in accordance with the Item 8 Credit and Item 8 Debit (General) Determination for the year.

2012/13 £'000		2013/14 £'000
2,370	Interest Payable on the HRA average Capital Financing Requirement (CFR) for the year at the Consolidated Rate of Interest (CRI) calculated in accordance with the determination	2,456
-	Street Scene Lease Interest	-
-	Interest Payable 28 March to 31 March 2012 on loans taken out to make the self-financing settlement payment to the Secretary of State	-
2,370	Total	2,456

In accordance with the calculation for the Capital Asset Charges Accounting Adjustment, interest is payable on the mid-year HRA capital financing requirement, except that where the CFR is negative, where interest is receivable.

The costs of impairment are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on the HRA Statement as this is not a cost to be borne by HRA Tenants. For 2013/14 the impairment charge is £273.3k (£51.1k in 2012/13).

THE COLLECTION FUND

2012/13			2013/14		Notes
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000	
		Income			
(42,305)	-	Income from Council Tax (net of benefits and transitional relief)	(43,373)	-	2
(4,641)	-	Transfers from General Fund - Council Tax Benefit	-	-	
-	(36,944)	Income collectable from business ratepayers			3
-	-	Income from NNDR (net of discretionary and mandatory reliefs)	-	(41,940)	3
-	-	Transitional protection payments	-	-	
(46,946)	(36,944)	Total Income	(43,373)	(41,940)	
		Expenditure			
46,416	-	Precepts and demands	42,622	21,951	4
-	36,823	Payment to national pool			3
-	-	Payment to central government	-	21,942	
-	-	Transitional protection payments	-	4,196	
		Bad and doubtful debts			5
237	-	- Write offs	113	68	
-	-	- Movement in bad debts provision	23	170	
		Provision for appeals			
-	-	- Write offs	-	-	
-	-	- Movement in appeals provision	-	1,285	
-	121	Transfers to General Fund - Costs of collection	-	121	
		Contributions			
438	-	- Towards previous year's Collection Fund Surplus	445	-	
47,091	36,944	Total Expenditure	43,203	49,733	
145	-	(Surplus) / Deficit for the year	(170)	7,793	
		COLLECTION FUND BALANCE			
(1,139)	-	Balance Brought Forward	(994)	-	
145	-	(Surplus) / Deficit for the year	(170)	7,793	
(994)	-	Balance Carried Forward	(1,164)	7,793	7

NOTES TO THE COLLECTION FUND

1. General

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

The year-end surplus or deficit on the Council Tax Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made by 15 January each year of the year-end balance. That for the National Non-Domestic Rating element is to be distributed between billing, precepting and central government on the basis of estimates made by 31 January each year.

2. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the County and District Councils for the forthcoming year and dividing this by the Council Tax Base.

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	Council Tax Setting			Average Charge in year
	Estimated number of chargeable Properties after effect of discounts	Ratio	Band D equivalent dwellings	
-A	24	5/9	13	851.03
A	7,209	6/9	4,806	1,021.23
B	6,785	7/9	5,277	1,191.44
C	6,850	8/9	6,089	1,361.64
D	5,037	1	5,037	1,531.85
E	3,933	11/9	4,807	1,872.26
F	2,200	13/9	3,178	2,212.67
G	836	15/9	1,393	2,553.08
H	47	18/9	94	3,063.70
Total	32,921		30,694	
Impact of anticipated changes to council tax base			200	
Reduction due to the council tax reduction scheme			(2,701)	
Less allowance for non-collection			(369)	
COUNCIL TAX BASE			27,824	

The adjustment for anticipated changes include: successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties, plus the impact of legislation on second homes and empty properties.

The basic amount of Council Tax, including the average parish charge, for a Band D property (£1,531.85 for 2013/14) is multiplied by the relevant proportion specified above for each particular Band to give an individual amount due.

In 2013/14 changes in statutory arrangements mean that council tax benefit is no longer received by the Council, instead there is a council tax reduction scheme which is administered locally by each authority, reducing the base over which council tax is recovered.

NOTES TO THE COLLECTION FUND

3. Income from business ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. With effect from 1 April 2013 the total amount, less certain reliefs and other deductions it shared between central government (50%), Selby District Council (40%), North Yorkshire County Council (9%) and North Yorkshire Fire and Rescue Authority (1%). (Formerly it was paid to a central pool (the NNDR pool) managed by Central Government which in turn paid back to authorities their share of the pool based on a standard amount per head of resident population).

The total non-domestic rateable value at 31 March 2014 was 98.306m (101.924m in 2012/13). The national non-domestic multiplier for the year was 47.1p (45.8p in 2012/13), with a reduction to 46.2p (45.0p in 2012/13) for small businesses. This gives a total sum collectible of £46.302m (£46.681m in 2012/13) before taking into account reliefs and allowances.

4. Precepts and Demands

2012/13 Council Tax £'000	2012/13 NNDR £'000		2013/14 Council Tax £'000	2013/14 NNDR £'000
32,069	-	North Yorkshire County Council	29,423	3,949
6,203	-	North Yorkshire Police Authority	5,691	-
1,883	-	North Yorkshire Fire & Rescue Authority	1,728	439
6,260	-	Selby District Council (including parishes)	5,780	17,563
46,415	-	Total	42,622	21,951
-	-	Central Government	-	21,942
46,415	-	Total	42,622	43,893

5. Bad and Doubtful Debts

The Council acts as an agent on behalf of the precepting bodies for Council Tax and from 2013/14 for North Yorkshire County Council, North Yorkshire Fire and Rescue Authority and Central Government (in 2012/13 for Central Government only) for Non-Domestic Rates. Provision is made for bad debts based on prior years' experience and current collection rates. The following table shows the movement in the year.

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
237	661	Write-offs during the year	113	68
(237)	(457)	Contributions to provisions during the year	(136)	(238)
-	204	Net (increase)/decrease in provision in year	(23)	(170)
(555)	(860)	Balance at 1 April	(555)	(656)
(555)	(656)	Balance at 31 March	(578)	(826)

NOTES TO THE COLLECTION FUND

5. Bad and Doubtful Debts continued

The Council's proportion of these write-offs and bad debt provision are included within note 21 of the Core Financial Statements, and the movement analysis is shown below.

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
32	-	Write-offs during the year	15	27
(32)	-	Contributions to provisions during the year	(18)	(96)
-	-	Net (increase)/decrease in provision in year	(3)	(69)
(74)	-	Balance at 1 April	(74)	(262)
(74)	-	Balance at 31 March	(77)	(331)

6. Collection Fund Debtors & Prepayments

The Collection Fund debtors and prepayments are shown in the following table. As the Council is acting as an agent on behalf of the major preceptors and central government only its own share of the Debtors and Prepayments are included with the Balance Sheet of the Council.

	Balance at 31-Mar-13 £'000	Movement in 2013/14 £'000	Balance at 31-Mar-14 £'000
Council Tax Debtors	2,326	207	2,533
Council Tax Prepayments	(655)	(181)	(836)
Non Domestic Rates Debtors	706	624	1,330
Non Domestic Rates Prepayments	(173)	(213)	(386)
Net	2,204	437	2,641

NOTES TO THE COLLECTION FUND

6. Collection Fund Debtors & Prepayments continued

The Council's proportion of the Council Tax and Non-Domestic Rate debtors and prepayments are included within notes 21 and 23 of the Core Financial Statements and the movement analysis is shown below.

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
		<u>Debtors</u>		
318	-	Balance at 1 April	315	-
(3)	-	Movement in year	29	532
315	-	Balance at 31 March	344	532
		<u>Prepayment</u>		
(112)	-	Balance at 1 April	(89)	-
23	-	Movement in year	(24)	(154)
(89)	-	Balance at 31 March	(113)	(154)

7. Distribution of Year-end (Surplus)/Deficit

As set out in note 1 the Council Tax year-end (surplus)/deficit is distributed to North Yorkshire County Council, North Yorkshire Police Authority, North Yorkshire Fire and Rescue Authority and Selby District Council and the NDR year-end (surplus)/deficit is distributed to Central Government, North Yorkshire County Council, North Yorkshire Fire and Rescue Authority and Selby District Council. The allocations are set out in the table below.

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
(687)	-	North Yorkshire County Council	(803)	701
(133)	-	North Yorkshire Police Authority	(156)	-
(40)	-	North Yorkshire Fire & Rescue Authority	(47)	78
-	-	Central Government	-	3,897
(134)	-	Selby District Council (including parishes)	(158)	3,117
(994)	-	Total	(1,164)	7,793

GLOSSARY OF TERMS

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1st April. The end of the accounting period is the balance sheet date, 31 March.

Accounting Policies

Accounting policies are the principles, bases conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for the allocation of support service costs, or specify the estimation basis for accruals where there is uncertainty over the amount.

Accounts

A generic term for statements setting out details of income and expenditure or assets and liabilities, in a structured manner. Accounts may be categorised by the type of transactions they record, e.g. revenue account, capital accounts or by the purpose they serve, e.g. management accounts, final accounts, balance sheet.

Accruals

Sums included in the final accounts to cover income and expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been received or made at the balance sheet date.

Actuarial Gains and Losses:

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the assumptions made by the actuary for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Actuary

A person or firm who analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions to keep it solvent.

Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Amortisation

The gradual elimination of the value of an asset through depreciation as a result of usage and age usually applied to intangible assets such as software. Or the payment of a debt over a specified number of years.

Asset

Something of worth which is measurable in monetary terms. These are normally divided into non-current assets and current assets.

Assets Under Construction

This is the value of work on uncompleted non-current assets at the balance sheet date.

Audit

An independent examination of an organisation's activities, either by internal audit or the organisation's external auditor.

Balance Sheet

This is a statement of the recorded assets, liabilities and other balances of the Council at the end of the accounting period.

GLOSSARY OF TERMS

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Charge

A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.

Capital Expenditure

Expenditure on the acquisition of non-current assets that will be of use or benefit to the Council in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing non-current asset.

Capital Expenditure charged to Revenue Account (CERA)

A method of financing capital expenditure in the accounting period rather than over a number of years.

Capital Financing

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Financing Requirement

A prudential indicator in the CIPFA prudential code. It is derived from information in the balance sheet. The indicator generally represents the underlying need to borrow for capital purposes.

Capital Grant

Grant provided for the purpose of capital expenditure on projects.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the sale of non-current assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

Cash Equivalents

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Cash Flow Statement

A statement summarising the inflows and outflows of cash, arising from transactions between the council and third parties, for revenue and capital purposes.

Charging Authority

The Council responsible for administering the Collection Fund, including raising bills for and collecting appropriate council tax and non-domestic rates and paying the government and precepting bodies.

CIPFA

Chartered institute of Public Finance and Accountancy. CIPFA is the main professional body for accountants working in public service. It produces guidance in relation to various matters concerning the public sector including financial and governance issues.

Code of Practice on Local Authority Accounting

The Code has been written by CIPFA to assist local government in ensuring that its Statements of Account comply with IFRS and local government accounting regulations.

GLOSSARY OF TERMS

Collection Fund

A fund administered by Charging Authorities into which is paid council tax and NNDR income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government, Selby District Council, North Yorkshire County Council and North Yorkshire Fire and Rescue Authority.

Community Assets

Assets that the Council intends to hold in perpetuity that have no determinable useful life and or value, or may have restrictions on their disposal. Examples of such items are the Park in Selby and playgrounds.

Comprehensive Income and Expenditure Account

The income and expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and Housing Revenue Account.

Consistency

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

Contingent Asset

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A possible liability that can be the result of a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises of all activities that the Council engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The accounting code of practice does not require these costs to be apportioned to services.

Council Tax

A charge on residential property within the Council's area to contribute to financing a proportion of the Council's expenditure.

Creditors

Amounts owed to the Council for work done, goods received or services provided within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts that will become due during the next accounting period.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

GLOSSARY OF TERMS

Debtors

Amounts due to the Council for goods and services provided within the accounting period but not received at the balance sheet date.

Deferred Credits

Amounts due to the Council from the sale of non-current assets that are not receivable immediately on sale but will be received in instalments over time. An example is mortgages granted under the council house right to buy scheme.

Deferred Discounts & Premiums on Early Repayment of Debt

The Council has in previous years decided to repay external debt before it was due to mature, these repayments lead to either a premium being payable or receipt of a discount. The accumulated balance of these premiums and discounts, as at 1 April 2007, have been derecognised by transferring the balance to the Financial Instruments Adjustment Account via the Statement of Movement on General Fund Balance following the implementation of Accounting for Financial Instruments.

Deferred Liabilities

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

The measure of the cost or revalued amount of benefits of the non-current asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

Emoluments

These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.

Exceptional Items

Material items which derive from events or transactions which fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Exchange Transactions

These are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Expected Return in Pension Assets

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fees and Charges

Income arising from the provision of services.

Finance Leases

Finance leases transfer all the risks and reward of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the lessee's Balance Sheet.

GLOSSARY OF TERMS

Financial Instruments and the Financial Instruments Adjustment Account (FIAA)

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. They refer to both financial assets and financial liabilities and includes both the straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones, such as derivatives and embedded derivatives. The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Board on how certain information should be disclosed in the accounts. Many of the Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

The period of time to which a statement of accounts relates. The financial year of the Council runs from 1 April to 31 March.

General Fund

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and Collection Fund.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Payments by central government towards the cost of council services either specifically (e.g. disabled facilities improvement grants) or generally (e.g. revenue support grant).

Housing Capital Receipts Pool

Prescribed contributions are made to Housing Capital Receipts Pool in respect of the sale of Housing Revenue Account assets which includes surplus land and houses under the 'right to buy scheme' by all councils.

Housing Revenue Account (HRA)

A separate account to the general fund recording all the transactions relating to the provision of council houses.

Impairment

A reduction in the value of a fixed asset below its current value on the Council's balance sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Asset

These are non-current assets that cannot be sold, but where there is economic benefit to the council of more than one year. An example is footpaths within some of the council housing developments.

Intangible Asset

These are assets which do not have a physical substance, such as computer software, but which yield benefits to the Council and the services it provides, for a period of more than one year.

GLOSSARY OF TERMS

Interest Cost

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

IFRS is the prescribed format for all local authority Statement of Accounts. The Code of Practice gives detailed guidance on how the Council will account for its transactions in the statements and notes explaining the transactions.

Investment

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet this criteria should be classified as current assets and are short-term for periods of up to one year.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time. Leases can be either finance leases or operating leases.

Liability

An account due to an individual or organisation that will be paid at some future date.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities or debt.

Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989 councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive). In Selby the Monitoring Officer is Jonathan Lund, Strategic Director.

Movement in Reserves

A statement which shows the movement in the year on the different reserves held by the Council.

Non-Current Assets

These are assets with a physical substance that yield benefits to the Council and the services it provides for a period of more than one year.

Non-Domestic Rates

A national non-domestic rate poundage is set annually by central government and used by charging authorities to raise bills. The proceeds are shared by the charging authority, the government and other determined local authorities in accordance with a formula set by the government.

Net Book Value

Amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative depreciation.

Non-Current Assets

Tangible and intangible assets that can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

Non-Exchange Transactions

These are transactions that are not exchange transactions e.g. council tax. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

GLOSSARY OF TERMS

Non-Operational Assets

These are non-current assets owned by the Council, but not directly occupied, used or consumed in the delivery of council services. Examples of these types of asset are the bus station, doctors surgeries and land awaiting disposal.

Operational Assets

These are non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept

The amount that a precepting authority requires from a charging authority to meet its expenditure requirements.

Precepting Authority

Local authorities, including county councils, parish councils, police and fire authorities which cannot levy a council tax directly on the public but have the power to precept charging authorities (district councils).

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Public Works Loans Board (PWLB)

A government agency that lends money to public bodies for capital purposes. Monies are drawn down from the national loans fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

Realisable Value

The value of an asset at existing use, if sold between a willing buyer and a willing seller.

GLOSSARY OF TERMS

Related Party

Two or more parties are related where one party has control or is able to influence the financial operational policies of another.

Reserves

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

This account contains surpluses and losses arising from the periodic valuation of fixed assets.

Revenue Account

An account which records the Council's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

Revenue Expenditure Funded from Capital Under Statute

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in an asset being carried on the Balance Sheet. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and impact on that years Council

Revenue Support Grant

A general government grant paid to the General fund in support of the Council's revenue expenditure.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

S106 Agreements

Where a developer undertakes to provide community benefits e.g. open recreation spaces, a percentage of affordable housing.

Section 151 Officer (S151)

The section S151 officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves. In Selby the Section 151 Officer is Karen Iveson, the Executive Director 151.

Settlement

An irrevocable action that relieves the employer (or defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

GLOSSARY OF TERMS

Service Reporting Code of Practice (SeRCOP)

The system of local authority accounting and reporting has been modernised to meet the changing needs of local government. The SeRCOP provides guidance on the content and presentation of costs and service activities to enable consistency across Local Government. The code has been driven by IFRS.

Soft Loans

Local authorities will sometimes make loans for policy reasons rather than as financial instruments and these loans may be interest free or at rates below prevailing market rates. Where this occurs these loans are referred to as soft loans.

Statement of Recommended Practice (SORP)

This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with UK GAAP as it applies to local authority financial matters.

Statement of Standard Accounting Practice (SSAP's)

Statements prepared by the Accounting Standards Committee. Many of these have been replaced by Financial Reporting Standards (FRSs), but any departure from them must be disclosed in the published accounts.

Inventories

Items of raw materials and stores purchased by the Council to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

Support Services

The costs of departments that provide professional and administrative assistance to services.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Unapportionable Central Overheads

These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Useful Life

The period over which the Council will derive benefits from the use of an asset.

Vested Rights

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

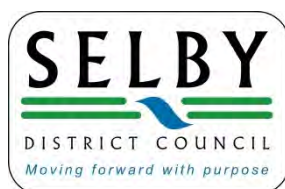
Work in Progress

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

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Annual Governance Statement 2013/14



Annual Governance Statement (AGS)

1. Scope of Responsibility

- 1.1 Selby District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 Following the Local Government Elections the Council revised its governance framework, in 2011. The Council has operated a Leader and Executive (Cabinet) Model since May 2011. Officer structures were also substantially revised in the same year and became operative in July 2011.

3. Selby District Council's Governance Framework

3.1 The key elements of the Council's Governance Framework are as follows:-

- The Council is part of a Local Strategic Partnership (LSP) comprising key stakeholders in the District. The LSP has produced a Community Strategy for the Selby District setting out a vision for the Selby District over a 5-year period 2010-2015.
- The Council's contribution to the aims of this Strategy is reflected in its Corporate Plan. The current plan, which was approved by the Executive, covers the period 2012-15 and sets out '5 Big Things' that the Council will work on, which have been identified and developed in consultation with the public and key partners.
- The formal Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Executive has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Executive there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.
- The Standards Committee was abolished at the end of June 2012 when the Localism Act 2011 removed the statutory requirement to establish and maintain a Standards Committee. The Council adopted a set of arrangements for dealing with allegations of failure to comply with the Code of Conduct. These arrangements were adopted on 24 April 2012 and came into effect on 1 July 2012.
- The Executive is subject to review by the Council's Overview and Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. There are two statutory scrutiny committees: - Policy Review, and Scrutiny. The Audit Committee also contributes to scrutiny and overview.
- The Council has established five Community Engagement Forums (CEFs) and is working with them in the development of locally based service delivery options using separate and limited funds.
- Meetings are open to the public except when exempt or confidential matters are being disclosed. The public have an opportunity to participate in some of the meetings.

- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution.
- The Council has adopted a Local Code of Corporate Governance which is reviewed by the Audit Committee.
- The Council also has separate Whistle-blowing, and Anti-Fraud & Corruption policies. The low level of cases points towards a Council that has a strong and effective counter-fraud and corruption culture.
- The Deputy Chief Executive has been appointed as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.
- The Executive Director (s151) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government", Selby is in full compliance as the Executive Director (s151) is a member of the Strategic Management Team.
- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.
- A financial management framework comprising:
 - Financial and Contract Procedure Rules as part of the Constitution;
 - A 10 year Financial Strategy which provides the framework for financial planning;
 - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
 - Service and financial planning integrated within the corporate performance management cycle;
 - Annual budget process involving scrutiny and challenge;
 - Monthly monitoring by management of revenue and capital budgets – with regular reports to Access Selby Board and the Executive;

- Embedded arrangements for securing efficiencies and continuous improvement;
- Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice;
- Compliance with requirements established by CIPFA.
- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Strategic and Corporate Management Teams on a systematic basis with areas of poor performance investigated. Key features of the Performance Management Framework include:-
 - A regular review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
 - A Service Level Agreement between the Core and Access Selby, which identifies key performance measures and targets for the year;
 - Service specific Strategic Plans, which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
 - The Council's staff appraisal system (Performance Contracts) links personal objectives directly to Service Plans;
 - Regular reports on the performance of key indicators, which are presented to Access Selby Management Group, Access Selby Board and the Executive;
 - The use of Performance Clinics within Access Selby to focus on performance management;
 - The production of an Annual Report, providing commentary and data on the previous year's performance.

The Council maintains a professional relationship with Mazars, the body responsible for the external audit of the Council.

- Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.
- Pay is governed by a Pay Policy considered and approved annually by Council.
- The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management continues to evolve within the Council and presently includes the following arrangements:-

- a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;
 - the establishment of a Risk Register(s) comprising both Corporate and Operational risks for the Council as a whole and Access Selby, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
 - Corporate Management Team keep the corporate risk management arrangements under review;
 - periodic review of risks in-year with reports to the Audit Committee and the Strategic Management Team;
 - the Audit Committee also approve and review the Risk Management Strategy;
 - the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan;
 - the requirement for Officers of the Council to consider risk management issues when submitting reports to the Executive and Council for consideration by Members;
 - the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.
- Following weaknesses identified managing information governance and data protection breaches, plans are now in place to:
 - Assign clear roles and responsibilities;
 - Approve and implement the necessary policies and procedures;
 - Deliver a targeted training programme;
 - Ensure adequate reporting arrangements; and
 - Consider appropriate disciplinary procedures for data breaches.

The Executive Director (s151), as designated Senior Information Risk Owner (SIRO), sponsor the work and the Solicitor to the Council manages the detailed project. A report asking for formal designation of the SIRO and Information Asset Owners would go to the Executive in June 2014.

Information Governance will be added to the Corporate Risk Register and progress would be reported in the autumn and at the end of the municipal year.

- The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. From 1 April 2012, responsibility for the provision of the internal audit service transferred to Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. It operates in accordance with the

statements, standards and guidelines published by CIPFA (particularly the 2006 Code of Practice for Internal Audit in Local Government in the United Kingdom) and the Chartered Institute of Internal Auditors.

- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.
- This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. Audit plans are agreed and monitored by the Audit Committee with client responsibility assigned to the Executive Director (s151). Internal Audit is required to give an opinion on the adequacy of the Council's system of internal control each year.
- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
 - Service/process transformation and efficiency reviews;
 - Working with partners;
 - External and Internal Audit feedback.

4. Review of Effectiveness

- 4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review takes account of the work of internal audit and the Council's Strategic, and Corporate Management Teams who have a responsibility for the development and maintenance of the governance environment, and also by comments made by external auditors and other review agencies and inspectorates.
- 4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.
- 4.3 The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:
- The Council's Monitoring Officer oversees the operation of the Constitution to ensure its aims and principles are given full effect;
 - The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and

providing opportunities for public involvement in specific matters of business. The revised arrangements have operated since May 2011;

- The Audit Committee met throughout the year and received reports on the progress by Internal Audit against their work plan. The Committee also considered auditable areas where Internal Audit raised significant internal control concerns;
- The Executive Director (s151) supports the Audit Committee and attends all meetings of the Committee;
- Internal Audit completes a programme of scheduled audits during the year according to its plan including follow up audits. There were no specific investigations in the year. All high risk and key financial systems were audited. The overall opinion expressed by Internal Audit stated:-
- *“The overall opinion of the Head of Internal Audit on the risk management, governance and controls operated in Selby District Council is that they provide **Substantial Assurance**. There are no qualifications to that opinion. No reliance was placed on the work of other assurance bodies in reaching this opinion. Although a substantial assurance opinion can be given, we are aware of some weaknesses in the control environment which have been identified around Information Governance and Data Security, Organisational Development, Human Resources, Council Tax/NNDR, General Ledger and Licensing. We have recommended that Information Governance and the General Ledger (reconciliations) is considered for inclusion in the report on the Annual Governance Statement, prepared by the S151 Officer”.*

Internal Audit has also raised concerns about certain auditable areas during the course of their work and these matters will be kept under review during 2014/15;

- The Council’s Risk Register has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Corporate Management Team, and the Audit Committee. The Audit Committee has approved a revised Risk Management Strategy. Access Selby’s Strategic Risk Register has been developed and maintained and reported to the Access Selby Board;
- Monitoring information on key areas of performance has been provided to Strategic Management and Members on a regular basis with attention focused on those areas that are considered by the Council to be vulnerable;
- The external auditor’s annual letter confirmed that the Council had satisfactory arrangements to secure Value for Money. In respect of the Council’s Statement of Accounts, an unqualified opinion was issued;

- The external auditor did not identify any significant weaknesses in our internal control arrangements.

5 Significant Governance issues

5.1 No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, two new issues have been identified that need to be monitored. A detailed plan to address existing weaknesses and ensure continuous improvement in the system of internal control has been produced in response and this will be subject to regular monitoring by the Council's Strategic Management Team and the Audit Committee, where appropriate. The aim is to address these weaknesses during the 2014/15 financial year.

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
2012/13	<p>ICT 2011/12.</p> <p>Risks have been identified around disaster recovery, security and back-up arrangements. As IT is fundamental to the Council achieving its goals it is important that systems and processes are robust.</p>	Internal Audit report.	The IT Manager will ensure that agreed actions are implemented.	IT Manager	<p>May 2013</p> <p>Management have formulated and tested a Disaster Recovery Plan with Craven DC and are working towards an approved Business Continuity Plan – deadline August 2013.</p> <p><i>A Business Impact Assessment was completed in July 2013.</i></p> <p><i>DR now completed and working, with Craven. April 2014.</i></p> <p><i>Business Continuity – Action Plans have been drawn up by Business Units and are currently being reviewed. April 2014.</i></p>

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
2013/14	Again, reconciliations of bank accounts and feeder systems have been undertaken although some delays have been seen.	Internal Audit Report	The Lead Officer - Finance will ensure that reconciliations are maintained up-to-date.	The Lead Officer - Finance and Access Selby Directors Immediate	May 2014 Management in the processes of bringing the reconciliations up to date.
2013/14	Information Governance and breaches in Data Protection are not adequately managed.	Internal Audit Report	<p>Solicitor to the Council Plans are now in place to:</p> <ul style="list-style-type: none"> • Assign clear roles and responsibilities; • Approve and implement the necessary policies and procedures; • Deliver a targeted training programme; • Ensure adequate reporting arrangements; and • Consider appropriate disciplinary procedures for data breaches. <p>Internal Audit to assist/advise.</p>		<p>May 2014</p> <p>The Executive Director (s151), as designated Senior Information Risk Owner (SIRO), sponsor the work and the Solicitor to the Council, manages the detailed project. A report asking for formal designation of the SIRO and Information Asset Owners would go to the Executive in June 2014.</p> <p>Information Governance will be added to the Corporate Risk Register</p>

Appendix A

Year	Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
					and progress would be reported in the autumn and at the end of the municipal year.

Mary Weastell
Chief Executive

Councillor Mark Crane
Leader of the Council

Statement of Accounts 2013/14 – Explanatory Notes

1 Introduction

- 1.1 This paper supports the report and statutory Statement of Accounts presented to Audit Committee for approval. It provides explanations and commentary on the main issues within the accounts to facilitate robust scrutiny and challenge of the accounts prior to approval.
- 1.2 The purpose of the Statement of Accounts is to give the public, councillors, employees, other stakeholders and interested parties clear information about the Council's finances. In summary the accounts should show:
- The cost of the services provided by the Council over the year
 - Where the money came from to pay for these services
 - The Council's assets and liabilities at the end of the financial year.
- 1.3 The accounts have been compiled using the "Code of Practice on Local Authority Accounting in the UK 2013/14" (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.4 There have been no changes to the accounts format in 2013/14.

2 Explanatory Foreword

- 2.1 The purpose of the Explanatory Foreword is to provide an easily understandable guide to the most significant matters reported in the accounts. It includes details of:
- The statements included in the accounts.
 - A summary of the Councils revenue income and expenditure for the year and variances against the previous year's figures.
 - A summary of capital expenditure and how this was financed.
 - Changes to accounting policies and practice.
 - Any other significant matters.

3 Statement of Responsibilities for the Statement of Accounts

- 3.1 This statement sets out the various responsibilities for the accounts:
- The Council's responsibilities under local government legislation.
 - The Executive Director s151 legal and professional responsibilities.
- 3.2 This statement must be signed by the Chair of the meeting which approves the accounts and the Executive Director s151.

4 Movement in Reserves Statement

- 4.1 This statement shows the movement in the year on the different reserves held by the Council analysed into “usable reserves” (those that can be applied to fund expenditure or reduce local taxation) and other reserves or “unusable reserves”. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council’s services. These are different from the statutory amounts that are required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes.

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
(Surplus) / Deficit on Provision of Services	(3,692)	(4,530)	(838)	Variations are identified in paragraph 5.2, but include the reduced impairment charge for council dwellings (-£3,793k) offset by the impairment effect of the demolition of the Abbey Leisure Centre (£592k); the reduced net gain from disposal of assets (£411k); the net impact of the business rates changes on income to the Council (£2,724k); changes in revenue support grant paid to the Council (-£3,138k) and the reduced capital contribution income relating to the Abbey Leisure Centre rebuild (£1,898k).
Other Comprehensive Income & Expenditure	3,050	(8,592)	(11,642)	Comprises mainly the effect of remeasurements of the net defined benefit liability (-£11,444k).
Balance on Total Authority Reserves at 31 March	(45,991)	(59,113)	(13,122)	This represents the increase in the net wealth or value of the Council over the year.

5 Comprehensive Income and Expenditure Statement

5.1 The purpose of the Comprehensive Income and Expenditure Statement is to show the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (council tax) or dwelling rents.

- Expenditure and income directly related to the services provided by the Council (Net total £2,979k).
- Expenditure and income not directly attributable to services but to the Council as a whole (when added to the Net Cost of Services above this totals £9,526k).
- Income received in respect of general government grants and local taxation (bringing the overall net total on provision of Services to a surplus of £4,530k).
- Net surplus on revaluation of Non-Current Assets of £8,592k (bringing the overall total of Comprehensive Income and Expenditure to a surplus of £13,122k).

The total on this statement represents the net surplus or deficit on the Council's provision of services for the year.

5.2 When considering this statement Councillors should note the following major variances between 2012/13 and 2013/14:

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Central Services to the Public - expenditure	5,791	1,253	(4,538)	The council tax reduction scheme has removed the need for the general fund to make a contribution to the collection fund for council tax benefits, reducing costs by £4,641k.
Central Services to the Public - income	(5,167)	(506)	4,661	Grant income for council tax benefits (-£4,691k) is no longer receivable.
Exceptional Costs Impairment – Abbey Leisure Centre	-	592	592	Impairment due to the demolition of the remaining Abbey Leisure Centre building prior to the start of the rebuild.
Expenditure - HRA	10,090	6,322	(3,768)	Reduced impairment charge for council dwellings

APPENDIX B

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Exceptional Costs	-	237	237	Reduction in value of non-current assets that are not used for current Council service provision.
Revaluation of unused assets				
Other Operating Expenditure:				
Gain on the disposal of non-current assets	(610)	(199)	411	Reflects the reduced number of properties sold in 2013/14.
Taxation and Non-Specific Grant Income:		-		
Non-domestic Rates Redistribution	(4,705)	-	4,705	New rates redistribution scheme means that Councils no longer receive income from the central pool for business rates.
Revenue Support Grant	(91)	(3,229)	(3,138)	Changes to grant allocation.
Business Rates income	-	(1,678)	(1,678)	The Council's share of the business rate income in accordance with Business Rates Retention Scheme.
Small business empty property rate relief	-	(303)	(303)	Grant from the government to meet the cost of the enhanced relief given to small businesses.
Non Service Related Government Grants	(1,069)	(1,414)	(345)	Smaller council tax reduction and other grants (£128k) offset by increased income from new homes bonus (-£321k) and new burdens grants (-£143k) and other small grants.
Recognised Capital Grants and Contributions	(3,466)	(1,568)	1,898	The 2012/13 income included the insurance receipt for the Abbey Leisure Centre fire. The 2013/14 income is the Sports England grant towards the build costs of the new Leisure Centre.

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Remeasurement of the net defined benefit liability	3,036	(8,408)	(11,444)	This is the year end actuarial valuation of the Council's share of the pension fund assets and liabilities

5.3 Councillors will note that the Comprehensive Income and Expenditure of the Council has moved from a surplus of £642k at the end of 2012/13 to a surplus of £13,122k at the end of 2013/14, a net increase in surplus of £12,480k - the variances identified above make up the majority of this movement.

6 Balance Sheet

6.1 The purpose of the balance sheet is to show what the Council's assets and liabilities are at the end of the year.

6.2 Explanations for key variances between 2012/13 and 2013/14 are set out in the table following.

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Property Plant & Equipment.	113,766	116,267	2,501	Net effect on the value of the Council's assets of in year acquisition/enhancement of £6.542m, depreciation and impairments (-£3.067m), movement in the value of leased assets (-£408k) and the book value of the council assets sold during the year (-£566k).
Long Term Investments	6,074	4,030	(2,038)	Movement in fixed term deposits which the Council has invested with banks and other local authorities for more than 364 days. Interest rates are low, so more money is currently being held on the money market where rates are higher.

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Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Short Term Investments & Loans	9,147	8,064	(1,083)	Movement on short term investments which the Council has invested with banks and other local authorities for a period more than three months and which have a maturity date earlier than 31 March 2015.
Short Term Debtors	6,229	9,796	3,567	The figure for 31 March 2014 includes £4.8m relating to the new business rates scheme year-end deficit and £1.6m for grant due from Sport England for the new Sports Centre. The figure for 31 March 2013 included £3.4m for insurance relating to the Abbey Leisure Centre fire.
Cash and Cash Equivalents	1,385	10,706	9,321	This increase represents the value of the Council's short term investments that are repayable within three months from the date of investment.
Short Term Creditors	(3,411)	(9,956)	(6,545)	Under the new business rates scheme the Council owes the government £6.0m for transitional relief adjustments made to businesses during 2013/14.
Provisions	-	(514)	(514)	An assessment of the Council's share of the liability for successful business rate appeals.
Defined Benefit Pension Scheme	(25,595)	(17,957)	7,638	Year-end actuarial valuation of the Council's share of the North Yorkshire Pension Fund liabilities.
Finance Leases	(1,140)	(737)	403	Removal and replacement of vehicles from the street scene contract and the 2013/14 lease charges.

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Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Usable Reserves	(19,908)	(25,475)	(5,567)	Budgeted and year-end contribution to the General Fund reserve from the 2013/14 budget (-£129k). Net increase in earmarked reserves (-£3,608k) during 2013/14 through planned contributions and savings generated during the year and setting aside £3.1m to meet the Council's share of business rates year-end deficit which will impact in 2014/15. Contributions to the HRA balance (-£408k) and Major Repairs Reserve (-£1,149k) from the HRA income and expenditure account, the latter including sums set-side to meet future debt repayment costs. Small increase in capital receipts reserve (-£273k) from sales.
Unusable Reserves	(26,083)	(33,638)	(7,555)	The main variances are on the Capital Adjustment Account (-£2.890m) representing costs of depreciation and assets disposed of in year, offset by sums used to finance new capital expenditure; the pensions reserve (-£7.638m) in line with the year-end actuarial valuation of the Council's share of the North Yorkshire Pension Fund assets and liabilities, and the collection fund adjustment account (£3.084m) which includes the Council's share of the year-end business rates deficit for which money has been set aside in earmarked reserves.

7 Cash Flow Statement

7.1 The purpose of the cash flow is to show the inflow and outflow of cash as a result of transactions that have occurred between the council and third parties. The cash flow analyses these transactions between those associated with revenue operations and capital activities.

7.2 Councillors may wish to note the following explanations for key variances when compared with 2012/13.

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Rents	(4,806)	(5,400)	(594)	Annual increase in rental charges and improved hostel occupancy.
Non-domestic rate income	-	(16,985)	(16,985)	This is the Council's share of the income collected from business rates during the year.
Non-domestic rate pool	(4,705)	-	4,705	Grant no longer receivable
Revenue Support Grant	(91)	(3,229)	(3,136)	Changes to grant allocation.
DWP grants for benefits	(21,326)	(16,723)	4,603	Mainly reflects the removal of the funding for council tax benefits following the introduction of the council tax reduction scheme.
Purchase of Short term investments	75,250	3,000	(72,250)	Investments and repayments of money market transactions are no longer included in the cash flow statement.
Disposal of Investments	(79,250)	(6,061)	73,189	Investments and repayments of money market transactions are no longer included in the cash flow statement.
Repayments of Amounts Borrowed	4,504	-	(4,504)	No repayment of temporary borrowing in 2013/14.

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Other payments from financing activities	6,244	14,244	8,000	This is the net cash movement of transactions that do not belong to the Council, e.g. nndr receipts/ payments to the government, county and fire and council tax receipts/ precepts paid to the major preceptors. The main increase in the year relates to the nndr transactions.
Cash and cash equivalents at the end of the reporting period	(1,385)	(10,706)	(9,321)	Movement reflects the increase of investments for a period of less than three months and cash held in the money market and deposit accounts at the year-end in order to take advantage when interest rates rise.

8 Explanatory Notes to the Statement of Accounts

- 8.1 The purpose of these notes, are to provide the reader of the accounts with more information on certain aspects. Accounting guidance determines what the notes are to contain although the Council is free to add additional information if it is felt that this will help interpretation.
- 8.2 For 2013/14 there is a Restatement of Accounts section which sets out adjustments that have been made to prior year figures. The only adjustment relates to a different presentation of pension figures in accordance with the Accounting code of Practice.
- 8.3 The purpose of the Statement of Accounting Policies is to explain the concepts or rules that have been used in preparing the accounts. The various policies have been chosen by the S151 Officer and Councillors need to satisfy themselves that these policies are reasonable – for example the frequency of asset re-valuations.

9 Housing Revenue Account Income and Expenditure Statement, Movement on the Housing Revenue Account Statement and Note to the Movement on the Housing Revenue Account Statement

- 9.1 The Housing Revenue Account (HRA) is a statutory ring fenced account, to be accounted for completely separately to the General Fund. The purpose of the HRA Income and Expenditure Account, Movement on the HRA Statement and Note to the Movement on the HRA Statement is the same as for the General Fund.
- 9.2 The information from the HRA statements are combined (known as consolidated) with the General Fund to give the overall position of the Council's financial health.
- 9.3 Explanations for key variances between 2012/13 and 2013/14 are as follow:

Income and Expenditure Account:

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Depreciation & Impairment of Non – Current Assets	5,338	1,584	(3,754)	Impact of lower property values on depreciation charges, impairment charges and in-year capital expenditure not increasing fully the balance sheet value of the assets.
Dwelling Rents	(11,328)	(11,788)	(460)	Increase in rents due from tenants by an average of 4.6% based upon the Retail Price Index level in September 2012 which influences the calculation.

Note to the Movement on the HRA Statement

Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
Capital expenditure funded by the HRA	2,177	2,549	372	Changes to the funding of the HRA capital programme.

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Description	2012/13 £'000	2013/14 £'000	Variance £'000	Comment
HRA share of contributions to / (from) the Pensions Reserve	(170)	(383)	(213)	Adjustment arising from Actuarial review of the Pension Fund.
Transfer to / (from) capital adjustment account	(5,290)	(1,578)	3,712	The major movement is the variation in the cost of impairments charged of £3.722m.
Transfer to / (from) Housing Carry Forward Budget Reserve	(147)	(538)	(391)	Movement in authorised carry forwards between years.

10 Housing Revenue Account Notes

10.1 There are no further issues that need to be brought to Councillors attention.

11 Collection Fund

11.1 The Collection Fund reflects the statutory responsibilities for billing authorities to maintain a separate account for the transactions relating to the collection of Council Tax and National Non-domestic Rates and the distribution of these monies to precepting authorities and central Government. The costs of administering collection are accounted for in the General Fund.

11.2 The major variances on the Collection Fund are highlighted below:

Description	2012/13 £000's	2013/14 £000's	Variance £000's	Comment
Income from Council Tax	(42,305)	(43,373)	(1,068)	Increase in the tax base partially due to the changes following the introduction of the council tax reduction scheme.
Transfer from the General Fund for council tax benefits	(4,641)	-	4,641	The introduction of the council tax reduction scheme means that benefit contributions are no longer due from the General Fund.

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Description	2012/13 £000's	2013/14 £000's	Variance £000's	Comment
Income collectable from business ratepayers	(36,944)	-	36,944	The new accounting arrangements for business rates require a different analysis to be shown in the accounts.
Income from NNDR	-	(41,940)	(41,940)	This is the income due based on the rateable value of businesses within the district, reduced by discretionary and mandatory reliefs. It no longer is reduced by transitional relief, which is now shown separately.
Precepts and demands - council tax	46,416	42,622	(3,794)	Reduction in CTax paid to precepting bodies in line with the demands received from them, mainly due to the implementation of the council tax reduction scheme.
Precepts and demands - nndr	-	21,951	21,951	This is the amount paid to SDC, the County and the Fire authority as their share of the nndr income collected in the year.
Business Rates - Payment to National Pool	36,823	-	(36,823)	This payment is no longer required under the new accounting arrangements for business rates.
Payment to central government	-	21,942	21,942	This is the amount paid to government as its share of the nndr income collected in the year.
Transitional protection payments	-	4,196	4,196	This is the amount payable to the government for transitional relief adjustments to business rates accounts. This transaction is outside the business rate retention scheme.

Description	2012/13 £000's	2013/14 £000's	Variance £000's	Comment
Provision for Appeals	-	1,285	1,285	A new calculation for the cost of appeals lodged with the Valuation Office which have not yet been settled. The cost of any refunds following successful appeals will have to be met by the Collection Fund.

12 Glossary

12.1 This explains the technical terminology used throughout the Statement of Accounts.

13 Annual Governance Statement

13.1 The Annual Governance Statement reviews the effectiveness of the Council's internal control systems for the year of account and, in accordance with the Accounts and Audit Regulations 2011 forms part of the Council's statutory Statement of Accounts. The statement is covered by a separate report on the Committee's agenda.

14 Conclusions

14.1 The Council budgeted to make a £129k contribution from the General Fund in 2013/14 to General Fund Balance (see page 7 of the Explanatory Foreword). The actual position for the year shows this has been achieved. In addition savings of £752k enabled contributions to the Business Rates Equalisation Reserve (£350k), Programme for Growth Reserve (£248k) and Access Selby Reserve (£154k) to be made. The reasons for variances against various budgets are set out in the Explanatory Foreword but mainly relate to Housing Benefits, staff costs, windfall income and on-going budget savings exercises throughout the year.

14.2 The budget for the Housing Revenue Account (HRA) was set to contribute £799k to the Major Repairs Reserve (MRR), however the out-turn was a surplus of £498k mainly due to increased impairment costs where capital expenditure has not been fully recognised in increased value of assets. The surplus was allocated £408k to the HRA balance and £90k to the MRR. The reasons for the variations are set out in the Explanatory Foreword (page 10) but mainly related to savings from Access Selby.

14.3 Capital expenditure for the General Fund and HRA totalled £6.850m against a budget of £7.459m, giving a variance of £169k on the General Fund and £440k on the HRA. The majority of the variance within the HRA related to the timing of payments and slippage on programmed and responsive works on the Council's properties which have been carried forward to 2014/15 when they will be completed.

14.4 The following table highlights extracts from the Statement of Accounts to show the key elements of the Council's financial position at the end of March 2014 compared with the previous financial year.

Description	As at 31 March 2013 £'000	As at 31 March 2014 £'000	Movement £'000	Comment
Property, Plant and Equipment	113,766	116,267	2,501	This includes the capital expenditure in the year (£6.6m) offset by the net impact of depreciation, disposals and revaluations (£4.1m).
Long Term Investments	6,074	4,030	(2,044)	Interest rates are currently low, so more is being held on the money market where rates are higher.
Short Term Investments	9,147	8,064	(1,083)	Interest rates are currently low, so more is being held on the money market where rates are higher.
Short Term Debtors	6,229	9,796	3,567	Reflects the inclusion of the year-end business rates deficit due from the government and preceptors (£4.8m) and grant income for the new sports centre (£1.6m) offset by the non-recurrence of the insurance receipt relating to the Abbey Leisure Centre fire (-£3.4m).

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Description	As at 31 March 2013 £'000	As at 31 March 2014 £'000	Movement £'000	Comment
Cash and cash equivalents	1,385	10,706	9,321	Movement reflects the inclusion of investments for a period of less than three months and cash held in deposit accounts at the year-end to aid treasury management activity.
Short Term Creditors	(3,411)	(9,956)	(6,545)	Mainly reflects the amount due to be paid to the government in relation to business rates transitional relief (£6.0m).
Provisions	-	(514)	(514)	An assessment of the Council's share of the liability for successful business rate appeals.
Long Term Borrowing	(60,299)	(60,299)	-	These are the loans from the PWLB to fund the HRA self financing settlement payment, together with the other long-term loans.
Liability related to Defined Benefit Pension Schemes	(25,595)	(17,957)	7,638	Movement as a result of changes in actuarial valuation and assumptions as a consequence of increases in the value of benefit obligation, including actuarial losses on liabilities. The increased pension fund deficit is based on future liabilities as at 31 March 13.
TOTAL NET ASSETS	45,991	59,113	13,122	

APPENDIX B

Description	As at 31 March 2013 £'000	As at 31 March 2014 £'000	Movement £'000	Comment
General Fund Balance	(1,545)	(1,674)	(129)	Contribution from service costs as per budget and year-end approval.
Earmarked Reserves	(11,316)	(14,924)	(3,608)	Increase in reserves as a consequence of £752k savings within the General Fund and the set aside to meet the cost of the business rates year-end deficit (£3.1m).
Housing Revenue Account	(1,691)	(2,099)	(408)	Contribution from service costs as per year-end approval.
Major Repairs Reserve	(1,292)	(2,441)	(1,149)	Contribution to the reserve to provide resources to fund future HRA capital programme schemes.
Capital Receipts Reserve	(3,836)	(4,109)	(273)	Sales receipts in 2013/14 offset by usage to support the capital programme.
Capital Adjustment Account	(49,570)	(52,460)	(2,890)	Costs of depreciation and assets disposed of in year, offset by sums used to finance new capital expenditure.
Pensions Reserve	25,595	17,957	(7,638)	In line with movement on Pensions Liability above.
TOTAL NET WORTH	(45,991)	(59,113)	(13,122)	

Audit Completion Report

Selby District Council – year ended 31 March 2014

September 2014



Mazars LLP
Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Audit Committee
Selby District Council
Civic Centre
Doncaster Road
Selby
YO8 9FT

September 2014

Dear Sirs/Madams

Audit Completion Report – Year ended 31 March 2014

We are delighted to present our Audit Completion Report for the year ended 31 March 2014. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum which we presented on 16 April 2014. We have reviewed the significant audit risks and areas of management judgement included in our Audit Strategy Memorandum and during the course of the audit we subsequently removed the following significant risk for the reasons specified below:

- Expenditure recognition - we rebutted the presumption of the risk of fraud in expenditure recognition when we reviewed the draft financial statements; the financial position remains strong and a continued position of good financial management has been demonstrated through the financial outturn for 2013/14, meaning that the risks of financial manipulation through expenditure recognition is very low.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

This document will be presented to the Audit Committee on 24 September 2014. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6300 or cameron.waddell@mazars.co.uk.

Yours faithfully

Cameron Waddell
Mazars LLP

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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to Non-Executive Directors, Directors or managers are prepared for the sole use of the audited body and we take no responsibility to any Non-Executive Director, Director or Manager in their individual capacity or to any third party.

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01 Executive summary

Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2014 to the Audit Committee of Selby District Council and forms the basis for discussion at the Audit Committee meeting on 24 September 2014.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Selby District Council; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 3 of this report includes our conclusions on the significant risks and areas of management judgement that we set out in our Audit Strategy Memorandum.

We also set out details of internal control recommendations in section 4 and a summary of misstatements discovered as part of the audit in section 5.

Status and audit opinion

We have substantially completed our audit of the financial statements for the year ended 31 March 2014.

At the time of preparing this report, we have not yet received and reviewed the required assurance from the auditors of North Yorkshire Pension Fund (Deloitte LLP) over IAS 19 (pensions) related entries in the financial statements.

We will provide an update to you in relation to this matter in a follow up letter to this report.

Subject to the satisfactory conclusion of the remaining audit work, we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We also anticipate completing our work in respect of your Whole of Government Accounts submission in line with the group instructions issued by the National Audit Office by the deadline of 3 October 2014.

Our proposed audit report is set out in Appendix B.

02 Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding the significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 6 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

Significant risk: management override of controls

Description of the risk

Auditing standards state that management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits. This does not imply that we suspect actual or intended manipulation but that we approach the audit with due professional scepticism.

How we addressed this risk

We updated our understanding and evaluation of internal control processes and procedures as part of our audit planning, including completion of a fraud risk assessment.

As part of this process we obtained information from the Audit Committee and management on processes for assessing the risk of fraud in the financial statements and arrangements in place to identify, respond to and report fraud.

Our testing included:

- general ledger journal testing;
- consideration and review of material accounting estimates;
- consideration and review of any unusual or significant business transactions; and consideration of local factors.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any issues to bring to your attention.

Significant risk: revenue recognition

Description of the risk

Auditing standards include a rebuttable presumption that there is a significant risk in relation to the timing of income recognition and in relation to judgements made by management as to when income has been earned. Mazars' policy is that the scope to apply such a rebuttal is limited. As there is an inherent risk of fraud in revenue recognition we consider it to be a significant risk on all audits. This does not imply that we suspect actual or intended manipulation but that we continue to approach the audit with due professional scepticism.

How we addressed this risk

We evaluated the design and implementation of controls which mitigated this risk. In addition we undertook a range of substantive procedures including:

- testing of income including tests to ensure transactions were recognised in the correct year;
- testing year end receivables and accruals;
- obtaining direct confirmation of year-end bank balances and testing the reconciliations to the ledger;
- testing journals.

Audit conclusion

Our work has provided the assurance we sought in relation to revenue recognition.

Significant risk: pension entries (IAS 19)

Description of the risk

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

How we addressed this risk

We discussed with officers any significant changes to the pension estimates prior to the preparation of the financial statements.

In addition to our standard programme of work in this area, we also:

- evaluated the management controls you have in place to assess the reasonableness of the figures provided by the actuary (Mercers); and
- considered the reasonableness of the actuary's (Mercers') output, referring to an expert's report on all actuaries nationally which was commissioned by the Audit Commission.

As at the time of preparing this report, we have not yet received and reviewed the required assurance from the auditors of North Yorkshire Pension Fund (Deloitte LLP) over IAS 19 (pensions) related entries in the financial statements.

Audit conclusion

As at the time of preparing this report, we have not yet received and reviewed the required assurance from the auditors of North Yorkshire Pension Fund (Deloitte LLP) over IAS 19 (pensions) related entries in the financial statements.

Subject to a satisfactory response from Deloitte LLP, our work has provided the assurance we sought and has not highlighted any issues to bring to your attention.

Description of the risk

Accounting standards and CIPFA's Code of Practice on Local Authority Accounting require that all property, plant and equipment are depreciated, unless there is a specific exception. There are also requirements to regularly revalue assets carried at fair value on the Council's balance sheet and to carry out impairment reviews.

These involve management judgements over the useful lives and valuations of assets.

In addition, there have been material errors in accounting for property, plant and equipment in recent years, which required correction.

How we addressed this risk

We discussed with officers the design and implementation of controls in respect of depreciation, revaluations and impairments as part of our walkthrough of the property, plant and equipment system.

In addition to our standard programme of work in this area, we also:

- substantive testing of depreciation, revaluations and impairments per the disclosure note to the financial statements;
- review and evaluation of the work of the valuer (Mouchel), including the valuer's report; and
- consideration of regional valuation trends
- specific follow up of the areas subject to material error in previous years.

Audit conclusion

We have carried out specific testing to address the significant risk in relation to property, plant and equipment entries and disclosures.

We identified the following errors in relation to PPE:

- the omission of £1,195k of capital expenditure, this error has been corrected; in addition, grant income of £1,568k, partly relating to this expenditure, was not accrued as a debtor, and this has also been corrected in the revised financial statements;
- incorrect accounting for the revaluation of Other Land and Buildings; this error which arose due to confusion over the date of the revaluations carried out by the valuer, has not been adjusted due to it not being material (adjustments of £432k and £37k as set out in section 04). Officers will carry out further work in the 2014/15 accounts to correct these errors and ensure that revaluations are properly reflected in future years;
- incorrect capitalisation of revenue expenditure, this error has not adjusted due to it not being material (£48k); officers will need to review this to prevent a recurrence in future years.

Other areas of estimation

Description of the area of management judgement

The material areas of estimation – pension liability (IAS19) and property, plant and equipment – have been highlighted and have been addressed as significant risks. Other key areas of judgement include estimation and the assessment of potential liabilities as accruals, provisions and contingent liabilities. This year, we reviewed closely the new requirement to make provision for NNDR appeals following changes to the treatment of NNDR from 1 April 2013.

How we addressed this area of management judgement

We reviewed all areas of the accounts where material estimates are made, and assess these for reasonableness. In addition, we will undertake a range of substantive procedures including:

- We tested the material NNDR appeals provision against accounting requirements; and
- We assessed whether the Council has properly disclosed material contingent liabilities.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any issues to bring to your attention.

Accounting policies and disclosures

We have reviewed Selby District Council's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

03 Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (High)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	NONE
2 (Medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	TWO
3 (Low)	In our view, internal control should be strengthened in these additional areas when practicable.	NONE

Other deficiencies in internal control – Level 2

Description of deficiency

- 1) An inadequate process for identifying capital accruals. We identified two material items of capital expenditure relating to 2013/14 omitted from the financial statements, the total value was £1,195k. There was a further £1,568k of capital grant income omitted from the financial statements.
- 2) Improvements in the frequency and scope of system reconciliations are required including an adequate timely review. This was also raised as a deficiency in internal control in 2012/13.

Potential effects

- 1) Capital expenditure not accounted for in the correct financial period.
- 2) Errors may not be identified early enough making them more difficult to investigate and correct.

Recommendation

- 1) The year end closedown process should include clear communication with other teams in the Council involved in capital expenditure to identify expenditure incurred in the financial year but invoiced in the following financial year.

Accountancy should undertake a review of all capital expenditure recorded in April to identify any expenditure relating to the previous financial period.

- 2) Establish a full programme of system reconciliations, and ensure they are performed regularly and promptly.

Management response

- 1) Enhanced and extended review procedures have been set-up to capture capital stage payments which cover work completed up to 31 March and any capital income due. For projects that are to be completed during or after the year end, regular meetings with project managers will take place to ensure that the accounts reflect the year-end position.
- 2) Improvements to the reconciliation programme are being introduced during 2014/15, with training on the importance of reconciliations to be given to the relevant teams. A review of why there are delays or issues with the reconciliations has been carried out which has seen some improvements with follow up work taking place to ensure all reconciliations are carried out in a timely manner.

A progress report on these issues will be presented to the Audit Committee in January.

04 Summary of misstatements

We set out below the misstatements identified during the course of the audit, above the trivial level, for adjustment. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2013/14

	CIES		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1 Dr PPE Other Land and Buildings			432	
Cr Revaluation Reserve				432
Errors have been made in the accounting treatment for assets revalued at 31 March 2014. The amount is based on an extrapolation.				
2 Dr CIES Impairment charge	37			
Cr PPE Other Land and Buildings				37
Errors have been made in the accounting treatment for assets revalued at 31 March 2014. The amount is based on an extrapolation.				
3 Dr CIES HRA Expenditure	48			
Cr PPE Council Dwellings				48
Revenue expenditure has been incorrectly capitalised. The amount is based on an extrapolation.				
Total unadjusted misstatements	85	-	432	517

Additional work is currently being undertaken in relation to the housing benefits grant claim. This may result in a change in subsidy entitlement, although at the time of drafting this report the final outcome is unclear. However, it is clear that any amendments that may arise would not be material to the financial statements.

Adjusted misstatements 2013/14

	CIES		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1 Dr Debtors			200	
Cr CIES Other Housing - Income		200		
Dr CIES Other Housing - Expenditure	152			
Cr Debtors - Bad Debt Provision				152
Error in calculating the housing benefit overpayment debtors and associated bad debt provision.				
2 Dr Creditors			541	
Cr Debtors				541
Error in posting an accrual for invoices raised in March 2013 relating to 2014/15.				
3 Dr PPE - Assets Under Construction			655	
Cr Creditors				655
Dr Usable Reserves - Capital Receipts Reserve			655	
Cr Unusable Reserves - Capital Adjustment Account				655
Invoices for the construction of the leisure centre relating to expenditure incurred in 2013/14 were incorrectly omitted.				
4 Dr PPE - Council Dwellings			540	
Cr Creditors				540
Dr Usable Reserves - Major Repairs Reserve			540	
Cr Unusable Reserves - Capital Adjustment Account				540
Dr CIES HRA Expenditure Downward valuation charge			540	
Cr PPE - Council Dwellings				540
Dr Unusable Reserves - Capital Adjustment Account			540	
Cr Useable Reserves - HRA				540
Invoices for the Airey Homes improvement programme relating to expenditure incurred in 2013/14 were incorrectly omitted. Due to repair nature of capital expenditure a full downward valuation charge has been posted.				
5 Dr Debtors			1,568	
Cr CIES Taxation and non-specific grant income		1,568		
Dr Usuable Reserves - General Fund			1,568	
Cr Unusable Reserves - Capital Receipt Account				1,568
Capital grant income from Sports England was incorrectly omitted.				

Disclosure amendments

The disclosure notes were amended as follows:

- To reflect the impact of the adjusted misstatements throughout the accounts.
- Cash flow statement has a number of presentational changes due to errors in the analysis of cash transactions.
- Collection Fund note 2, changes to the table to reflect the impact of the Council Tax Reduction scheme on the Council tax base.
- Earmarked reserves amended to reflect the correct transfers in the correct reserves.
- Debtors note 21 changed to show the correct classification analysis of debtors.
- PPE note 12 has had a number of presentational changes to show the correct treatment following revaluations, including adjustments to accumulated depreciation, and showing the correct values for impairments and downward movements on revaluation. Opening amounts for costs and accumulated depreciation have been adjusted to remove assets previously disposed. None of these adjustments affected the net book value.
- A number of other minor errors, omissions, clarifications and typographical errors were corrected.

05 Value for money

We are required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do this by considering the Council's arrangements against two criteria specified by the Audit Commission. We have set out below our conclusion against the two criteria.

Criteria 1: Financial Resilience

The Council has managed its financial position well. Budget setting is robust and close monitoring ensured delivery of spending within budget. The outturn report for 2013/14 shows that the Council underspent against budget by £0.8 million for the General Fund and £0.2 million for the Housing Revenue Account. There was some slippage in the capital programme and this is being carried forward into 2014/15.

The latest VFM profiles, produced by the Audit Commission, show the General Fund Balance was close to the average for similar authorities, and that earmarked reserves are relatively high. These earmarked reserves are set aside for specific plans and projects and will help the Council manage the financial challenges it faces over the next few years.

The Council is financially resilient. The Medium Term Financial Strategy sets out how the Council proposes to deal with the difficult economic climate and the cuts in funding. The Council has considered the impact of the retention of business rates and localisation of council tax support, and is monitoring these areas closely.

Criteria 2: Securing economy, efficiency and effectiveness

In recent years, the Council has made significant changes to secure its future viability. It has reorganised into a democratic core, Access Selby and Communities Selby. The core commissions services and provides democratic accountability, Access Selby is a service delivery arm but with an ambition to improve service delivery for residents and develop more commercial expertise. Communities Selby is about being closer to the local community and maximising the return for residents through partnership working with the voluntary sector and others.

The Council have made good progress in the innovative collaborative arrangement with North Yorkshire County Council. The new joint post of Chief Executive for Selby District Council and Assistant Chief Executive for North Yorkshire County Council has been filled by Mary Weastell. The joint post has been successful in aiding the implementation of joint working projects. For example, the registry office relocating to Selby District Council Civic Centre, new shared telephony system and other projects bringing efficiencies and savings for both Local Authorities.

The Selby District Housing Trust has been set up and the building of affordable housing is underway.

The re-building of Abbey Leisure Centre is underway and on track to be completed by early 2015. The Council are taking advantage of the development and are looking to bring additional leisure facilities to the district.

In the Audit Strategy Memorandum we identified significant risks relevant to the value for money conclusion. We detail below how we have addressed these risks and our conclusions.

We intend to issue an unqualified Value for Money conclusion as set out in Appendix B.

Significant Value for Money risks

VFM risk

Description of the risk

The Council faces financial pressures from reduced funding and continues to identify plans to deliver future savings. Without robust budgetary control and delivery of its action plans, the Council's financial resilience and service performance could deteriorate.

How we addressed this risk

We reviewed budget monitoring and reporting, focusing on areas where action plans are in place to make savings and seek to minimise any adverse impact on services. We reviewed the plans that are developed to deliver future savings and also plans to deliver improvements for the community, including:

- increased collaboration with North Yorkshire County Council;
- the delivery of affordable housing through a housing trust; and
- the delivery of a new leisure centre.

Conclusion

The Council continues to closely monitor the delivery of its action plans and its budgets. The outturn for 2013/14 showed that the Council has achieved an underspend against budget, more than delivering the savings required so far, and it also has healthy financial reserves to help it manage the future cuts that are likely to be required. To date, the Council has managed to drive further improvement in performance despite the cuts in spending. The Council is preparing for difficult decisions in future years as further cuts in funding are required.

As noted earlier, all of these significant plans – collaboration with the County Council, establishing a housing trust and re-provision of the leisure centre – have been progressed further over the year. There are still risks with these and the other projects the Council is engaged in, but progress to date has been good. It is important that the Council continues to closely monitor the progress of these projects to ensure that the benefits envisaged are delivered for the Council and its residents.

Appendix A – Draft management representation letter

Selby District Council

24 September 2014

Dear Mr Waddell

Selby District Council - audit for year ended 31 March 2014

This representation letter is provided in connection with your audit of the statement of accounts for Selby District Council for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Executive Director s151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material affect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Executive and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Fraud and error

I acknowledge my responsibility as Executive Director s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. A further impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Council/Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the statement of accounts as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Karen Iveson
Executive Director s151 Officer

Schedule of unadjusted misstatements

Unadjusted misstatements 2013/14				
	CIES		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1 Dr PPE Other Land and Buildings Cr Revaluation Reserve			432	432
Errors have been made in the accounting treatment for assets revalued at 31 March 2014. The amount is based on an extrapolation.				
2 Dr CIES Impairment charge Cr PPE Other Land and Buildings	37			37
Errors have been made in the accounting treatment for assets revalued at 31 March 2014. The amount is based on an extrapolation.				
3 Dr CIES HRA Expenditure Cr PPE Council Dwellings	48			48
Revenue expenditure has been incorrectly capitalised. The amount is based on an extrapolation.				
Total unadjusted misstatements	85	-	432	517

Appendix B – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELBY DISTRICT COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Selby District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Selby District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Executive Director (s151) and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Director (s151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director (s151); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Selby District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, Selby District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Cameron Waddell

For and on behalf of Mazars LLP

The Rivergreen Centre
Aykley Heads
Durham, DH1 5TS

September 2014

Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

To: Audit Committee
Date: 24 September 2014
Author: Isabel Jones; Audit Manager; Veritau
Lead Officer: Karen Iveson; Executive Director (s151 Officer)

Title: Internal Audit Progress Report 2014/15

Summary: The purpose of the report is to provide an update on progress made in delivering the internal audit workplan for 2014/15.

Recommendation:

It is recommended that the attached report be approved.

Reasons for recommendation

It is recommended that the report is considered by the Audit Committee as it summarises the audit work undertaken during the year to date.

1. Introduction and background

- 1.1. The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations).
- 1.2 The Audit Committee approved the internal audit plan for 2014/15 at its meeting held on the 16 April 2014. The purpose of the report is to inform Members of the progress made to date in delivering the 2014/15 Internal Audit Plan and any developments likely to have an impact on the Plan throughout the remainder of the financial year.

2. The Report

- 2.1 Within the report there is a summary of progress made against the plan.
- 2.2 Veritau carries out its work in accordance with the Public Sector Internal Audit Standards (PSIAS).

2.3 There is no direct linkage to any of the Council's Priorities, as internal audit is a support service, which provides internal control and activity assurance to Directors on the operation of their services, and specifically to the Council's S151 Officer on financial systems.

3. Legal/Financial Controls and other Policy matters

3.1. Legal Issues

(a.) None.

3.2. Financial Issues

(a.) None.

4. Conclusion

4.1 To date, 2 audit reports have been issued in draft and a further 8 audits are currently in progress. It is anticipated that the 93% target will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits).

5. Background Documents

Contact Officer: *Isabel Jones; Audit Manager; Veritau*
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01904 552934/01757 292281

Richard Smith; Deputy Head of Internal Audit;
Veritau
Richard.smith@veritau.co.uk

Appendices: - Internal Audit Progress Report 2014/2015 -
Veritau

Selby District Council

Internal Audit Progress Report 2014-15

Audit Manager: Isabel Jones
Deputy Head of Internal Audit: Richard Smith
Head of Internal Audit: Max Thomas
Date: 24 September 2014

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit is required to regularly report progress in the delivery of the internal audit plan to the Audit Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the Annual Internal Audit Plan 2014/15 at their meeting on the 16 April 2014. The total number of planned audit days for 2014/15 is 355. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises the progress made in delivering the agreed plan.

Internal Audit Work Carried Out 2014/15

- 3 A summary of the audit work completed in the year to date is attached at **Appendix A**. This is the first progress report to be received by the committee during 2014/15.
 - 3.1 Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Audit Committee;** this is mainly on going through our support and advice to Members. We assist by facilitating the attendance at Committee of managers to respond directly to Members' questions and concerns over the audit reports and the actions that managers are taking to implement agreed recommendations.
 - **Contractor Assessment;** this work involves supporting the assurance process by using financial reports obtained from Dunn & Bradstreet (Credit Rating Agency) in order to confirm the financial robustness of potential contractors.
 - **Risk Management;** Veritau facilitate the Council's risk management process and advise Access Selby on their processes.
 - **Systems Development;** Internal Audit attend development group meetings in order to ensure that where there are proposed changes and new ways of delivering services, that the control environment is not overlooked which could lead to the Council being exposed.
 - **Investigations;** Special investigations into specific sensitive issues.
 - 3.2 As with previous audit reports an overall opinion will be given for each of the specific systems under review.
 - 3.3 The opinions used by Veritau are provided below:

High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

Limited Assurance Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.

No Assurance Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

3.4 The following priorities are applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

3.5 It is important that agreed actions are formally followed-up to ensure that they have been implemented. Agreed actions are recorded within Covalent therefore assurance should be gained through the performance management framework, with appropriate testing carried out.

3.6 A total of 10 agreed actions from 2013/14 audits have been followed up with the responsible officers. 7 had been satisfactorily implemented. In a further 3 cases, the actions had not been implemented by the target date but a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (eg due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date. The remaining 21 actions agreed in 2013/14 audits have not yet been followed up either because the target dates have not yet passed or because follow up work is still in progress. A summary of this follow up work is included below:

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	7	0	2	5
Revised date agreed	3	0	3	0
Follow up in progress	4	0	3	1
Not yet followed up	17	1	11	5
Total agreed actions	31	1	19	11

3.7 To date, two 2014/15 audits have been completed to draft report stage and a further eight are in progress. No reports have been finalised since the last report to this committee but a summary of the status of the current audit plan is included in Appendix A. It is anticipated that the 93% target will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits).

Appendix A

Table of 2014/15 audit assignments status

Audit	Status	Audit Committee
Corporate Risk Register/Access Selby RR		
Savings Delivery	Not Started	
Partnerships	Not Started	
Performance Management and Data Quality	Not Started	
Government Legislation	In progress	
Fundamental/Material Systems		
Housing Rents	In progress	
Council Tax/NNDR	Not Started	
Sundry Debtors	Not Started	
Benefits	Not Started	
Council House Repairs	In progress	
Creditors	Not Started	
Income/Receipting Systems	Not Started	
Payroll	In progress	
General Ledger (budgetary control & reconciliations)	Not Started	
Capital Accounting/Asset Management	Not Started	
Regularity Audits		
Civil Contingencies Act/Business Continuity	Draft report issued	
Safeguarding Children	In progress	
Taxi Licensing	In progress	
Technical/Project Audits		
ICT	Not Started	
Programme for Growth	Not Started	
Leisure Centre Rebuild/Village	Not Started	
Contract Audit/Procurement	Not Started	
Housing Trust	In progress	
Business Transformation	Not Started	
Better Together	Not Started	
Information Governance Support	Not Started	
Contingency		
- Car Park Income	Draft report issued	
Follow Ups:	In progress	

Audit Committee Work Programme 2014/15

Date of Meeting	Topic	Action Required
14 May 2014 (Special)	<u>Committee Requested Item</u> Time of Meetings	To agree start time of Audit Committee meetings for 2014/15
	<u>Committee Requested Item</u> Constitutional Changes	To consider the Council's Constitutional Changes
	<u>Committee Requested Item</u> Audit Committee Work Programme 2014/15	To consider the Committee's Work Programme for the year ahead.
12 June 2014	<u>Committee Requested Item</u> Constitutional Changes	To consider the Council's Constitutional Changes
18 June 2014	The meeting will be preceded by a training presentation by Veritau	
	<u>Committee Requested Item</u> Internal Audit Annual Report 2013/14	To consider the Internal Audit Annual Report for 2013/14.
	<u>Committee Requested Item</u> Risk Management Annual Report	To consider the Risk Management Annual Report for 2013/14

	<u>Committee Requested Item</u> Review of the Corporate Risk Register	To review the latest Corporate Risk Register
	<u>Committee Requested Item</u> Review of the Access Selby Risk Register	To review the latest Access Selby Risk Register
4 July 2014	<u>Committee Requested Item</u> Constitutional Changes	To consider the Council's Constitutional Changes
29 July 2014	<u>Committee Requested Item</u> Constitutional Changes	To consider the Council's Constitutional Changes
24 September 2014	<u>Committee Requested Item</u> Constitutional Changes	To consider the Council's Constitutional Changes
	<u>Committee Requested Item</u> Information Governance Report	To receive an update on progress on implementing the IG Action Plan
	<u>Committee Requested Item</u> Annual Governance Statement	To approve the Annual Governance Statement
	<u>Committee Requested Item</u> Statement of Accounts (post audit)	To approve the Statement of Accounts

	<p><u>Committee Requested Item</u></p> <p>Mazars External Annual Governance Report and Opinion on the Financial Statements</p>	To receive the Mazars Annual Governance Report and opinion on Financial Statements
	<p><u>Committee Requested Item</u></p> <p>Internal Audit Quarter 1+Report 2014/15</p>	To review progress against the Internal Audit Plan
14 January 2015	<p><u>Committee Requested Item</u></p> <p>Information Governance Report</p>	To approve the Information Governance Annual Report
	<p><u>Committee Requested Item</u></p> <p>Annual Governance Statement – Action Plan Review</p>	To review progress against the AGS Action Plan
	<p><u>Committee Requested Item</u></p> <p>Counter Fraud Annual Report</p>	To review the Counter Fraud Annual Report
	<p><u>Committee Requested Item</u></p> <p>Internal Audit Quarter 2+ Report 2014/15</p>	To review progress against the Internal Audit Plan
	<p><u>Committee Requested Item</u></p> <p>Annual Audit Letter</p>	To receive the Mazars report on the 2013/14 Audit and Value for Money conclusion

	<u>Committee Requested Item</u> Audit of Grant Claims & Returns 2013/14	To receive the Mazars Audit report
	<u>Committee Requested Item</u> Review of Risk Management Strategy	To review the Risk Management Strategy
	<u>Committee Requested Item</u> Review of the Corporate Risk Register	To review the latest Corporate Risk Register
	<u>Committee Requested Item</u> Review of the Access Selby Risk Register	To review the latest Access Selby Risk Register
	<u>Committee Requested Item</u> External Audit Progress Report – Mazars	To review the progress by Mazars in meeting its responsibilities as the Council’s External Auditor.

15 April 2015	<u>Committee Requested Item</u> Audit Strategy Memorandum and External Audit Progress Report – Mazars	To review the Audit Strategy and progress of the External Audit with Mazars
	<u>Committee Requested Item</u> Annual Governance Statement – Action Plan Review	To review progress against the AGS Action Plan
	<u>Committee Requested Item</u> Internal Audit Progress Report 2014/15	To review progress against the Internal Audit Plan for 2014/15

	<p><u>Committee Requested Item</u></p> <p>Internal Audit Charter</p>	<p>To approve the Internal Audit Charter</p>
	<p><u>Committee Requested Item</u></p> <p>Internal Audit Plan 2015/16</p>	<p>To approve the Internal Audit Plan 2015/16</p>
	<p><u>Committee Requested Item</u></p> <p>Audit Committee Annual Report 2014/14 and Work Programme 2015/16</p>	<p>To approve the 2014/15 Annual Report and the 2015/16 Work Programme for the committee</p>