



Summons and Agenda for the  
**Council Meeting**

to be held on

**26 FEBRUARY 2013**

at

**6.00pm**

**SELBY**  
  
DISTRICT COUNCIL





To: All District Councillors

cc: Chief Officers  
Directors

You are hereby summoned to a meeting of the Selby District Council to be held in the Council Chamber at the Civic Centre, Doncaster Road, Selby on **TUESDAY 26 FEBRUARY 2013** starting at **6.00PM**. The Agenda for the meeting is set out below.

**Chief Executive**  
**18 February 2013**

## Opening Prayers

# AGENDA

### 1. **Apologies for Absence**

To receive 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](http://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**

To approve as a correct record the Minutes of the meeting of the Council held on 11 December 2012 (Pages 5 to 12 attached).

### 4. **Presentation from North Yorkshire County Council – Superfast Broadband for North Yorkshire**

To receive a presentation.

### 5. **Communications**

The Chairman, Leader of the Council or the Chief Executive will deal with any communications which need to be reported to the Council. (Pages to attached)

### 6. **Announcements**

To receive any announcements from the Chairman, Leader or Members of the Executive.

**7. Petitions**

To receive any petitions.

**8. Public Questions**

To receive and answer questions, notice of which has been given in accordance with rule 10.1 of the Constitution.

**9. Councillors' Questions**

To receive and answer questions submitted by councillors in accordance with rule 11.2 of the Constitution.

**10. Reports from the Executive**

The Leader of the Council, and other members of the Executive, will report on their work since the last meeting of the Council. To receive questions as appropriate. (Pages 13 to 19 attached)

**11. Reports from Committees**

To receive reports from the Council's committees which need to be brought to the attention of Council. To receive questions as appropriate. (Pages 20 to 24 attached)

**12. Motions**

**1. The Labour Group requests that our authority adopts a policy to ensure that empty building sites are properly fenced and enclosed from the time of purchase rather than just at the time when development begins which may be a number of years later. Such enclosures should clearly display the names of the owners or their agents together with contact numbers to report any danger, damage, fly-tipping etc.**

**2. The Labour Group is concerned that building sites within the District make no allowance for contractors and sub-contractors' vehicles to be parked off- road by ensuring areas are set aside for these vehicles within the site.**

**We request that SDC adopts a practice of placing conditions on planning permissions that**

**a) All contractors and sub-contractor vehicles must be parked within the site boundary and not on public roads**

**b) A regular programme of road washing during the winter months is guaranteed to keep roads clean of mud and debris**

**13. Budget, Reserves and Balances**

The Council is asked to approve the Budget, Reserves and Balances 2013/14. (Pages 25 to 36 attached)

**14. The Budget and Council Tax 2013/14**

The Council is asked to approve Council Tax 2013/14. (Pages 37 to 59 attached)

**15. The Treasury Management Strategy**

The Council is asked to approve the Treasury Management Strategy. (Pages 60 to 85 attached)

**16. Pay Policy Statement**

The Council is asked to approve and adopt the Pay Policy Statement. (Pages 86 to 97 attached)

**17. Programme for Growth - Housing Trust**

The Council is asked to approve the establishment of a Housing Trust. (Pages to 98 140 attached)

**18. Constitutional Amendments**

To receive the report of the Deputy Chief Executive and Monitoring Officer (Pages 141 to 144 attached)

**19. Schedule of Meetings 2013/14**

To approve the Schedule of Meetings 2013/14. (Page 145 attached)

**20. Nominations for Chairman and Vice Chairman**

To appoint Councillors to the Offices of Chairman Elect and Vice-Chairman Elect for the 2013/14 Municipal Year.

**21. Urgent Action**

The Chief Executive will report on any instances where he has acted in urgent or emergency situations under the functions delegated to him in the Constitution.

**22. Sealing of Documents**

To authorise the sealing of any documents necessary to action decisions of this Council meeting, or the Executive or any of its Committees for which delegated authority is not already in existence.

## Council

Venue: Council Chamber  
Date: 11 December 2012

55	Disclosures of Interest
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63	Reports from Committees
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66	Localisation of Council Tax Support
67	Review of the Asset Management Strategy
68	CCTV Procurement
69	Gypsy and Traveller Update
70	Urgent Action
71	Sealing of Documents
72	Private Session
73	Senior Management Structure

Present: Councillor J Crawford in the Chair

Mrs E Casling, J Cattnach, I Chilvers, M Crane,  
Mrs D Davies, J Deans, M Dyson, K Ellis, M  
Hobson, W Inness, Mrs G Ivey, M Jordan, C Lunn,  
D Mackay, Mrs P Mackay, Mrs C Mackman, J  
Mackman, B Marshall, Mrs K McSherry, J  
McCartney, Mrs M McCartney, C Metcalfe, R  
Musgrave, Mrs W Nichols, R Packham, C Pearson,  
D Peart, A Pound, I Reynolds, Mrs S Ryder, S  
Shaw-Wright and R Sweeting

Apologies for Absence: Councillors Mrs M Davis, Mrs S Duckett, Mrs E  
Metcalfe, I Nutt, R Price, R Sayner, Mrs A Spetch  
and J Thurlow

Also Present: Chief Executive, Deputy Chief Executive, Managing Director of Access Selby, Executive Director (s151), Director of Community Services, Solicitor to the Council and Democratic Services Manager.

Press: 0  
Public 3

## **55. Declarations of Interest**

Councillor Lunn, having registered a disclosable pecuniary interest arising from the fact that he owns a number of properties which would be, from time to time, affected by the proposals set out in the report, left the meeting during discussion and voting on agenda item 11 (minute 66 - Council Tax Localisation).

Councillor Packham, having registered a disclosable pecuniary interest arising from the fact that he has a second home for which he was in receipt of Council Tax exemption, left the meeting during discussion and voting on agenda item 11 (minute 66 - Council Tax Localisation).

Councillor Shaw-Wright declared a non pecuniary interest in item 13 (minute 69 – Gypsy and Traveller Update) through his employment with Selby AVS. He remained in the meeting during consideration of that item.

## **56. Minutes**

The minutes of the meetings of the Council held on 11 September 2012 and 6 November 2012 were confirmed as a correct record.

### **Resolved:**

**To approve the minutes for signing by the Chairman.**

## **57. Communication**

### Burn Parish Council

The Chief Executive reported a letter received from Burn Parish Council setting out its opposition to the proposed second Gypsy and Traveller Site at Burn Airfield.

The Leader of the Council responded to the issues raised and defended the steps taken by both the Executive and the Council to solve this difficult issue.

### **Resolved:**

**To note the correspondence.**



**58. Announcements**

The Chairman of the Council invited all councillors to attend his drinks reception after the meeting and advised that he would be making a donation to charity in lieu of Christmas cards.

**Resolved:**

**To note the announcement.**

**59. Petitions**

None received.

**60. Public Questions**

Mr Brian Percival had submitted the question below to the Council.

“The development of the core strategy has taken a very long time and there appears to be little certainty as to when it will be fully adopted and more importantly, taken up. I cannot see it having any significance in Tadcaster because it takes the combination of strategy and implementer.

Please explain the added value to the charge payer that will be delivered in the context of the costs to date and to conclusion, the alternative usages that could have been made of the financial and human resources consumed and to be consumed and whether what is hoped will be delivered could have been obtained by other methods. “

Councillor J Mackman responded. He briefly set out the reasons for the delays in the Core Strategy and explained its significance to the region in future years.

In response to a supplementary question, Councillor J Mackman provided information regarding the calculation of costs of the Core Strategy and advised that the development of the District’s town centres was a key element of the programme for growth.

**61. Councillors’ Questions**

None received.

**62. Reports from the Executive**

The Leader of the Council reported on the work he had recently undertaken. His report outlined on going discussions to create job opportunities in Selby District.

Councillor Mrs G Ivey, Deputy Leader of the Council and Lead Executive Member for External Relations and Partnerships, reported on her latest work. She updated the Council on the ongoing work towards a new Leisure Centre and responded to questions regarding the North Yorkshire Police Commissioner. Councillor Mrs G Ivey would respond to a question regarding the recent announcement regarding the relocation of patients with mental health issues outside of the meeting.

Councillor Lunn, Lead Executive Member for Finance, reported on the work he had undertaken within his portfolio, he provided further detail on the Treasury Management report received by the Executive on 1 November 2012.

Councillor J Mackman, Lead Member for Place Shaping, reported on his latest work. He responded to questions on the joint commissioning, with Harrogate Borough Council, of a Gypsy and Traveller Accommodation Assessment (GTAA) report. The GTAA report would determine each district's traveller accommodation needs to the end of the Local Plan period.

Councillor C Metcalfe, Lead Member for Communities, gave an update on his work. He provided a brief update on the current situation at Brayton Barff and offered to respond to a question on the site's management outside of the meeting.

**Resolved:**

**To receive and note the reports from the Executive.**

### **63. Reports from Committees**

The Chair of Policy Review Committee, Councillor Jordan, reported on work of the Committee since the last Council meeting. He highlighted the Committee's ongoing work regarding the collection of green waste. The Council also discussed the use of its garages.

Councillor Mrs W Nicholls, the Chair of Scrutiny Committee, outlined the recent work of the Committee. The report covered the Committee's work in scrutinising performance reports and the New Selby War Memorial Hospital Minor Injuries Unit.

Councillor Mrs E Casling, the Chair of Audit Committee, gave an update to Council regarding the matters covered at the last meeting. The Committee had recently considered the Statement of Accounts and the Annual Governance Statement.

**Resolved:**

**To receive and note the reports from the Committees.**

**64. The Medium Term Financial Strategy**

Councillor Lunn presented the report on the Executive's proposals for the updated Medium Term Financial Strategy, following scrutiny by the Policy Review Committee. It supported the delivery of the Council's objectives and priorities over the next four years.

Councillor Lunn briefly outlined the impact of the projected cuts in Central Government grant as outlined in the Autumn Statement.

**Resolved:**

**To approve the Medium Term Financial Strategy Update.**

**65. The HRA Business Plan**

Councillor Lunn presented the Housing Revenue Account (HRA) Business Plan for approval following consultation with tenants and the Policy Review Committee. The HRA Business Plan was the strategic document setting out the Council's vision of housing services over the next five years.

The Council discussed the importance of completing both the planned Stock Condition Survey and working closely with tenants to establish their needs.

**Resolved:**

**To approve the Housing Revenue Account Business Plan.**

***Having registered a disclosable pecuniary interest which related to the item set out below, Councillors Lunn and Packham left the meeting.***

**66. Localisation of Council Tax Support**

Councillor Crane presented the report on the Executive's proposal for the provision of Localised Support for Council Tax.

Councillor Crane outlined that the Welfare Reform Act 2012 would bring an end to the current Council Tax Benefit Scheme on 31 March 2013. Under the reforms, the amount of subsidy local government receives would be reduced by 15% and pensioners must be protected from any benefit reductions. The Council received a low response to its consultation exercise.

The Council approved the proposed scheme as submitted.

**Resolved:**

- i) To adopt the proposed version of the Council Tax Support scheme set out in the report;**
- ii) To approve the proposed changes to Council Tax discounts and exemptions from 1 April 2013;**
- iii) To approve the implementation of a Council Tax Support Hardship Scheme;**
- iv) To approve the Council Tax Support Scheme Vulnerability Policy.**

***Councillors Lunn and Packham rejoined the meeting***

**67. Review of the Asset Management Strategy**

Councillor Crane presented the Asset Management Strategy which was proposed for approval by Executive.

**At this point, Councillor Mrs C Mackman declared a non pecuniary interest in this item through her work with a charity.**

The Council heard that the Asset Management Strategy provided the overarching objectives for the Council's use of assets for 2012-2015. The Council discussed the accuracy of the list and a correction was made regarding the ownership of the Civic Centre.

**Resolved:**

**To approve the Asset Management Strategy.**

**68. CCTV Procurement**

Councillor C Metcalfe presented the report on the re-location of the CCTV fibre termination point and the decommissioning of the redundant CCTV infrastructure. The re-location of the hub was fundamental to ensuring an EU compliant procurement exercise.

Councillor C Metcalfe outlined that the re-location of the hub and decommissioning of the redundant CCTV infrastructure required capital funding of £85,000 in 2012/13 and £13,600 in 2013/14.

**Resolved:**

**To release £98,600 from the Spend to Save Reserve for the provision of a CCTV fibre network termination hub and decommission the redundant CCTV infrastructure.**

## **69. Gypsy and traveller Update**

Councillor J Mackman provided an update following the Executive's decision to authorise Access Selby to submit applications to facilitate the delivery of a traveller's site.

Councillor J Mackman set out a brief history of the selection of a second gypsy and traveller site at Burn. Following the Executive's decision on 1 November 2012, Access Selby had commenced formal negotiations to purchase the site.

The Council debated the potential second site at Burn Airfield and the opposition from residents.

Councillor J Mackman outlined that Access Selby had applied for a grant from the Homes and Communities Agency for 80% of the costs of developing the site. However, the Council was yet to hear if the bid had been successful. As a result, Councillor J Mackman proposed an additional recommendation as set out below:

- iii) To endorse that in the event that the bid is unsuccessful to develop the site by an alternative route in association with our partners.

The Council accepted the additional recommendation and

### **Resolved:**

- i) **To note the action to date and current position with regard to delivery of a suitable Gypsy & Traveller site;**
- ii) **To endorse the allocation of £188,000 from the approved Programme for Growth;**
- iii) **To endorse, that in the event that the bid is unsuccessful, to develop the site by an alternative route in association with our partners.**

## **70. Urgent Action**

The Chief Executive informed the Council that he had not taken any urgent action in the time since the last Council meeting.

## **71. Sealing of Documents**

To authorise the sealing of any documents necessary to action decisions of this Council Meeting, or any of its Committees and Boards for which delegated authority is not already in existence.

### **Resolved:**

**To grant authority for the signing of, or the Common Seal of the Council being affixed to, any documents necessary to give effect to any resolutions hereby approved.**

## **72. Private Session**

**Resolved:**

**In accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted, the meeting be not open to the Press and public during discussion of the following item as there will be disclosure of exempt information as defined in Section 100(1) of the Act as described in paragraph 1 of Part 1 of Schedule 12(A) of the Act.**

## **73. Senior Management Structure**

Councillor Crane presented the report which asked Council to consider an appointment process for a replacement Chief Executive as a consequence of Mr Connor's retirement in July 2013.

The Council approved an additional recommendation which delegated authority to Councillor Crane to examine wider opportunities for the senior management structure.

**Resolved:**

- i) To accept the proposed recruitment timetable;**
- ii) To appoint a Member Panel charged with making a recommendation to Council on a preferred candidate;**
- iii) To agree to the appointment of an external facilitator to assist with the recruitment process, such facilitator to be appointed by the Member Panel;**
- iv) To approve the recommendation within the report regarding the Core structure and the retention of a £10k budget for short term appointments;**
- v) To delegate authority to the Leader of the Council to examine wider opportunities for the senior management structure.**

The meeting closed at 7.47pm

## Report from Leader of Council 26 February 2013

Councillors,

Since last Council I have been working on the issue of job creation within the district. I have worked with BOCM and Selby Farms on the Olympia site, we are making progress and I hope that opportunities on this land can be brought forward. I am also working with two other developers within the district who would be bringing jobs to Selby. I have also had an approach from a national company looking at re-locating and considering Selby as their hub.

I have represented the council at meetings at both Leeds City Region and also LGYH. I also continue to chair the Employees committee within the Region and am happy to discuss the work there, but this would need to be a part 2 item.

I have been involved in the discussions re council tax setting and the budget for 2013/14. I have been to London with other District Council leaders to meet the minister, Brandon Lewis, who used Selby as good practice in the speech that he gave. I supported other leaders, from all parties, in calling for greater local say in Council decisions. I think that it is wrong for the Government to set council tax levels and spending limits for all Councils, I have also written to the Government on this issue and have a private meeting with Brandon Lewis to discuss this (and other issues) in early March.

I have been responsible at the Executive for the amendments to the constitution, which follow the requests from full council and also for the performance results, which are very encouraging.

Finally I am leading on the issue of an appointment of a new Chief Executive. I have met with Solace and have had discussions with NYCC to look at how we may be able to share senior staff to the benefit of both parties.

Mark Crane

Cllr Gillian Ivey.  
Executive Member for Partnerships and External Relations

### Report to Council on February 26<sup>th</sup> 2013

During the past three months I have represented the Council at meetings across North Yorkshire.

#### Police and Crime Panel.

The Panel met with Police Commissioner Julia Mulligan, on February 4<sup>th</sup>, when she presented her budget for 2013-4. The Commissioner proposed a freeze on the Police precept which the majority of the panel supported.

The Panel therefore approved the budget, but asked for more information regarding the amount allocated for Community Safety Partnerships, and how it was to be spent.

This will be the subject of a future meeting, as will the draft Police & Crime Plan 2013 – 2017 published February 3<sup>rd</sup>.

Consultation is currently taking place and the draft Police & Crime plan which may be accessed and responded to, on [www.crimeplan.org.uk](http://www.crimeplan.org.uk)

I chaired the York & North Yorkshire Housing Forum which met in Harrogate earlier this month and discussed.....

- The review of North Yorkshire Home Choice lettings scheme, and subsequent amendments proposed.
- Feedback on York Housing week.
- HCA update on funding available, and on projects throughout the County.

I have also been fortunate to attend two workshop sessions, sponsored by Sport England, where councillors from a number of authorities met together to discuss how each was promoting sport and active leisure in their authority.

This has proved really useful in informing the work on promoting Active Leisure in our communities as part of the Living Well agenda.

At the council I am working with officers on.....

- Proposed changes in the Choice-based lettings policy (Home Choice)  
These will go out for final consultation in the spring.
- Plans for the new Leisure Centre.  
Colleagues on the project board have visited a number of other leisure centres in order to learn as much as possible, and to challenge assumptions already made in our initial designs.  
In this way it is planned to provide the best possible facilities for the people of Selby District, whilst maintaining the most cost-effective designs.
- The Executive has given the go-ahead for the first phases of the programme to deliver sport and active leisure in the community; kicking off with the midnight football league, due to commence February 15<sup>th</sup>  
– weather permitting
- Following this will be the Active Healthy Adults programme which will be delivered at seven locations around the district. There will be more news on this in the Weekly Dispatch as details become available.



Councillor Cliff Lunn.

Executive member for finance and resources

Report to full council 28<sup>th</sup> Feb 2013

On 3<sup>rd</sup> January I attended the full executive meeting and presented the following reports:

Housing rents 2013/14

This proposed increase in council rents is in line with government guidelines on rent convergence. The result gives an average increase of 4.6%, bringing the average rent up to £79.19 on a 48 week basis. (The equivalent of £73.09 on a 52 week basis)

The proposal was approved.

Employer Sponsored Volunteering

After the pilot of this scheme officers have concluded that the scheme is beneficial both to the council and to the general population. The scheme is funded primarily by using existing training budgets, with additional funding in the first year of circa £5000.

Homelessness prevention

This was discussed and further information was requested. It was decided to carry the item forward to the 7<sup>th</sup> Feb Exec.Meeting.

On 16<sup>th</sup> Jan, with other councillors and with officers, I visited the sports village near York University. This was interesting and we noted some of the things that the management of the sports village would do differently.

I have attended meetings of the project board on 10<sup>th</sup> Jan and 7<sup>th</sup> Feb.

I have attended, in my capacity as executive member for finance and resources, briefing sessions with parish clerks. These were to explain changes in the way their parish precepts were to be handled in future.

At full executive meeting on 7<sup>th</sup> February I presented the following reports:

Budget proposals and medium term financial plan

I proposed a 0% rise in council tax for 2013/14, and to accept the grant of 1% to offset this. This has implications for our future base rate and finances, but on balance, due to central government actions, it was felt that this represented the best value for Selby District and its population.

I also proposed a postponement of any charge on green waste, so that we may look at the figures at leisure and make any decision based on a robust forecast of any effects such changes would have.

The full budget is before council.

3rd Quarter results and budget exceptions were presented, as were 3<sup>rd</sup> interim treasury management reports.

I am pleased to report that our treasury management returns continue to grow, despite the continuation of low interest rates.

#### Treasury management Strategy.

The annual treasury management strategy was discussed. This sets out our approach to the set aside of monies to repay debt etc. and reviews our authorised borrowing limits. Full details are in the exec.minutes.

#### Homeless Prevention

This proposed that Access Selby deliver a variety of initiatives to prevent homelessness, using one-off funding from DCLG.

The proposal's aim is to sustain interventions for as long as possible within the constraints of the available funding.

#### Mobile working

I presented the business case for the acquisition of a new mobile working ICT solution to support Access Selby's officers out in the field. The proposed software is flexible and can be used across a variety of mobile hardware (e.g. tablets, smartphones, or I-pads).

The cost of £211K is to be met from the spend to save reserve, and the estimated payback is 2 years following implementation.

Further details can be found in the exec minutes.

## **Councillor John Mackman**

### **Executive Member for Place Shaping**

#### **Report to Council on 26 February 2013**

This report covers the period from the Council meeting on 11 December 2012. During this period I have attended scheduled Executive / Executive Briefing meetings, Selby Internal Drainage Board, North Yorkshire Building Control Partnership, North Yorkshire and York Spatial Planning and Transport Board and Local Parish Council meetings as and when required.

Reporting on key items:

#### **1) The Local Plan Core Strategy (CS)**

Following on from previous reports the Consultation period for the 7<sup>th</sup> set of Proposed Changes to the Submission Draft Core Strategy closed on the 28 December 2012.

Representations were received from 26 individuals or organisations and Officers of the Council have recorded and considered all the representations received. Resulting from this work Officers consider that there is no need to propose any further Main Modifications to the Core Strategy.

Legal Submissions requested by the Inspector regarding the interpretation of Section 20 (7) of the Planning and Compulsory Purchase Act 2004 (as amended) have been submitted by the Council and on behalf of SSOBT. On 29 January 2013 the Government laid an Order in Parliament to revoke the Yorkshire and Humber Regional Strategy. The Order comes into force on 22 February 2013. This means that the development framework relevant to the Core Strategy will change prior to the final EIP hearings programmed for 27 February 2013.

The Inspector has decided that it is important that the Council and all representors are given the opportunity to comment on the implications of revocation for the published Core Strategy. In these circumstances the Inspector has requested that all comments must be received by the Programme Officer no later than Friday 22 February.

The Examination in Public to consider all the remaining issues including revocation of the RSS will reconvene on 27 February 2013. A provisional Agenda for the Final Examination is expected from the Inspector on 15 February followed by a final Agenda on Tuesday 26 February after the Inspector has considered the responses to the Regional Strategy revocation.

#### **2) The Local Plan "Site Allocation Plan" (SAP)**

The Core Strategy continues to be the key priority at the present time, the 'Site Allocation Plan' awaits in the wings ready to take its cue from the CS on final housing numbers and their spacial distribution. Key issues that the SAP will need to deal with when it resumes include the NPPF, Green Belt Review, Safeguarded Land, Development Limits, its relationship with the Management Development DPD

and the critical issue of meeting the requirements of the new “Planning Policy for Travellers Sites (March 2012).

Regarding the latter of particular note is the requirement for all local authorities to have in place a supply of specific deliverable sites for travellers sufficient to provide an immediate five years worth of sites/pitches and plots against locally set targets. Furthermore all authorities need to identify developable sites for years six to ten and if possible for years eleven to fifteen.

To meet our regulatory obligations it is essential to have a robust up to date evidence base in the form of a Gypsy and Traveller Accommodation Assessment (a GTAA report). As previously mentioned a joint GTAA report has been commissioned with Harrogate Council which will establish the needs across each district.

### **3) Potential site for the Travelling Community**

The Executive on the 1 November and subsequently Full Council on 11 December 2012 authorised Access Selby to submit and progress the necessary applications to facilitate the delivery of a 15 pitch Gypsy and Traveller site on part of the former airfield at Burn.

Additionally Council endorsed matched funding of £188k from the approved programme for growth to secure the land from the HCA and develop the 2.6 hectare site.

On the 20 December the HCA notified the authority that Selby’s preferred scheme 2 bid would be supported subject to contract, Officers of the Council are currently in discussion with the HCA regarding the site disposal procedures and the terms and conditions of purchase.

Meanwhile the necessary planning applications for the site are being progressed with the traffic count by NYCC and access to the site to explore drainage issues associated with soak away pits causing some delays.

As part of the planning process the Local Planning Authority and National Planning Policies actively encourage applicants and agents to undertake pre-application consultation with neighbours, prior to the submission of formal planning applications. Accordingly a pre-application event in the form of a ‘drop-in’ session was held at Burn Methodist Church on the 6 February during which 84 people attended.

Local people are being invited to complete a questionnaire in order to provide feedback with regard to the principle of the proposal and the site design/layout. Following normal planning procedures comments received will accompany the formal planning application submission and all comments will remain in the public domain.

### **4) Programme for Growth**

Clearly achieving the adoption of the Local Plan Core Strategy will be fundamental to the Housing and Infrastructure Growth Programme and therefore maximum effort

is being given to prepare for the forthcoming final session of the Core Strategy E.I.P.

As part of the 'Programme for Growth' a project has been established to consider the feasibility of setting up a 'Housing Trust' to deliver new build affordable housing and in appropriate circumstances to transfer existing empty Council dwellings.

Following several Project Board meetings and after considering appropriate legal and financial advice the Executive at its meeting on 7 February approved the recommendations to establish a 'Housing Trust' as a charitable company limited by guarantee.

The Council's Programme for Growth Investment will support the creation of the new trust with £30,000 to help set up the venture.

The proposals are presented for final approval at Council this evening.

**John Mackman**  
**Executive Member**

## **Report from Cllr Mike Jordan on the Policy Review Committee meeting of 15 January 2013**

This contained 3 major items

1. Chargeable Green Waste Collections
2. Draft Budget and Medium Term Financial Plan
3. Tenancy Policy.

Taking each in turn.

The Green Waste Collections suggestion had been brought to this Committee initially as two extra meetings designed to discuss how it might be implemented, not whether this Committee would recommend it be adopted. We looked at a number of issues such as what time of year to implement, how much to charge, part year charging etc. Officers presented us with evidence of what had gone on elsewhere in the country and tried to pick Councils similar in size and demographics to Selby District. Further clarification and facts was sought at both the extra meetings before bringing the final details to the meeting in January. At the 15 January meeting the reports were all brought together, debated and further evidence was presented by the officers. In the event the Committee voted not to take forward the recommendations on how the service, if agreement was made to implement it, was to be delivered.

The Draft Budget report was then presented and, as requested, a number of comments to take to Executive were made, including the following recommendations.

- i) To request that the Executive look for other possible savings before implementing a green waste collection charge;*
- ii) To request that the Executive undertake public consultation on the introduction of charging for green waste.*

The Tenancy Policy was then discussed and an excellent presentation made on why we need to be doing this and how it would be implemented. There was general consensus that it was a good move by the Council and would be of benefit. Present tenants are not affected by it and there is provision to deal with exceptions. The following comments were made for consideration.

*The Business Manager outlined the key points in report and confirmed for the Committee that the current ongoing consultation on the Policy, included articles in Open Door and Citizen Link, a questionnaire on the website, engagement with CEF's, Tenancy Scrutiny Panels, Selby Homeless Steering group, over 50s Forum, Disability Forum, other local agencies as well as the scrutiny of the Policy by this Committee. The Committee felt that Parish Council's should have been allowed to comment and asked that they be consulted.*

*Councillor Reynolds welcomed and supported the Policy, however he felt that the term of the contract should be reduced from six years*

*The Business Manager outlined that, although there was no provision in the new Policy to carry forward the existing practice to offer an incentive to downsize when children leave home, it was something that could be considered. The Business Manager confirmed that when downsizing occurs, tenants are offered properties in their locality when possible.*

*The Committee discussed the issue of young families being placed into an area of elderly occupation. The Committee felt that this was a problem and recognised the need to look at protecting some elderly and vulnerable tenants. A reducing tenancy period may help solve some of these issues.*

Lastly may I take the opportunity to thank all the officers involved in all three of these items, a lot of work had been undertaken to provide all the evidence and answers we requested.

## **Chair of Scrutiny Committee – Councillor Wendy Nichols**

The Scrutiny Committee has met once since the last report to Council on 11 December 2012.

### **22 January 2013**

#### Crime and Disorder Review

Chief Inspector Mark Iveson from North Yorkshire Police and Colin Moreton from the Community Safety Partnership were present to discuss the latest position with regard to crime in the district.

The Committee were pleased to note that overall crime was down 5.2% compared to the same period last year. A useful update was provided on the different crimes and how these were being tackled and there was useful discussion on how the financial situation was affecting the Police.

#### North Yorkshire Fire and Rescue Service

Jez Rushworth from North Yorkshire Fire and Rescue Service was present to provide an update on the position of North Yorkshire Fire and Rescue Service within the district.

The Committee were informed of the different strands of work by the Fire Service and were also notified of the new mobile system which was being implemented in April 2013. This would help the Fire Service receive better data about call handling and allow mobilisation of the nearest fire engine to any incident reported.

#### Access Selby 2<sup>nd</sup> Interim Key Performance Indicator Progress Report April 2012 to September 2012 and SLA Development Progress Report

Councillor Crane, Leader of the Council and the Director of Community Services presented this report. The Committee discussed various aspects of the report and suggested improvements in how data was recorded and that consultation dates should be included in future updates.

The Committee would like to thank Councillor Crane for his attendance.

#### The Work of the Development Management Service

The Lead Officer, Planning presented a report which provided details of the work and performance of the Development Management Service.

The Committee were informed of the different areas of work of the service and were provided with statistical information outlining the different areas of performance.



### Scrutiny Development

The Committee continues to look at ways in which Scrutiny could be developed including looking in depth on establishing an effective work programme and developing an effective working relationship with the Executive. A second development workshop for the Committee will be held in February.

### Scrutiny Task Group – National Non-Domestic Rates, Discretionary Rate Relief

The second meeting of this Task Group is expected to take place on 11 February 2013.

## **Councillor Casling – Chair of Audit Committee**

I wish to thank Cllr C Mackman for chairing the meeting for me and my report is based upon observations made by her.

Selby District Council have new external auditors. They are Mazars who replace the Audit Commission for 2012/2013. They intend to present an Audit Strategy at the next meeting. This will set out the risks they have identified, the opinion on the statement of accounts, value for money conclusion and their approach to Audit.

Review of Annual Governance Statement was presented for 2011/12, identified some issues that members considered through the year. It was a half year update.

Internal Audit report: summary of work undertaken to DEC 2012. The emerging audit opinion is substantial to date, only one down from high assurance. Most audit assignments are completed by now.

Annual Audit Letter from Audit Commission issued unqualified opinion for 2011/12 and thanked the staff, senior management and Members for their support and co-operation. He also added his thanks for the continued positive and constructive approach to his audit over the years.



## Public Session

Report Reference Number (C/12/16)

Agenda Item No: 13

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**To:** Council  
**Date:** 26 February 2013  
**Author:** Karen Iveson – Executive Director (s151)  
**Lead Officer:** Karen Iveson – Executive Director (s151)  
**Executive Member:** Councillor C Lunn

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**Title:** The Budget, Reserves and Balances 2013/14

**Summary:** This report confirms the robustness of the Council's budget and the adequacy of its reserves and balances having regard to a variety of factors.

### Recommendations:

**It is recommended that councillors consider the Executive Director's statements in paragraphs 2.6 and 2.12 when setting the Council Tax.**

### Reasons for recommendation

To provide Council with assurance on the proposed budget and the Council's reserves in order to formally set the budget and Council Tax for 2013/14.

#### 1. Introduction and background

**1.1** Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (the Executive Director for Selby) to make a formal report to the Council on the robustness of the budget and adequacy of reserves.

## 2. The Report

### Robustness of the Budget

- 2.1 The economic climate continues to impact upon the Council's financial position, and the Council's Financial Strategy and Medium Term Financial Plan (3 year budget) have been refreshed to take account of the on-going cuts and changes in public sector funding; the introduction of localised Business Rates; and changes to Council Tax Support. Financial plans also include cautious assumptions on investment interest and income. Cost pressures from increasing demand for services will continue to be closely monitored and will be managed through the Access Selby and the Council's Core, base budget savings plans, whilst the medium term financial position will be kept under continuous review. The Medium Term Financial Plan includes an annual contingency to help mitigate risk to both income and expenditure. This includes the usual £100k operational contingency, and £100k commissioning contingency plus a further sum of between £56k and £68k, for business rates on the new Civic Centre which are subject to appeal.
- 2.2 The funding from central Government covering Revenue Support Grant and Business Rates Baseline funding will be £5.2m for 2013/14 (including £119k Council Tax Freeze Grant in respect of the 2011/12 freeze and £411k Council Tax Support grant after support to Parish Councils is paid). The provisional 2014/15 Finance Settlement shows a cut of £527k and further cuts are expected for 2015/16. Despite the significant strides we have made to reduce our cost base over the last 3 years, further savings are likely to be needed over the next 3 years and the Executive intend to review the options for the green waste service over the coming year.
- 2.3 Access Selby Board have approved a savings plan to meet their current Business Plan targets. The level and profile of the required savings will be kept under review as the longer term financial outlook beyond 2014/15 becomes clearer.
- 2.4 There is an on-going risk that sufficient savings will not be delivered within the required timescales (in such circumstances reserves and balances would have to be used to bridge any gap between net spending and grant), although proposals aim to provide some headroom to mitigate this risk.
- 2.5 There is the potential for additional Business Rates income following the introduction of localised Business Rates from April 2013. The Council's NNDR1 return (our estimate of Business Rates income for the coming year) suggests more Business Rates income could be generated than the Government's initial estimate for Selby. In accordance with the approved Medium Term Financial Strategy, no additional resources have been included within the budget and any such income would be transferred to a new Business Rates Equalisation Reserve to help off-set any future losses.
- 2.6 In respect of the proposed Council Tax requirement for 2013/14, councillors are asked to consider the following statement:

**“ The Executive Director (s151) reports that the estimates of income and expenditure forming the Council’s General Fund Revenue and Housing Revenue budgets for 2013/14 have been prepared on the basis of existing plans, known commitments and the financial implications of the proposals for savings and where necessary, service development and improvement. Where it has been necessary to do so, in the case of certain budgets such as contract payments, investment income and income from fees and charges, assumptions have been used for inflation, interest rates and demand for services which are considered to be reasonable and prudent. In addition a risk assessment is undertaken for these budgets and reserves are available to mitigate the risk within the budget and savings plan. In view of this, the Executive Director (s151) considers the Council’s budget estimates for 2013/14 to be robust.”**

### Reserves and Balances

- 2.7 As with most local authorities, the Council maintains a range of reserves and balances. These can be analysed into three main types:
- i) General Fund (Working) Balance – comprises of a non-earmarked balance (currently set at a minimum of £1.5m) which is set aside to cover the risk of excess inflation or unforeseen events;
  - ii) Housing Revenue Account - as with the General Fund balance but this time relating to a local authority’s housing function whilst it operates a Housing Revenue Account. The minimum balance is currently set at a £1.5m, which is set aside to cover the risk of excess inflation or unforeseen events within the HRA service;
  - iii) Specific reserves – amounts earmarked for specific items of expenditure to meet known or predicted liabilities.
- 2.8 Appendix A provides an assessment of the appropriate level of balances for the General Fund and HRA. Appendix B shows the estimated balance on each of the Council’s reserves at the end of 2013/14 after taking into account the impact of the agreed budget and provides a brief summary of the purpose of each reserve.

### The General Fund (Working) Balance

- 2.9 As indicated above, the General Fund Balance is an un-earmarked balance. Following a review of the adequacy of this balance there are no proposals to change the minimum of £1.5m. Any estimated balance above this figure is available to support the budget and future council tax levels although the approved Medium Term Financial Strategy recognises this is unsustainable and therefore sees the routine use of General Fund Balances stop after with effect from 2013/14.

## **Housing Revenue Account Balance**

- 2.10 The current minimum balance on the Housing Revenue Account is £1.5m which equates to £474.68 per property as at 1 April 2013 and is considered to be sufficient to cover a reasonable level of risk within the HRA.

## **Specific Earmarked Reserves**

- 2.11 In relation to reserves set aside for specific items of expenditure, a review has also been conducted to determine adequate levels. This forms part of the Council's Medium Term Financial Strategy and recommendations on the use of these reserves to support the 2013/14 revenue budget and capital programme proposals are included with the budget report.
- 2.12 In respect of the adequacy of the Council's proposed financial reserves and balances councillors are asked to consider the following statement:

**“The Executive Director (s151) reports that, having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-**

- **the Council's spending plans for 2013/14 and the medium term financial position;**
- **a risk assessment of the main items of income and expenditure;**
- **a risk assessment of the savings plan;**
- **adequacy of estimates of inflation, interest rates;**
- **treatment of demand led pressures;**
- **the need to respond to emergencies, and**
- **other potential calls on balances.**

**Therefore a minimum amount of £1.5m for the General Fund balance and a minimum of £1.5m for the Housing Revenue Account is considered adequate for this purpose.**

**The Executive Director (s151) also reports that the Council's earmarked reserves have been reviewed and approved as part of the Medium Term Financial Strategy and remain adequate.”**

## **3. Legal/Financial Controls and other Policy matters**

### **3.1 Legal Issues**

- 3.1.1 This report complies with Section 25 of the Local Government Act 2003, which requires the Chief Finance Officer to make a formal report to the Council on the robustness of the budget and adequacy of reserves.

## **3.2 Financial Issues**

3.2.1 There are no financial implications as a direct result of this report.

## **4. Conclusion**

4.1 The Council's 2013/14 budgets are robust, and based on current assumptions regarding the economic climate the Council has adequate levels of reserves and balances, however cuts in Government grants will require significant savings to be made during 2013/14. Plans are in place to achieve these savings and reserves are available to mitigate the assessed risk within these plans.

## **5. Background Documents**

Budget reports to and associated minutes of the Executive

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### **Appendices:**

Appendix A – Review of General Fund and HRA Balances

Appendix B – Estimated Balances on Reserves

## Review of General Fund and HRA Balances

### Introduction

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) considers that a case for introducing a statutory minimum level of reserves, even in exceptional circumstances, has not been made. The Institute believes that Local Authorities, on the advice of their Chief Finance Officer, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary, and there is a broad range within which authorities might reasonably operate depending on their particular circumstances.
2. There is no definitive guidance as to the minimum level of balances or reserves, either as an absolute amount or as a proportion of expenditure, since each local authority is independent, operates in a unique local environment and the decision is one of a number of inter-related decisions taken as part of its financial strategy. Section 32 of the Local Government Act 1992 requires billing authorities (such as Selby) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Budgets are based upon forecasts of pay and price inflation, changes in interest rates, and the demand for and levels of service to be provided. The existence of balances provides for unexpected changes from these forecasts. Consequently, the provision of an appropriate level of balances is a fundamental part of prudent financial management over the medium and longer term.

### Principles to Assess the Adequacy of Reserves

3. Setting the level of general reserves is just one of several related decisions in the formulation of the Medium Term Financial Strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority, the following factors should be considered:

#### *Budget Assumptions*

- treatment of inflation and interest rates
- a risk assessment of the main items of income and expenditure
- estimates of the level of and timing of capital receipts and general cashflows
- treatment of demand-led pressures (e.g. take-up of housing benefits and Council Tax Support)
- treatment of planned efficiencies and savings
- financial risks inherent in significant funding partnerships or major capital developments



- the availability of other funds to deal with major contingencies and the adequacy of provisions

*Financial Standing and Management*

- the overall financial standing of the authority
- the authority's track record in budget and financial management
- the capacity to manage in-year budget pressures
- the strength of financial information and reporting arrangements
- the authority's financial procedure rules and budgetary flexibility
- the adequacy of insurance arrangements to cover major unforeseen risks

**Use of any "excess" balances**

4. Any use of excess balances (i.e. those above the agreed minimum working balance) needs to be carefully considered in association with the Council's Medium Term Financial Strategy. Balances are a finite resource and can only be used once. Any application of balances should be focused on support for short-term budget restructuring and not ongoing 'base' items of expenditure. Ideally balances should be used to fund one-off expenditure, time-limited expenditure or 'invest to save' type spending.

**The impact of the cuts in public sector funding will require significant savings to be made and there is an on-going risk that sufficient savings will not be delivered within the required timescales – reserves and balances would have to be used to bridge any gap between net spending and grant.**

**What is an appropriate level of Balances for Selby District Council?**

**General Fund**

5. The current Council policy is for the General Fund Balance to be a minimum £1.5m. This represents approximately 14% of net expenditure or 4% of gross expenditure. The estimated balance at 1 April 2014 is £1.5m.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2013/14 a 1% allowance for pay inflation has been included within the budget). An adverse variance of 1% in the assumptions made to these forms of expenditure would result in additional expenditure of **£63k** in any one year.

- *Adequacy of interest rate assumption*

The Council is a net lender. An adverse variance of 1% in interest rates would increase the budgeted expenditure by approximately **£200k**.

- *Treatment of demand led pressures*

Demand volatility can affect both expenditure (e.g. take up of housing benefits) and income (e.g. number of planning applications). Housing Benefits are a significant item of expenditure estimated at over £16.8m in 2013/14 the majority of which is met by government subsidy. The estimate of subsidy is complex and is therefore relatively 'high risk'. There had also been a number of regulatory changes in recent years affecting the take up and it is considered prudent therefore to allow for some fluctuation in the net cost of benefits either reflecting subsidy variations, demand changes and changes in regulations. A figure of **£300k** is considered adequate for this purpose.

With regard to income from fees and charges the major income budgets are those relating to:

- Trade waste
- Car Parks
- Planning
- Land Charges
- Industrial Unit Rents
- Court Costs

There is a risk that expected income will not materialise and a fall in demand beyond that predicted for 2013/14 of say a further 10% would lead to a reduction in income of around **£200k**. Counter to this is the potential for increased planning fees from decentralisation of the current prescribed charging regime. At the time of writing this report legislation is awaited and therefore additional income has not been taken into account.

- *Responding to emergencies*

Examples include flooding, and the outbreak of foot and mouth disease. As a local authority, the Council can, in certain cases, gain protection through the Government's Bellwin Scheme. However, this only reimburses 85% of eligible expenditure above a specified threshold. There were two major issues during 2004/5 which the Council had to fund from general balances. A figure of **£200k** is considered adequate to cover for emergencies.

- *Other Issues*

The Council also has an unusually large Non Domestic Rate debit to collect due to the power industries. The timing of receipts and any changes in debit could have a major impact on the Council's cash flow – an issue which will require particularly close monitoring during the economic recession.

Taking all of these factors into account it would be prudent to maintain the current policy of holding minimum General Fund balances of £1.5m. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.

### HRA

6. The Housing Revenue Account (HRA) suggested balance is currently £1.5m which equates to £474.68 per property at 1 April 2013 which represents 13.7% of the net HRA budget. The estimated HRA balance at 1 April 2014 is projected to be £1.5m.

The HRA does not have a contingency budget as part of its overall budget. An assessment has been made of the HRA budgets which are subject to external influence. This assessment includes the impact of additional expenditure against revenue budgets, variations in the capital programme, the impact of limiting growth bids, reduced income collection rates and an assessment of risk of the age of the stock and vulnerability for repairs planned for future years having to be brought forward.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2013/14 a 1% allowance for pay inflation has been included within the budget). An adverse variance of 1% in the assumptions made to these forms of expenditure would result in additional expenditure of **£110k** in any one year.

- *Treatment of demand led pressures*

Demand volatility can affect expenditure (e.g. requests for housing repairs). Housing repairs are a significant item of expenditure estimated at £2.45m in 2013/14. The estimate of repair costs is based on prior year data however, the age of the stock and winter weather conditions affects the need for repairs year on year. It is considered prudent therefore to allow for some fluctuation in the cost of repairs. A figure of **£300k** is considered adequate for this purpose.

- *Capital Programme*

The HRA has a substantial capital programme each year. This is based on an estimate of the amount of work and costs at a point in time. Until the programme commences and a full assessment is made of properties in the relevant element of the programme there is a degree of uncertainty to the volume of work. In addition until the contract for the works is let the costs can only be estimated. It is considered prudent to allow for some fluctuation in the capital programme for additional costs through either additional works or costs or both. A figure of **£300k** is considered adequate for this purpose.

The capital programme is spread across a number of years and elements of the programme due to resources available will be deferred until later years this in itself carries a risk that works may need to be undertaken sooner than expected or that the cost of repairs increases until such time as a particular element of the programme is delivered. It is considered prudent to allow for some fluctuation in the capital programme. A figure of **£500k** is considered adequate for this purpose.

- *Other Issues*

The value of bad debts requiring write off within the HRA is currently rising due to the current economic climate. These bad debts are met from HRA income. It is considered prudent to allow for some fluctuation in bad debts levels. A figure of **£100k** is considered adequate for this purpose.

Taking all of these factors into account it would be prudent to maintain the current policy of holding minimum HRA balances of £1.5m. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.

## ESTIMATED BALANCES ON RESERVES - Appendix B

### GENERAL FUND

Description	Estimated Balance April 2013 £'000	Contribution 2013/14 £'000	Utilised 2013/14 £'000	Estimated Balance 31/03/14 £'000	Comments
PFI Scheme	2,422	364	-378	2,408	To fund PFI schemes
Building Repairs	561	130		691	For spend on buildings repairs (civic centre, leisure centres, depots)
ICT	178	200	-357	21	Fund set up for annual contribution £150k GF & £50k HRA to purchase IT equipment rather than lease. Spend subject to individual project approvals
Access Selby	327	0	0	327	Reserve set up to mitigate the risks on Access Selby savings / income targets
Contingency	553	0	0	553	To cover unforeseen items
District Election	67	30	0	97	Reserve to cover the costs of the district election
Industrial Units	51	0	0	51	Contributions from tenants of industrial units for the maintenance of the units
Open Space Maintenance	11	0	0	11	Developer contributions for the upkeep of open spaces that the Council is responsible for
Pension Equalisation Reserve	400	200	0	600	Reserve to dampen the impact of future years employer pensions costs increases
Planning Enquiries	100	0	0	100	Provision for costs associated with Planning enquiries.
Sherburn Amenity Land	10	0	0	10	Balance of a budget required for works on land at Sherburn undertaken during 1996
Special Projects (Programme for Growth)	1,031	880	-1,434	477	To fund capital or 'one-off' revenue projects
Spend To Save	369	119	-231	257	To provide 'up front' investment for initiatives that generate revenue budget savings
Tadcaster Central Area Project	215	0	0	215	Holds monies for Tadcaster Central Area Project
Wheeled Bin Hardship Fund	18	0	0	18	Set up to provide bins for those on low income / pension that can't afford bin
NDR Equalisation	0	344	0	344	To hold gains in Business Rates income to mitigate potential future losses
General Fund Unallocated	1,844	0	-344	1,500	Unallocated GF Reserve
<b>TOTAL GF Reserves</b>	<b>8,157</b>	<b>2,267</b>	<b>-2,744</b>	<b>7,680</b>	
Capital Receipts	704	102	-240	566	Capital receipts available for investment in projects
Planning Delivery Grant (Capital)	193	0	0	193	Planning delivery grant for funding capital projects not classed as earmarked reserve
LPSA Grant	33	0	0	33	Balance from 2007/08
Community Safety Grant	2	0	0	2	Balance from 2008/09
<b>TOTAL Capital Reserves</b>	<b>932</b>	<b>102</b>	<b>-240</b>	<b>794</b>	

## **HOUSING REVENUE ACCOUNT**

Description	Estimated Balance April 2013 £'000	Contribution 2013/14 £'000	Utilised 2013/14 £'000	Estimated Balance 31/03/14 £'000	Comments
Housing Revenue Account	1,500	0	0	1,500	Minimum balance on reserve currently agreed at £1.5m
Major Repairs - Capital Programme	871	3,151	-3,426	596	Element of the Major Repairs Reserve set up to hold funds for capital programme investment in the HRA stock
Major Repairs - Debt Repayment	1,175	1,175	0	2,350	Element of the Major Repairs Reserve set up under HRA Self Financing to repay debt.
<b>TOTAL HRA</b>	<b>3,546</b>	<b>4,326</b>	<b>-3,426</b>	<b>4,446</b>	



## Public Session

Report Reference Number (C/12/17)

Agenda Item No: 14

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**To:** Council  
**Date:** 26 February 2013  
**Author:** Karen Iveson – Executive Director (and S151)  
**Lead Officer:** Karen Iveson  
**Executive member:** Cllr Cliff Lunn

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**Title:** The Budget and Council Tax 2013/14

**Summary:** This report presents the Executive's recommended budget and capital programme for 2013/14 to 2015/16. The 2013/14 budgets show a forecasted surplus of £129k (after required savings) on the General Fund and a surplus of £776k on the HRA.

The Executive recommend a freeze in Council Tax for 2013/14 and having considered the Council's financial position following the final Local Government Finance Settlement, do not propose to introduce charging for green waste at this time.

Options for savings on this discretionary service will be explored over the coming year.

### Recommendations:

- i. The revenue budgets and capital programmes for 2013/14 at Appendices E and F be approved;
- ii. Council Tax is held at the 2012/13 level of £158.88 per Band D property, for 2013/14;
- iii. The formal Council Tax resolution set out in Appendix B be considered and approved.

**Reasons for recommendation:** To ensure the Executive's budget proposals are fully funded.

## 1. Introduction and background

- 1.1 This report presents the Executive's budget and Council Tax proposals for 2013/14 and includes the formal resolution for Council Tax setting purposes under the provisions of the Localism Act 2011 and Local Government Finance Act 1992. The necessary calculations are set out in **Appendices A – D**.
- 1.2 This report should be considered alongside the Executive Director's report on the robustness of the budget and the adequacy of the Council's reserves.
- 1.3 The Council's Medium Term Financial Strategy (MTFS) was approved by full Council on 11 December 2012. The MTFS covers General Fund activities and provides the strategic financial framework for medium term financial planning and annual budget setting.
- 1.4 The Housing Revenue Account (HRA) and Housing Investment Programme (HIP) are covered by the Housing Business Plan (HBP), which has been subject to a full review following the introduction of HRA self financing.
- 1.5 The MTFS assumes continuing cuts to Central Government grant funding as resources are top sliced to fund the New Homes Bonus scheme. It identifies the uncertainty surrounding the localisation of Non-Domestic Rates (NDR) and the need to deliver our savings plan as the key financial issues facing us over the next 3 years.

## 2. The Report

- 2.1 Summaries of the proposed revenue budgets, capital programmes are shown at **Appendices E to G**.
- 2.2 The budgets have been prepared on a current policy basis and include provision for inflation where considered necessary. There is provision for a 1% pay award in 2013/14 – 2015/16. The General Fund revenue budget includes contingencies totalling £326k - £256k in the Core and £70k in Access Selby (this includes a potential revenue commitment for NNDR on the Civic Centre, which is subject to an appeal).

### General Fund Revenue Budget

- 2.3 Taking the 3 elements of the Council's service delivery model together and after appropriations to and from reserves, the budget for 2013/14 is as follows:

	<b>2013/14 Budget £000's</b>
Core	4,659
Access Selby	6,049
Communities Selby	199
<b>Total Net Budget</b>	<b>10,907</b>



<b>Financed By</b>	<b>2013/14 £000's</b>
Council Tax	4,421
RSG/NDR (subject to final LGF Settlement)	5,220
Transitional Council Tax Support Grant (SDC share only)	12
Council Tax Freeze Grant	49
New Homes Bonus	1,183
Special and Specific Grants	92
Collection Fund Surplus	60
<b>Total Funding</b>	<b>11,036</b>
<b>Surplus transferred to balances</b>	<b>(129)</b>

- 2.3 The budget for 2013/14 onwards also assumes an increase of £250k in the payment to Access Selby relating to the localisation of planning fees that has been withdrawn by the Government. This change has been covered by the Access Selby Reserve in 2012/13.

#### Government Grants/Business Rates

- 2.4 The final Local Government Finance Settlement announced on 4<sup>th</sup> February 2013 shows:

	£000's
Revenue Support Grant	3,229
Plus: Baseline Funding Level (Business Rates)	2,148
	<hr/>
Equals: Start-up funding assessment	5,377
Less CTax Support for Parishes	-157
	<hr/>
Grant/NDR	5,220
	<hr/>

- 2.5 These figures include the 2011/12 Council Tax Freeze Grant; funding for Council Tax Support and Homelessness Prevention funding.
- 2.6 The 'safety net' threshold for Business Rates funding, i.e. the amount of Business rates funding that is guaranteed, is £1,986,774 (92.5% of £2,147,864).
- 2.7 The Council's provisional 'NNDR1' return (our estimate of Business Rates income for the coming year) suggests that more Business Rates income could be generated than the Government's initial estimate for Selby. After taking off the Government's share of any extra income Selby District Council could see a further £700k in Business Rates income for 2013/14. However at this stage, this income should be treated with extreme caution due to the risk of significant appeals, and as such, has not been included within the proposed budget.
- 2.8 The approved MTFs recognises the potential for additional Business Rates income and provides for early gains to be transferred to a new Business Rates Equalisation Reserve to help off-set any future losses incurred by the Council down to the 'safety net'.

- 2.9 The Executive propose to keep the level of Business Rates income under close review and if necessary bring forward recommendations on the use of 'surplus' funds as part of their review of the MTFS during 2013/14.

### Council Tax

- 2.10 The MTFS assumed a Council Tax increase of 3% for 2013/14 in line with inflation (the equivalent of an increase in income of £135k p.a.). However since the strategy was written the Government have announced a further award of Council Tax Freeze Grant for those Councils who do not increase charges next year. They have also indicated the level at which a referendum would be required – i.e. increases of more than 2% for 2013/14.
- 2.11 The proposed budget assumes that the Council takes up the offer of Council Tax Freeze Grant and freezes Council Tax at £158.88 for a band D property for 2013/14. In doing so it is also assumed that the Council will qualify for Council Tax Freeze Grant in 2013/14 and 2014/15 – the equivalent of a 1% increase.
- 2.12 Councillors attention is drawn to **Appendix B** which shows the calculation of the 'Relevant Basic Amount' (RBA) of Council Tax for the determination of 'excessiveness' – the proposed freeze in Council Tax results in an increase of 1.8% in the RBA which is below the Government's threshold of 2% and as such a referendum is not required.
- 2.13 Councillors should also note the reduced Council Tax income resulting from the localisation of Council Tax Support (changing from a benefit to a discount). The new discount scheme reduces the 'Tax Base' on which the Council's precept is calculated. The Council and other major preceptors are compensated for this change through an additional fixed grant (formerly a subsidy) but consequently now carry the risk of increased demand and lower collection rates. The localised scheme aims to equalise the reduction in Council Tax income with the grant received (which has been cut by 10% as part of the change).

### Savings

- 2.14 Taking the proposals for Council Tax and the proposed budgets it is estimated that no further savings will be needed from the Council's Core budget in 2013/14. Access Selby's budget assumes savings of around £620k will be achieved in 2013/14.
- 2.15 Beyond 2013/14 further grant cuts are expected and there is much uncertainty surrounding the impact of localised Business Rates. The current savings plans anticipate some level of funding cut but a balanced and sustainable budget relies upon all parts of the Council achieving their savings targets.
- 2.16 The Council has made good progress against its savings target to date, but it is becoming increasingly difficult to achieve further savings from a reducing cost base.
- 2.17 The Executive considered charging for the green waste collection service but in light of the final Local Government Finance Settlement a decision on charging

has been deferred pending a review of the options for savings against this discretionary service.

Housing Revenue Account

- 2.18 The HRA budgets have been prepared using assumptions on rent rises based on the Government’s formula. Again, taking the 3 elements of the Council’s service delivery model together, the estimated position for 2013/14 is shown below. Progress against the HRA savings action plan is ahead of target and therefore no further savings are expected for 2013/14, although opportunities for efficiencies will continue to be sought wherever possible.

<b>Budget</b>	<b>2013/14 £000’s</b>
Core	6,645
Access Selby	4,321
<b>Total Net Budget</b>	<b>10,966</b>
Less Dwelling Rents	11,741
<b>Surplus transferred to Balances/MRR</b>	<b>(776)</b>

- 2.19 £50k will be needed to ‘top-up’ HRA balances in 2013/14. The remaining surplus will be transferred to the Major Repairs Reserve to either repay debt or spend on the future HRA capital programme.

General Fund Capital Programme

- 2.20 The General Fund capital programme includes previously approved projects as well as new growth. There is no room for additional revenue contributions to support the capital programme and therefore it is restricted to available capital receipts, external grants and earmarked reserves. In summary the programme includes:

<b>Programme</b>	<b>2013/14 £000’s</b>	<b>2014/15 £000’s</b>	<b>2015/16 £000’s</b>
Mobile working	81	130	0
Grants & loans	380	350	350
ICT Replacement	357	75	75
<b>Total Programme</b>	<b>818</b>	<b>555</b>	<b>425</b>
<b>Funding</b>			
Capital Receipts	240	210	205
Grants	140	140	145
Reserves	438	205	75
<b>Total Funding</b>	<b>818</b>	<b>555</b>	<b>425</b>

- 2.21 Projects include Disabled Facilities Grants and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure in – funding for ICT replacement projects is covered by the ICT Replacement Reserve.

### Housing Investment Programme

- 2.22 The Housing Investment Programme ensures that our homes continue to meet the decency standard. The following table presents a summary of the programme:

<b>Programme</b>	<b>2013/14 £000's</b>	<b>2014/15 £000's</b>	<b>2015/16 £000's</b>
Central heating	1,397	1,297	733
Electrical works	260	260	260
Roof replacements	560	0	560
Doors and windows	211	161	247
Kitchens	237	237	237
Bathrooms	0	0	180
Airey properties	410	1,722	0
Damp works	300	300	300
Other	52	54	53
<b>Total Programme</b>	<b>3,427</b>	<b>4,031</b>	<b>2,570</b>
<b>Funding</b>			
<b>Major repairs reserve</b>	<b>3,427</b>	<b>4,031</b>	<b>2,570</b>

### Programme for Growth

- 2.23 The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'build a stronger Selby district' by investing in housing and infrastructure; jobs; retail; and the leisure economy.
- 2.24 The programme will be funded largely by New Homes Bonus (up to £880k p.a.) and unallocated capital receipts.
- 2.25 The programme was approved by the Executive on 1<sup>st</sup> November 2012, a summary of the programme shows:

	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
Balance brought forward	0	1,116	562
Special projects reserve - revenue	1,729	880	880
Special projects reserve - capital	493	0	1,000
Project spend	(1,106)	(1,434)	(2,102)
<b>Balance carried forward</b>	<b>1,116</b>	<b>562</b>	<b>340</b>

- 2.26 It should be noted that the programme funds include estimated capital receipts in 2014/15 which may not be realised. This risk has been identified as part of the programme's outline business brief and the potential for prudential borrowing has been recognised by the Council in its approval of the rebuild of Abbey Leisure Centre. Alternatively should the Council achieve significant gains in Business Rates income (see paragraphs 2.7 and 2.8) then this could help to bridge any gap.

## Reserves

- 2.27 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFs. Budgeted appropriations to and from General Fund reserves for 2013/14 are set out below:

<b>Earmarked General Fund Reserves</b>	<b>£000's</b>
<b>Transfers to:</b>	
Building Repairs	130
ICT Replacement - GF	150
- HRA	50
PFI	363
Pension Equalisation	200
District Election	30
Spend to Save	119
Special Projects - Revenue	880
<b>Transfers from:</b>	
PFI	(378)
ICT Replacement	(357)
Special Projects - Revenue	(1,434)
Spend to Save	(231)
<b>Net Appropriations from Reserves</b>	<b>(478)</b>

- 2.28 Overall the Council's earmarked General Fund reserves are expected to reduce by £478k in 2013/14.
- 2.29 The HRA reserves are General Balances and the Major Repairs Reserve (MRR). The overall estimated surplus of £776k on the HRA for 2013/14 will be distributed - £50k to Balances to increase them to the approved minimum level of £1.5m, and the rest to the MRR. The HRA capital programme will require £3.427m from the MRR in 2013/14.
- 2.30 As part of its budget proposals the Executive recognise the challenge faced by Access Selby in achieving its savings targets and generating additional income. To provide dedicated resources to support Access Selby achieve its goals on behalf of the Council, the Executive propose to allocate £150k from the Spend to Save Reserve to Access Selby for initiatives that will bring on-going returns for the organisation.

## **3. Legal/Financial Controls and other Policy matters**

### **3.1 Legal Issues**

- 3.1.1 This report complies with the requirements of the Localism Act 2011 and the Local Government Finance Act 1992.

- 3.1.2 In determining the Council's 'basic amount of Council tax' for 2013/14 the Council must also determine whether this is excessive in accordance with the principles approved under section 52ZB of the Local Government Act 1992.
- 3.1.3 This requirement is covered in recommendation 6 at Appendix B.

## **3.2 Financial Issues**

- 3.2.1 As set out in the report.
- 3.2.2 By freezing Council Tax for 2013/14 the Council is eligible for Council Tax Freeze Grant, estimated at £48,686 for 2013/14 and 2014/15.

## **4. Conclusion**

- 4.1 The Executive's budget proposals present a General Fund budget surplus for 2013/14 taking into account necessary savings and planned contributions from earmarked reserves.
- 4.2 This surplus includes resources available to support the new burdens relating to Council Tax Support; Community Right to Bid; and Community Right to Challenge and provides some headroom to deal with potential in-year cost pressures.

### **Contact Details:**

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### **Appendices:**

Appendix A – Council Tax Supporting Information  
Appendix B – Formal Council Tax Resolution  
Appendix C – Council Tax Schedule by Town and Parish Areas  
Appendix D – Town and Parish Precepts  
Appendix E – Revenue Estimates  
Appendix F – Capital Programmes  
Appendix G – Programme for Growth

**Council Tax - Supporting Information**

**PURPOSE**

1. The purpose of this Appendix and other Appendices and Schedules is to enable the Council to calculate and set the Council Tax for 2013/14.

**BACKGROUND**

2. The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.
3. The precept levels of other precepting bodies have been received. These are detailed below:

**Town & Parish Councils**

4. The Town and Parish Council Precepts for 2013/14 are detailed in Appendix D and total £1,516,692.91. The increase in the average Band D Council Tax for Town and Parish Councils is 14.63% and results in an average Band D Council Tax figure of £54.51.

**North Yorkshire County Council**

5. North Yorkshire County Council met on 20 February 2013 and set their precept at £32,069,138. This results in a band D Council Tax of £1,057.48.

**North Yorkshire Police and Crime Commissioner**

6. The North Yorkshire Police and Crime Commissioner held a meeting on 4 February 2013 and set their precept at £5,691,330. This results in a band D Council Tax of £204.55.

**North Yorkshire Fire & Rescue Authority**

7. North Yorkshire Fire & Rescue Authority met on 13 February 2013 and set their precept at £1,883,123. This results in a band D Council Tax of £62.10.

**Conclusions**

8. The recommendations are set out in the formal Council Tax Resolution in Appendix B
9. If the formal Council Tax Resolution at Appendix B is approved, the total Band D Council Tax will be as follows:

	2012/13 £	2013/14 £	Increase %
Selby District Council	158.88	158.88	0.00
North Yorkshire County Council	1,057.48	1,057.48	0.00
North Yorkshire Police and Crime Commissioner	204.55	204.55	0.00
North Yorkshire Fire & Rescue Authority	62.10	62.10	0.00
<b>Sub Total</b>	<b>1,483.01</b>	<b>1,483.01</b>	<b>0.00</b>
Town & Parish Councils (Average)	47.55	54.51	14.63
<b>Total</b>	<b>1,530.56</b>	<b>1,537.52</b>	<b>0.45</b>

**The Council is recommended to resolve as follows:**

1. It be noted that the Council has calculated the Council Tax Base 2013/14
  - (a) for the whole Council area as 27,823.66 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
  - (b) for dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix D
2. Calculate that the Council Tax requirement for the Council's own purpose for 2013/14 (excluding Parish Precepts) is £4,420,261
3. That the following amounts be calculated for the year 2013-14 in accordance with Sections 31 to 36 of the Act:
  - a) **£60,892,058** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
  - b) **£54,954,744** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - c) **£5,937,314** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in 31B of the Act).
  - d) **£213.39** being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
  - e) **£1,516,693** being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C).
  - f) **£158.88** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (19a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates.
4. To note that the County Council, the Police Commissioner and the Fire & Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings.



**The Council is recommended to resolve as follows:****North Yorkshire Precepts**

Valuation Band	SDC £ p	NYCC £ p	NY Fire Authority £ p	NYPCC £ p	Aggregate £ p
A-	88.27	587.49	34.50	113.64	823.90
A	105.92	704.99	41.40	136.37	988.68
B	123.57	822.48	48.30	159.09	1,153.44
C	141.23	939.98	55.20	181.82	1,318.23
D	158.88	1,057.48	62.10	204.55	1,483.01
E	194.19	1,292.48	75.90	250.01	1,812.58
F	229.49	1,527.47	89.70	295.46	2,142.12
G	264.80	1,762.47	103.50	340.92	2,471.69
H	317.76	2,114.96	124.20	409.10	2,966.02

6. In accordance with principles approved under Section 52ZB Localism Act 2011, the Council determines it's relevant basic amount of Council Tax for the year 2013/14 is not excessive.

	2012/13	2013/14
<b>Council Tax Requirement</b>	<b>£6,260,316</b>	<b>£5,937,314</b>
<b>less:-</b>		
<b>Parish Precepts</b>	<b>-£1,442,120</b>	<b>-£1,516,693</b>
<b>Internal Drainage Board Levies</b>	<b>-£1,492,250</b>	<b>-£1,503,280</b>
<b>Notional Council Tax Support Allocation</b>	<b>-£575,743</b>	<b>-</b>
	<b>£2,750,203</b>	<b>£2,917,341</b>
<b>Council Tax Base</b>	<b>26702</b>	<b>27824</b>
<b>Relevant Basic Amount*</b>	<b>£103.00</b>	<b>£104.85</b>
<b>Percentage Increase</b>		<b>1.80%</b>

\*2012/13 Alternative Notional Amount - adjusted for notional impact of Council Tax Support

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14	BANDS							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Selby District Council	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
North Yorkshire County Council	704.99	822.48	939.98	1057.48	1292.48	1527.47	1762.47	2114.96
N Yorkshire Police & Crime Commissioner	136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
North Yorkshire Fire & Rescue Authority	41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20
Town/Parish only (a)								
Parish/Town & District (b)								
Total including County, Police & Fire (c)								
Appleton Roebuck & Acaster Selby (a)	16.12	18.81	21.49	24.18	29.55	34.93	40.30	48.36
(b)	122.04	142.38	162.72	183.06	223.74	264.42	305.10	366.12
(c)	1004.80	1172.25	1339.72	1507.19	1842.13	2177.05	2511.99	3014.38
Balne (a)	13.74	16.03	18.32	20.61	25.19	29.77	34.35	41.22
(b)	119.66	139.60	159.55	179.49	219.38	259.26	299.15	358.98
(c)	1002.42	1169.47	1336.55	1503.62	1837.77	2171.89	2506.04	3007.24
Barkston Ash (a)	16.57	19.33	22.09	24.85	30.37	35.89	41.42	49.70
(b)	122.49	142.90	163.32	183.73	224.56	265.38	306.22	367.46
(c)	1005.25	1172.77	1340.32	1507.86	1842.95	2178.01	2513.11	3015.72
Barlby (a)	48.66	56.77	64.88	72.99	89.21	105.43	121.65	145.98
(b)	154.58	180.34	206.11	231.87	283.40	334.92	386.45	463.74
(c)	1037.34	1210.21	1383.11	1556.00	1901.79	2247.55	2593.34	3112.00
Barlow (a)	32.62	38.06	43.49	48.93	59.80	70.68	81.55	97.86
(b)	138.54	161.63	184.72	207.81	253.99	300.17	346.35	415.62
(c)	1021.30	1191.50	1361.72	1531.94	1872.38	2212.80	2553.24	3063.88
Beal (a)	52.81	61.61	70.41	79.21	96.81	114.41	132.02	158.42
(b)	158.73	185.18	211.64	238.09	291.00	343.90	396.82	476.18
(c)	1041.49	1215.05	1388.64	1562.22	1909.39	2256.53	2603.71	3124.44
Biggin (a)	6.77	7.90	9.03	10.16	12.42	14.68	16.93	20.32
(b)	112.69	131.47	150.26	169.04	206.61	244.17	281.73	338.08
(c)	995.45	1161.34	1327.26	1493.17	1825.00	2156.80	2488.62	2986.34

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Bilbrough	(a)	20.95	24.45	27.94	31.43	38.41	45.40	52.38	62.86
	(b)	126.87	148.02	169.17	190.31	232.60	274.89	317.18	380.62
	(c)	1009.63	1177.89	1346.17	1514.44	1850.99	2187.52	2524.07	3028.88
Birkin	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Bolton Percy, Colton & Steeton	(a)	14.99	17.48	19.98	22.48	27.48	32.47	37.47	44.96
	(b)	120.91	141.05	161.21	181.36	221.67	261.96	302.27	362.72
	(c)	1003.67	1170.92	1338.21	1505.49	1840.06	2174.59	2509.16	3010.98
Brayton	(a)	21.35	24.90	28.46	32.02	39.14	46.25	53.37	64.04
	(b)	127.27	148.47	169.69	190.90	233.33	275.74	318.17	381.80
	(c)	1010.03	1178.34	1346.69	1515.03	1851.72	2188.37	2525.06	3030.06
Brotherton	(a)	34.00	39.67	45.33	51.00	62.33	73.67	85.00	102.00
	(b)	139.92	163.24	186.56	209.88	256.52	303.16	349.80	419.76
	(c)	1022.68	1193.11	1363.56	1534.01	1874.91	2215.79	2556.69	3068.02
Burn	(a)	22.69	26.47	30.25	34.03	41.59	49.15	56.72	68.06
	(b)	128.61	150.04	171.48	192.91	235.78	278.64	321.52	385.82
	(c)	1011.37	1179.91	1348.48	1517.04	1854.17	2191.27	2528.41	3034.08
Burton Salmon	(a)	14.53	16.95	19.37	21.79	26.63	31.47	36.32	43.58
	(b)	120.45	140.52	160.60	180.67	220.82	260.96	301.12	361.34
	(c)	1003.21	1170.39	1337.60	1504.80	1839.21	2173.59	2508.01	3009.60
Byram cum Sutton	(a)	32.15	37.50	42.86	48.22	58.94	69.65	80.37	96.44
	(b)	138.07	161.07	184.09	207.10	253.13	299.14	345.17	414.20
	(c)	1020.83	1190.94	1361.09	1531.23	1871.52	2211.77	2552.06	3062.46
Camblesforth	(a)	24.64	28.75	32.85	36.96	45.17	53.39	61.60	73.92
	(b)	130.56	152.32	174.08	195.84	239.36	282.88	326.40	391.68
	(c)	1013.32	1182.19	1351.08	1519.97	1857.75	2195.51	2533.29	3039.94
Carlton	(a)	22.07	25.74	29.42	33.10	40.46	47.81	55.17	66.20
	(b)	127.99	149.31	170.65	191.98	234.65	277.30	319.97	383.96
	(c)	1010.75	1179.18	1347.65	1516.11	1853.04	2189.93	2526.86	3032.22

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Cawood	(a)	31.28	36.49	41.71	46.92	57.35	67.77	78.20	93.84
	(b)	137.20	160.06	182.94	205.80	251.54	297.26	343.00	411.60
	(c)	1019.96	1189.93	1359.94	1529.93	1869.93	2209.89	2549.89	3059.86
Chapel Haddlesey	(a)	31.64	36.91	42.19	47.46	58.01	68.55	79.10	94.92
	(b)	137.56	160.48	183.42	206.34	252.20	298.04	343.90	412.68
	(c)	1020.32	1190.35	1360.42	1530.47	1870.59	2210.67	2550.79	3060.94
Church Fenton	(a)	23.70	27.65	31.60	35.55	43.45	51.35	59.25	71.10
	(b)	129.62	151.22	172.83	194.43	237.64	280.84	324.05	388.86
	(c)	1012.38	1181.09	1349.83	1518.56	1856.03	2193.47	2530.94	3037.12
Cliffe	(a)	30.61	35.71	40.81	45.91	56.11	66.31	76.52	91.82
	(b)	136.53	159.28	182.04	204.79	250.30	295.80	341.32	409.58
	(c)	1019.29	1189.15	1359.04	1528.92	1868.69	2208.43	2548.21	3057.84
Cridling Stubbs	(a)	19.84	23.15	26.45	29.76	36.37	42.99	49.60	59.52
	(b)	125.76	146.72	167.68	188.64	230.56	272.48	314.40	377.28
	(c)	1008.52	1176.59	1344.68	1512.77	1848.95	2185.11	2521.29	3025.54
Drax	(a)	24.68	28.79	32.91	37.02	45.25	53.47	61.70	74.04
	(b)	130.60	152.36	174.14	195.90	239.44	282.96	326.50	391.80
	(c)	1013.36	1182.23	1351.14	1520.03	1857.83	2195.59	2533.39	3040.06
Eggborough	(a)	16.47	19.22	21.96	24.71	30.20	35.69	41.18	49.42
	(b)	122.39	142.79	163.19	183.59	224.39	265.18	305.98	367.18
	(c)	1005.15	1172.66	1340.19	1507.72	1842.78	2177.81	2512.87	3015.44
Escrick	(a)	16.56	19.32	22.08	24.84	30.36	35.88	41.40	49.68
	(b)	122.48	142.89	163.31	183.72	224.55	265.37	306.20	367.44
	(c)	1005.24	1172.76	1340.31	1507.85	1842.94	2178.00	2513.09	3015.70
Fairburn	(a)	22.16	25.85	29.55	33.24	40.63	48.01	55.40	66.48
	(b)	128.08	149.42	170.78	192.12	234.82	277.50	320.20	384.24
	(c)	1010.84	1179.29	1347.78	1516.25	1853.21	2190.13	2527.09	3032.50
Gateforth	(a)	22.53	26.28	30.04	33.79	41.30	48.81	56.32	67.58
	(b)	128.45	149.85	171.27	192.67	235.49	278.30	321.12	385.34
	(c)	1011.21	1179.72	1348.27	1516.80	1853.88	2190.93	2528.01	3033.60

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Hambleton	(a)	27.09	31.60	36.12	40.63	49.66	58.69	67.72	81.26
	(b)	133.01	155.17	177.35	199.51	243.85	288.18	332.52	399.02
	(c)	1015.77	1185.04	1354.35	1523.64	1862.24	2200.81	2539.41	3047.28
Healough & Catterton	(a)	3.35	3.90	4.46	5.02	6.14	7.25	8.37	10.04
	(b)	109.27	127.47	145.69	163.90	200.33	236.74	273.17	327.80
	(c)	992.03	1157.34	1322.69	1488.03	1818.72	2149.37	2480.06	2976.06
Heck	(a)	19.89	23.21	26.52	29.84	36.47	43.10	49.73	59.68
	(b)	125.81	146.78	167.75	188.72	230.66	272.59	314.53	377.44
	(c)	1008.57	1176.65	1344.75	1512.85	1849.05	2185.22	2521.42	3025.70
Hemingbrough	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Hensall	(a)	19.47	22.71	25.96	29.20	35.69	42.18	48.67	58.40
	(b)	125.39	146.28	167.19	188.08	229.88	271.67	313.47	376.16
	(c)	1008.15	1176.15	1344.19	1512.21	1848.27	2184.30	2520.36	3024.42
Hillam	(a)	23.39	27.29	31.19	35.09	42.89	50.69	58.48	70.18
	(b)	129.31	150.86	172.42	193.97	237.08	280.18	323.28	387.94
	(c)	1012.07	1180.73	1349.42	1518.10	1855.47	2192.81	2530.17	3036.20
Hirst Courtney	(a)	59.14	69.00	78.85	88.71	108.42	128.14	147.85	177.42
	(b)	165.06	192.57	220.08	247.59	302.61	357.63	412.65	495.18
	(c)	1047.82	1222.44	1397.08	1571.72	1921.00	2270.26	2619.54	3143.44
Huddleston with Newthorpe	(a)	4.21	4.92	5.62	6.32	7.72	9.13	10.53	12.64
	(b)	110.13	128.49	146.85	165.20	201.91	238.62	275.33	330.40
	(c)	992.89	1158.36	1323.85	1489.33	1820.30	2151.25	2482.22	2978.66
Kelfield	(a)	18.16	21.19	24.21	27.24	33.29	39.35	45.40	54.48
	(b)	124.08	144.76	165.44	186.12	227.48	268.84	310.20	372.24
	(c)	1006.84	1174.63	1342.44	1510.25	1845.87	2181.47	2517.09	3020.50
Kellington	(a)	41.10	47.95	54.80	61.65	75.35	89.05	102.75	123.30
	(b)	147.02	171.52	196.03	220.53	269.54	318.54	367.55	441.06
	(c)	1029.78	1201.39	1373.03	1544.66	1887.93	2231.17	2574.44	3089.32

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Kirk Smeaton	(a)	16.96	19.79	22.61	25.44	31.09	36.75	42.40	50.88
	(b)	122.88	143.36	163.84	184.32	225.28	266.24	307.20	368.64
	(c)	1005.64	1173.23	1340.84	1508.45	1843.67	2178.87	2514.09	3016.90
Little Fenton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Little Smeaton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Long Drax	(a)	14.39	16.78	19.18	21.58	26.38	31.17	35.97	43.16
	(b)	120.31	140.35	160.41	180.46	220.57	260.66	300.77	360.92
	(c)	1003.07	1170.22	1337.41	1504.59	1838.96	2173.29	2507.66	3009.18
Monk Fryston	(a)	29.58	34.51	39.44	44.37	54.23	64.09	73.95	88.74
	(b)	135.50	158.08	180.67	203.25	248.42	293.58	338.75	406.50
	(c)	1018.26	1187.95	1357.67	1527.38	1866.81	2206.21	2545.64	3054.76
Newland	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Newton Kyme cum Toulston	(a)	14.77	17.24	19.70	22.16	27.08	32.01	36.93	44.32
	(b)	120.69	140.81	160.93	181.04	221.27	261.50	301.73	362.08
	(c)	1003.45	1170.68	1337.93	1505.17	1839.66	2174.13	2508.62	3010.34
North Duffield	(a)	21.21	24.74	28.28	31.81	38.88	45.95	53.02	63.62
	(b)	127.13	148.31	169.51	190.69	233.07	275.44	317.82	381.38
	(c)	1009.89	1178.18	1346.51	1514.82	1851.46	2188.07	2524.71	3029.64
Oxton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Riccall	(a)	66.13	77.16	88.18	99.20	121.24	143.29	165.33	198.40
	(b)	172.05	200.73	229.41	258.08	315.43	372.78	430.13	516.16
	(c)	1054.81	1230.60	1406.41	1582.21	1933.82	2285.41	2637.02	3164.42

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Ryther cum Ossendyke	(a)	23.19	27.05	30.92	34.78	42.51	50.24	57.97	69.56
	(b)	129.11	150.62	172.15	193.66	236.70	279.73	322.77	387.32
	(c)	1011.87	1180.49	1349.15	1517.79	1855.09	2192.36	2529.66	3035.58
Saxton cum Scarthingwell & Lead	(a)	41.46	48.37	55.28	62.19	76.01	89.83	103.65	124.38
	(b)	147.38	171.94	196.51	221.07	270.20	319.32	368.45	442.14
	(c)	1030.14	1201.81	1373.51	1545.20	1888.59	2231.95	2575.34	3090.40
Selby	(a)	83.23	97.10	110.97	124.84	152.58	180.32	208.07	249.68
	(b)	189.15	220.67	252.20	283.72	346.77	409.81	472.87	567.44
	(c)	1071.91	1250.54	1429.20	1607.85	1965.16	2322.44	2679.76	3215.70
Sherburn in Elmet	(a)	43.02	50.19	57.36	64.53	78.87	93.21	107.55	129.06
	(b)	148.94	173.76	198.59	223.41	273.06	322.70	372.35	446.82
	(c)	1031.70	1203.63	1375.59	1547.54	1891.45	2235.33	2579.24	3095.08
Skipwith	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
South Milford	(a)	15.29	17.83	20.38	22.93	28.03	33.12	38.22	45.86
	(b)	121.21	141.40	161.61	181.81	222.22	262.61	303.02	363.62
	(c)	1003.97	1171.27	1338.61	1505.94	1840.61	2175.24	2509.91	3011.88
Stapleton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Stillingfleet	(a)	14.21	16.57	18.94	21.31	26.05	30.78	35.52	42.62
	(b)	120.13	140.14	160.17	180.19	220.24	260.27	300.32	360.38
	(c)	1002.89	1170.01	1337.17	1504.32	1838.63	2172.90	2507.21	3008.64
Stutton with Hazlewood	(a)	14.39	16.78	19.18	21.58	26.38	31.17	35.97	43.16
	(b)	120.31	140.35	160.41	180.46	220.57	260.66	300.77	360.92
	(c)	1003.07	1170.22	1337.41	1504.59	1838.96	2173.29	2507.66	3009.18
Tadcaster	(a)	37.41	43.64	49.88	56.11	68.58	81.05	93.52	112.22
	(b)	143.33	167.21	191.11	214.99	262.77	310.54	358.32	429.98
	(c)	1026.09	1197.08	1368.11	1539.12	1881.16	2223.17	2565.21	3078.24

**COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS**

**APPENDIX C**

2013/14		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Temple Hirst	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
Thorganby	(a)	18.37	21.44	24.50	27.56	33.68	39.81	45.93	55.12
	(b)	124.29	145.01	165.73	186.44	227.87	269.30	310.73	372.88
	(c)	1007.05	1174.88	1342.73	1510.57	1846.26	2181.93	2517.62	3021.14
Thorpe Willoughby	(a)	26.98	31.48	35.97	40.47	49.46	58.46	67.45	80.94
	(b)	132.90	155.05	177.20	199.35	243.65	287.95	332.25	398.70
	(c)	1015.66	1184.92	1354.20	1523.48	1862.04	2200.58	2539.14	3046.96
Towton (with Grimston, Kirby Wharfe & North Milford)	(a)	8.92	10.41	11.89	13.38	16.35	19.33	22.30	26.76
	(b)	114.84	133.98	153.12	172.26	210.54	248.82	287.10	344.52
	(c)	997.60	1163.85	1330.12	1496.39	1828.93	2161.45	2493.99	2992.78
Ulleskelf	(a)	36.07	42.09	48.10	54.11	66.13	78.16	90.18	108.22
	(b)	141.99	165.66	189.33	212.99	260.32	307.65	354.98	425.98
	(c)	1024.75	1195.53	1366.33	1537.12	1878.71	2220.28	2561.87	3074.24
Walden Stubbs	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	105.92	123.57	141.23	158.88	194.19	229.49	264.80	317.76
	(c)	988.68	1153.44	1318.23	1483.01	1812.58	2142.12	2471.69	2966.02
West Haddlesey	(a)	19.90	23.22	26.53	29.85	36.48	43.12	49.75	59.70
	(b)	125.82	146.79	167.76	188.73	230.67	272.61	314.55	377.46
	(c)	1008.58	1176.66	1344.76	1512.86	1849.06	2185.24	2521.44	3025.72
Whitley	(a)	19.27	22.49	25.70	28.91	35.33	41.76	48.18	57.82
	(b)	125.19	146.06	166.93	187.79	229.52	271.25	312.98	375.58
	(c)	1007.95	1175.93	1343.93	1511.92	1847.91	2183.88	2519.87	3023.84
Wistow	(a)	16.19	18.88	21.58	24.28	29.68	35.07	40.47	48.56
	(b)	122.11	142.45	162.81	183.16	223.87	264.56	305.27	366.32
	(c)	1004.87	1172.32	1339.81	1507.29	1842.26	2177.19	2512.16	3014.58
Womersley	(a)	48.39	56.46	64.52	72.59	88.72	104.85	120.98	145.18
	(b)	154.31	180.03	205.75	231.47	282.91	334.34	385.78	462.94
	(c)	1037.07	1209.90	1382.75	1555.60	1901.30	2246.97	2592.67	3111.20



Town / Parish Council	2012/13			2013/14			Council Tax Increase %
	Tax Base	Precept £	Council Tax Band D (£)	Tax Base	Precept £	Council Tax Band D (£)	
Appleton Roebuck & Acaster Selby	361	8,500.00	23.55	362.09	8,755.00	24.18	2.69
Balne	96	1,800.00	18.75	87.35	1,800.00	20.61	9.90
Barkston Ash	210	5,000.00	23.81	201.24	5,000.00	24.85	4.35
Barby	1,597	96,334.00	60.32	1,438.65	105,000.00	72.99	20.99
Barlow	273	12,168.00	44.57	264.94	12,964.00	48.93	9.78
Beal	264	19,000.00	71.97	239.86	19,000.00	79.21	10.06
Biggin	59	550.00	9.32	59.05	600.00	10.16	9.00
Bilbrough	165	5,000.00	30.30	169.84	5,338.23	31.43	3.72
Birkin	57	0.00	0.00	52.83	0.00	0.00	0.00
Bolton Percy, Colton & Steeton	233	5,000.00	21.46	222.46	5,000.00	22.48	4.74
Brayton	1,965	59,000.00	30.03	1,842.47	59,000.00	32.02	6.65
Brotherton	232	10,000.00	43.10	196.09	10,000.00	51.00	18.31
Burn	204	3,605.00	17.67	177.77	6,050.00	34.03	92.58
Burton Salmon	196	3,900.00	19.90	188.20	4,100.00	21.79	9.49
Byram cum Sutton	481	19,720.00	41.00	408.98	19,720.00	48.22	17.61
Camblesforth	510	19,000.00	37.25	473.47	17,500.00	36.96	-0.79
Carlton	666	20,000.00	30.03	604.27	20,000.00	33.10	10.22
Cawood	651	38,800.00	59.60	619.13	29,050.00	46.92	-21.27
Chapel Haddlesey	90	4,105.00	45.61	86.50	4,105.00	47.46	4.05
Church Fenton	498	16,275.00	32.68	471.86	16,773.00	35.55	8.77
Cliffe	487	20,118.00	41.31	452.69	20,781.00	45.91	11.12
Cridling Stubbs	70	1,800.00	25.71	63.50	1,890.00	29.76	15.75
Drax	152	5,000.00	32.89	135.06	5,000.00	37.02	12.54
Eggborough	651	15,000.00	23.04	607.12	15,000.00	24.71	7.23
Escrick	462	10,000.00	21.65	442.77	11,000.00	24.84	14.78
Fairburn	322	9,645.00	29.95	295.94	9,838.00	33.24	10.98
Gateforth	106	2,116.00	19.96	105.24	3,556.00	33.79	69.27
Grimston/Kirby Wharfe & Towton	179	2,300.00	12.85	171.85	2,300.00	13.38	4.16
Hambleton	729	28,500.00	39.09	701.51	28,500.00	40.63	3.92
Healaugh & Catterton	102	500.00	4.90	99.53	500.00	5.02	2.48
Heck	86	2,417.00	28.10	81.00	2,417.00	29.84	6.17
Hemingbrough	716	22,660.00	31.65	675.21	22,660.00	33.56	6.04
Hensall	316	7,175.00	22.71	299.85	8,755.00	29.20	28.59
Hillam	335	11,295.00	33.72	321.85	11,295.00	35.09	4.09
Hirst Courtney	106	9,300.00	87.74	104.84	9,300.00	88.71	1.11
Huddleston with Newthorpe	32	200.00	6.25	31.64	200.00	6.32	1.14
Kelfield	175	4,300.00	24.57	163.37	4,450.00	27.24	10.86
Kellington	305	20,403.00	66.90	275.73	17,000.00	61.65	-7.83
Kirk Smeaton	201	5,000.00	24.88	196.54	5,000.00	25.44	2.27
Little Fenton	45	0.00	0.00	42.35	0.00	0.00	0.00
Little Smeaton	137	0.00	0.00	122.45	0.00	0.00	0.00
Long Drax	45	950.00	21.11	44.03	950.00	21.58	2.20
Monk Fryston	434	18,147.20	41.81	409.03	18,147.20	44.37	6.10
Newland	79	0.00	0.00	79.10	0.00	0.00	0.00
Newton Kyme & Toulston	115	2,520.00	21.91	113.70	2,520.00	22.16	1.14
North Duffield	498	15,000.00	30.12	471.57	15,000.00	31.81	5.60
Oxton	11	0.00	0.00	10.56	0.00	0.00	0.00
Riccall	873	76,302.00	87.40	853.87	84,708.00	99.20	13.50
Ryther	104	3,500.00	33.65	100.62	3,500.00	34.78	3.36
Saxton & Lead	240	15,000.00	62.50	241.19	15,000.00	62.19	-0.49
Selby	4,624	460,090.00	99.50	3,816.36	476,449.40	124.84	25.47
Sherburn in Elmet	2,250	100,700.00	44.76	2,076.51	134,000.00	64.53	44.19
Skipwith	126	0.00	0.00	115.33	0.00	0.00	0.00
South Milford	907	20,000.00	22.05	872.08	20,000.00	22.93	4.00
Stapleton	30	0.00	0.00	28.15	0.00	0.00	0.00
Stillingfleet	175	3,658.00	20.90	171.66	3,658.00	21.31	1.95
Stutton with Hazlewood	385	7,500.00	19.48	354.27	7,645.00	21.58	10.78
Tadcaster	2,235	111,382.00	49.84	2,024.66	113,609.00	56.11	12.60
Temple Hirst	43	0.00	0.00	40.34	0.00	0.00	0.00
Thorganby	149	3,470.00	23.29	136.07	3,750.00	27.56	18.34
Thorpe Willoughby	979	25,816.00	26.37	864.90	35,000.00	40.47	53.46
Ulleskelf	336	16,620.00	49.46	319.32	17,280.00	54.11	9.40
Walden Stubbs	31	0.00	0.00	29.06	0.00	0.00	0.00
West Haddlesey	92	2,200.00	23.91	83.75	2,500.00	29.85	24.83
Whitley	373	10,500.00	28.15	363.19	10,500.00	28.91	2.70
Wistow	500	11,916.07	23.83	490.71	11,916.08	24.28	1.89
Womersley	170	11,363.00	66.84	156.54	11,363.00	72.59	8.60
<b>Total / Average</b>	<b>30,326</b>	<b>1,442,120.27</b>	<b>47.55</b>	<b>27,823.66</b>	<b>1,516,692.91</b>	<b>54.51</b>	<b>14.63</b>

## REVENUE ESTIMATES 2013/2014 To 2015/2016

GENERAL FUND

	2013/2014 Estimate £	2014/2015 Estimate £	2015/2016 Estimate £
<u>Net Expenditure</u>			
Access Selby	5,437,340	5,275,210	5,353,390
Core	3,527,760	3,554,510	3,504,650
Communities Selby	220,190	221,550	216,740
Capital Charges	684,670	661,570	595,330
Net Service Budget	9,869,960	9,712,840	9,670,110
Investment Income	(200,000)	(250,000)	(280,000)
External Interest	113,000	113,500	114,000
Capital Accounting Adjustment	193,430	190,310	187,310
Capital A/c Adj DFG & Conservation Grants	(205,000)	(205,000)	-
Capital A/c Adjustment Capital Chgs	(684,670)	(661,570)	(595,330)
Spend To Save Projects	150,000	-	-
Contingencies	326,000	332,000	338,000
	9,562,720	9,232,080	9,434,090
Contribution to/ (from) Earmarked Reserves	1,344,490	1,502,400	1,504,020
Contribution to General Balances	129,055	140,421	8
<b>NET BUDGET</b>	<b>11,036,265</b>	<b>10,874,901</b>	<b>10,938,118</b>
Formula Grant	(5,220,039)	(4,693,013)	(4,434,000)
New Homes Bonus	(1,183,187)	(1,540,000)	(1,904,000)
Council Tax Support Grant	(11,717)	-	-
Special and Specific Grants	(92,015)	(83,722)	-
Council Tax Freeze Grant	(48,686)	(48,686)	-
Collection Fund Surplus Allocation	(60,000)	-	-
Selby District Council Ctax Requirement	4,420,621	4,509,480	4,600,118

## REVENUE ESTIMATES 2013/2014 To 2015/2016

HOUSING REVENUE ACCOUNT

	2013/2014 Estimate £	2014/2015 Estimate £	2015/2016 Estimate £
<u>Net Expenditure</u>			
Access Selby	4,320,879	4,297,632	4,327,287
Core	328,643	331,291	334,463
Capital Charges	1,358,740	1,379,570	1,411,820
Net Service Budget	6,008,262	6,008,493	6,073,570
Investment Income	(45,000)	(70,000)	(118,000)
Past Service Pension Costs	191,430	197,170	203,090
HRA Debt - Payment of Interest	2,412,930	2,412,930	2,412,930
	8,567,622	8,548,593	8,571,590
Contribution to/ (from) Earmarked Reserves	2,398,300	2,420,420	2,449,620
Contribution to Housing Revenue Account Balance	775,738	1,396,507	1,987,670
Net HRA Budget To Be Met From Rents	11,741,660	12,365,520	13,008,880

**CAPITAL EXPENDITURE****APPENDIX F**

The tables below shows projected expenditure against available spending powers for 2013/14. Under the Prudential Code for capital finance the Council may also borrow additional funds so long as it is able to afford the repayments.

<b>General Fund</b>	2013/14 £'000	2014/15 £'000	2015/16 £'000
<u>Expenditure:</u>			
Mobile Working Solution	81	130	-
ICT Strategy	357	75	75
Repair Assistance Loans	30	-	-
Disabled Facilities Grant	350	350	350
<b>Projected Expenditure</b>	<b>818</b>	<b>555</b>	<b>425</b>
<u>Funding Sources:</u>			
Capital receipts	240	210	205
Grants and Contributions	140	140	145
Earmarked Reserves	438	205	75
<b>Projected Funding</b>	<b>818</b>	<b>555</b>	<b>425</b>

<b>Housing Revenue Account</b>	2013/14 £'000	2014/15 £'000	2015/16 £'000
<u>Expenditure:</u>			
Electrical Rewires	260	260	260
HRA Capital Programme	3,167	3,771	2,310
<b>Projected Expenditure</b>	<b>3,427</b>	<b>4,031</b>	<b>2,570</b>
<u>Funding Sources:</u>			
Major Repairs Allowance	3,427	4,031	2,570
<b>Projected Funding</b>	<b>3,427</b>	<b>4,031</b>	<b>2,570</b>

## PROGRAMME FOR GROWTH

## APPENDIX G

The 'Programme for Growth is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'build a stronger Selby district' by investing in housing and infrastructure; jobs; retail; and the leisure economy.

The programme will be funded largely by New Homes Bonus (up to £880k p.a.) and unallocated capital receipts.

The programme was approved by the Executive on 1st November 2012, a summary of the programme shows:

	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
Balance brought forward	0	1,116	562
Special projects reserve - revenue	1,729	880	880
Special projects reserve - capital	493	0	1,000
Project spend	(1,106)	(1,434)	(2,102)
<b>Balance carried forward</b>	<b>1,116</b>	<b>562</b>	<b>340</b>

It should be noted that the programme funds include estimated capital receipts in 2014/15 which may not be realised. This risk has been identified as part of the programme's outline business brief and the potential for prudential borrowing has been recognised by the Council in its approval of the rebuild of Abbey Leisure Centre. Alternatively should the Council achieve significant gains in Business Rates income then this could help to bridge any gap.

## Public Session

Report Reference Number C/12/18

Agenda Item No:15

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To: The Executive  
Date: 26 February 2013  
Author: Jodie Taylor Lead Officer - Finance  
Executive Member: Councillor C Lunn – Lead member for Finance & Resources  
Lead Director: Karen Iveson – Executive Director (s151)

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Title: Treasury Management – Treasury Management Strategy Statement 2013/14, Minimum Revenue Provision Policy Statement 2013/14, Annual Investment Strategy 2013/14 and Prudential Indicators 2013/14.

### Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2013/14 and Prudential Indicators 2013/14 as required by the Department of Communities and Local Government and CIPFA.

### Recommendations:

- i. The Operational Borrowing Limit for 2013/14 is set at £71m
- ii. The Authorised Borrowing Limit for 2013/14 is set at £75m
- iii. Councillors delegate authority to the Executive Director (s151) to effect movement within the agreed authorised boundary limits for long-term borrowing for 2013/14 onwards.
- iv. Councillors delegate authority to the Executive Director (s151) to effect movement within the agreed operational boundary limits for

**long-term borrowing for 2013/14 onwards.**

- v. **The treasury management strategy statement 2013/14 be approved.**
- vi. **The minimum revenue provision policy statement for 2013/14 be approved.**
- vii. **The treasury management investment strategy for 2013/14 be approved.**
- viii. **The prudential indicators for 2013/14 which reflect the capital expenditure plans which are affordable, prudent and sustainable be approved.**

### **Reasons for recommendation**

To ensure the Council's Treasury Management Strategy and associated policies are prudent and affordable.

#### **1. Introduction and background**

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested to maximise returns within a policy which prioritises security of capital and liquidity of funds.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The Council's Treasury Management Strategy is attached at Appendix A. The strategy sets out the limits to borrowing and investments that officers will apply over the coming year in order to ensure the Council's capital investments plans are affordable, prudent and sustainable.

#### **2. The Report**

##### **Treasury Management Strategy**

- 2.1
  - The Council's 'Authorised Limit for External Debt' is £75m for 2013/14, which is the maximum that can be borrowed in the year;
  - The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £71m in 2013/14, providing £4m

headroom for any unusual cashflow purposes, should this be required;

- Officers will manage the Council's exposure to interest rate variations during the year by working within agreed upper limits for fixed and variable interest rates (variable rate borrowing will be limited to 30%);
- Within its Treasury Management Strategy, the Council will contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums, by setting limits for the amounts that can be invested from 1 up to 5 years (ranging from £20m down to £3m respectively);
- Following the reform of the Housing Revenue Account (HRA) in 2011/12 the Council operates 2 borrowing pools – one for the General Fund and one for the HRA.
- The Council has a range of loans with differing maturity limits in order to smooth out the repayment profile – the value of loans at 01/12/2012 is £60.333m at an average rate of 4.185%;
- Total investments are around £23.7m at an average rate of 1.29%.

#### **Minimum Revenue Provision (MRP) Policy**

- 2.2
- MRP for new borrowing will be based on the asset life;
  - Total MRP for 2013/14 is £1,688k (£1,368k for loans and £320k for leases)

#### **Annual Investment Strategy**

- 2.3
- The priorities for investing the Council's cash reserves are security of capital and liquidity of funds;
  - Credit ratings and other credit intelligence are used to inform decisions on investments;
  - Cash balances for investment are expected to range between £14m and £25m over the coming year dependent upon cashflows;
  - Interest rates are not forecast to increase over the coming months and therefore sums are being invested over a range of periods of time to try and achieve the budgeted return and to allow us to take advantage of rising rates as soon as possible;
  - An average rate of return of 1.25% has been estimated for 2013/14.

#### **Prudential Indicators**

- 2.4
- The Council plans to spend £4.215m on capital projects in 2013/14
  - This expenditure will be funded from major repairs reserve, capital receipts, grants or revenue resources;
  - Principle (Minimum Revenue Provision or MRP) and interest repayments on current and proposed borrowing, less interest on investments, equate to 1.73% of the General Fund Budget and



0.17% of the HRA net budget in 2013/14 – even though the Council is a net investor the cost of borrowing outweighs the investment interest earned;

- Taking into account all capital spending plans during 2013/14 we are unlikely to need to borrow.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1 Legal Issues**

There are no legal issues as a result of this report.

#### **3.2 Financial Issues**

There are no financial implications as a result of this report. However, the Executive Director (s151) and Lead Officer - Finance will, with advice from the Council's advisor (Sector Treasury Services) look to maximise opportunities with the Council's investment and borrowing position.

### **4. Conclusion**

- 4.1 The Council has a statutory duty to produce its annual treasury management and investment strategies.

### **5. Background Documents**

#### **Contact Details**

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#### **Appendices:**

Appendix A – Treasury Management Strategy 2013/14  
Appendix B – Minimum Revenue Provision Policy 2013/14  
Appendix C – Annual Investment Strategy 2013/14  
Appendix D – Prudential Indicators 2013/14

# **TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14**

## 1. **Introduction**

1.1 Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

1.2 **Reporting requirements** – The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Executive.

1.3 **A Mid Year Treasury Management Report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

1.5 **An Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.6 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included as Appendix D); this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.8 The suggested Treasury Management Strategy for 2013/14 covers the following Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- HRA self financing;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

1.9 These elements cover the requirements of the Local Government Act 2003, the CIPFA prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

- 1.20 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its council tax requirement for each financial year to include the revenue costs that flow from capital financing decisions. This includes: -
- Increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
  - Any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.
- 1.21 The Council uses Sector Treasury Services as its external treasury management advisors.
- 1.22 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. (Treasury Management Practice 11)
- 1.23 The capital expenditure plans set out in Appendix D provide a summary of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

**Table 1: Current Treasury Portfolio at 31/12/12**

		<b>Principal</b> £m	<b>Ave. rate</b> £m	<b>%</b>
Fixed rate funding	PWLB	53.833		
	Market	<u>6.500</u>	60.333	4.185
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	1.747	1.747	2.37
<b>TOTAL DEBT</b>			<b><u>62.080</u></b>	<b><u>4.134</u></b>
<b>TOTAL INVESTMENTS</b>			<b>23.669</b>	<b>1.29</b>

- 1.24 The Council's treasury portfolio position as at 1 December 2012 is shown in Table 1 and the forecasted position at 31 March 2013, with forward projections are summarised in Table 2. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR),

highlighting any over or under borrowing.

**Table 2: Forecasted Portfolio Position**

	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
<b>External borrowing</b>					
Borrowing at 1 April	12,773	62,084	61,726	61,406	61,052
Expected Change in Borrowing	50,224	-4	0	0	0
Leases	-994	-354	-320	-354	-342
Actual borrowing at 31 March	62,003	61,726	61,406	61,052	60,710
CFR – the borrowing need *	63,137	61,674	59,986	58,267	56,563
Under / (over) borrowing	1,134	(52)	(1,420)	(2,785)	(4,147)
<b>Investments</b>					
Total Investments at 31 March	21,030	20,000	20,000	19,000	20,000
Investment Change	1,834	(1,030)	0	(1,000)	1,000
Net Borrowing	40,973	41,726	41,406	42,052	40,710

\* This allows for £1.175m set aside each year to repay HRA debt from 2020 onwards

## 2. **Treasury Limits for 2013/14 to 2015/16**

- 2.1 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending.
- 2.2 CIPFA's Prudential code for Capital Finance in Local Authorities' includes the following key indicator of prudence;  
*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any*

*additional capital financing requirement for the current and the next two financial years.”*

- 2.3 The Executive Director (s151) reports that the authority had no difficulty meeting this requirement in 2011/12, nor are any difficulties envisaged for the current (2012/13) or future years (2013/14 – 2015/16). This view takes into account current commitments, existing plans and the proposals in the budget.
- 2.4 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the authorised limit represents the legislative limit specified in Act.
- 2.5 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 2.6 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements.
- 2.7 The Authorised Limit for external borrowing is a key prudential indicator and represents a control on the maximum level of borrowing. It is a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council on a rolling basis, for the forthcoming financial year and two successive financial years. This information is shown in table 3.

**Table 3: Authorised Borrowing Limit**

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Authorised Limit for External Debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	72,000	72,000	72,000	72,000	72,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000	3,000
<b>Total</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>

- 2.8 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed and within which officers will manage the Council’s external debt position. In most cases, this would be a similar

figure to the CFR, but may be lower or higher depending on the levels of actual borrowing. This information is shown in table 4.

**Table 4: Operational Borrowing Limit**

Operational Boundary	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Borrowing	68,000	68,000	68,000	68,000	68,000
Other Long Term Liabilities	3,000	3,000	3,000	3,000	3,000
<b>Operational Boundary Total</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>

- 2.9 In respect of its external debt, table 3 details the proposed authorised limits for the Council's total external debt gross of investments for the next three financial years which councillors are recommended to approve. These limits separately identify borrowing from other long-term liabilities such as finance leases. The 2011/12 and 2012/13 figures shown above are for comparative purposes. It is also recommended that members continue to delegate authority to the Executive Director (s151), within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to The Executive at its next meeting following the change.
- 2.10 The Executive Director (s151) reports that these authorised limits are consistent with the authority's current commitments, existing plans and the proposals in the budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director (s151) confirms that they are based on the estimate of the most likely, prudent but not worst-case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

### **3. Prospects for Interest Rates**

- 3.1 The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Annex 1 draws together a number of current City forecasts for short term (bank rate) and longer fixed interest rates. Table 5 gives the Sector central view.

**Table 5: Sector View interest rate forecast – December 2012**

	2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
3 Month Rate	0.50	0.50	0.50	0.50	0.50	0.60	0.60	0.70	0.80	1.10
1 Year Rate	1.00	1.00	1.00	1.00	1.10	1.10	1.20	1.30	1.30	1.50
5 Yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.80	2.00	2.20	2.30
10 Yr PWLB	2.50	2.50	2.60	2.60	2.70	2.70	2.80	3.00	3.20	3.30
25 Yr PWLB	3.80	3.80	3.80	3.80	3.90	3.90	4.00	4.10	4.30	4.40
50 yr PWLB	4.00	4.00	4.00	4.00	4.10	4.10	4.20	4.30	4.50	4.60

- 3.2 The Governments austerity measures, aimed at getting the public sector deficit into order over the next four years, now look as if they will fail to achieve their objectives in the original planned timeframe. Achieving this target is dependent on the UK economy growing at a reasonable pace but recession in the Eurozone, our biggest trading partner has impacted on this growth and it is creating a major headwind for recovery in 2013. It will be important for the Government to retain investor confidence in UK gilts so there is little room for it to change course other than to move back the timeframe.
- 3.3 Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The view is that gilt yields and PWLB rates will in the long run rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.
- 3.4 This challenging and uncertain economic outlook has a several key treasury management implications:
- The Eurozone sovereign debt difficulties, provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
  - Investment returns are likely to remain relatively low during 2013/14;
  - Borrowing interest rates continue to be attractive, and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
  - There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

## **Borrowing Requirement**

- 4.1 The present HRA subsidy arrangements were replaced by a new self-financing regime from 1<sup>st</sup> April 2012. Under these arrangements the Council has become entirely self sufficient in respect of its HRA debt.
- 4.2 The Department for Communities and Local Government (DCLG) produced a settlement valuation based on assumed levels of income and expenditure over 30 years.
- 4.3 CIPFA provided guidance on the treatment of borrowing or debt liability and interest costs. The option chosen by the Council was based on advice and historical evidence to split its borrowing into two pools – one for the General Fund and one for the HRA. This will ensure that going forward all future borrowing undertaken by the Council is allocated to the appropriate service.
- 4.4 On 1<sup>st</sup> February 2012 the debt cap for the Council was confirmed at £63.068m and the settlement payment made to DCLG was £57.733m.
- 4.5 To comply with the Localism Bill the settlement payment was treated as capital expenditure and will had the effect of increasing the both the HRA CFR and Council's overall CFR.
- 4.6 The HRA debt cap valuation is the maximum amount that the Council is permitted to borrow for HRA capital expenditure throughout the 30 year financial plan. The Council was free to choose the length of borrowing it took and also the type of loan. With the assistance of the Council's Treasury Management Advisors at Sector a range of loans were taken over 30 to 50 years to give flexibility.
- 4.7 The Council currently had due to historic circumstances an over-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), had been fully funded with loan debt and that there were additional loan debt balances over and above this formed part of the Council's investments until such time as the debt fell due for repayment. This situation was not ideal in the current climate. However, the need for the Council to borrow to pay for the HRA settlement on 28 March 2012 provided an opportunity to address this issue.
- 4.8 The use of the 'two debt pool option' provided an opportunity to align debt to the relevant fund (General Fund / HRA). As a consequence £7.5m of existing debt (£1m PWLB & £6.5m market debt) was identified as belonging to the HRA. This debt was classed as part of the HRA settlement figure which meant that to extinguish its liability to the Government the Council used £7.5m of its own cash from reserved capital receipts and borrowed the balance of £50.233m from the PWLB.
- 4.9 This left £2.6m of debt allocated to the General Fund and with a General Fund CFR of £4.7m (2012/13) this means that the capital borrowing need



(the Capital Financing Requirement), is not fully funded with loan debt and that cash supporting the Council's reserves, balances and cash flow is used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

- 4.10 Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Executive Director (s151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
  - if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- 4.11 Any decisions will be reported to the Executive at the next available opportunity.
- 4.12 The current capital programme funding forecasts for 2013/14 to 2015/16 for both the General Fund and the HRA shows that there is currently no borrowing requirement. However there may be a requirement to fund part of the Abbey Leisure Centre project from borrowing and this will be confirmed once the project plan is finalised. The borrowing needs for future years will be reviewed as the capital programmes are confirmed.
- 4.13 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. Tables 6 and 7 summarise these indicators which are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
  - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

**Table 6: Interest Rate Exposure**

<b>Upper Limit for Fixed Interest Rate Exposure</b>	%	%	%	%	%
Net Interest re Fixed Rate Borrowing / Investments	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Upper Limit for Variable Rate Exposure</b>	%	%	%	%	%
Net Interest re Variable Rate Borrowing	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
Net Interest re Variable Rate Investments	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7 : Maturity Structure Fixed Rate Borrowing 2013/14**

<b>Maturity Structure New Borrowing 2013/2014</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 Months	20%	0%
12 Months and within 2 Years	20%	0%
2 Years and within 5 Years	50%	0%
5 Years and within 10 Years	50%	0%
10 Years and within 15 Years	50%	0%
15 Years and over	90%	20%

- 4.14 The Council has a policy of borrowing from the Public Works Loans Board in the first instance (over periods up to 50 years) or the money markets (over periods up to 50 years) which ever reflects the best possible value for the Council at the time. Individual loans are taken out over varying periods depending on the relative value of interest rates at the time of borrowing need and to avoid wherever possible a distorted repayment profile.
- 4.15 As part of our aspirations for Selby District the Council has approved a 'Programme for Growth' which includes a number of revenue and capital initiatives aimed at stimulating activity associated with jobs, housing, infrastructure, retail and leisure. These strategic initiatives may require the Council to reconsider its borrowing requirements, depending on the external resources it is able to lever towards the programme
- 4.16 In addition during 2013/14 the Council may need prudential borrowing to fund part of the Abbey Leisure Centre Project and this will be confirmed as part of the finalisation of the project plan. It is not currently envisaged that prudential borrowing will be required for the HRA capital programme.

**5. Debt Rescheduling**

- 5.1 The Council's current debt portfolio as shown in Table 1 is made up of £53.833m of PWLB debt and £6.5m of market debt. Opportunities for debt rescheduling have been limited. Flexibility for rescheduling was put into the PWLB debt taken to fund the Community Office Project (£2.6m) and the HRA Self Financing Settlement (£50.233m) to enable opportunities to generate savings if appropriate. This element of the debt portfolio will be kept under review.
- 5.2 The reasons for any rescheduling to take place will include:
- the generation of cash savings at minimum risk;
  - help fulfil the strategy outlined in paragraph 5 above; and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 5.3 Any rescheduling of debt will be reported to Executive at the meeting following its action.

**6. Borrowing in Advance of Need**

- 6.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 6.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

# **MINIMUM REVENUE PROVISION POLICY STATEMENT 2013/14**

## **1 Introduction**

- 1.1 Since 2008 the Council's Minimum Revenue Provision (MRP) liability has been governed by statutory guidance issued under the Local Government and Public Involvement in Health Act 2007 and Statutory instrument 2008 no 414 rather than regulation. A general duty has been placed upon local authorities to make an amount of MRP which it considers to be prudent, with responsibility being placed upon the Council to approve an annual MRP policy statement. MRP is the minimum amount that must be charged to revenue to repay loans.

## **2 Minimum Revenue Provision Policy**

- 2.1 In May 2008 the Council set its MRP policy. As part of the budget setting process this policy is reviewed each year.
- 2.2 The currently agreed policy is that for all expenditure prior to 1 April 2008 which formed the General Fund Capital Financing Requirement (CFR) that is capital expenditure funded through borrowing be charged at 4% of the outstanding balance each year. The exception was public conveniences. The public conveniences element was to be charged over 15 years which was agreed as part of the funding for the refurbishment programme. The policy also agreed that all expenditure giving rise to MRP going forward would be charged over a period reasonably commensurate with the asset life.
- 2.3 The Council's MRP policy for 2012/13 is:
- CFR Method – Whereby the amount of MRP is calculated solely in relation to the CFR for the General Fund without any adjustments at the start of the year. This is the method that the Council has applied since an amendment to the regulations in 2006.
- And
- Asset Life Method – for the public conveniences project completed in 2006/07 which is being repaid over 15 years and all other projects funded from borrowing since April 2008.
- 2.4 It is proposed that this policy continues for 2013/14
- 2.5 The Council does not charge MRP on its non-operational assets i.e. those currently under construction. This option is in line with the principle that MRP should only be charged when assets are completed / become operational.

- 2.6 In 2013/14 MRP chargeable to the General Fund will relate to historic debt liability of £1.953m, public conveniences of £0.085m and the new civic centre £2.496m. This gives rise to an MRP liability of £193k for 2013/14 (£197k for 2012/13).
- 2.7 Should any expenditure incurred by the Council not be capable of being related to an asset because for example it is a grant to another organisations capital project then an asset life will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
- 2.8 Any finance lease that comes onto the balance sheet via the requirements of International Financial Reporting Standards will already have taken capital financing into account as part of their revenue charges. For this reason they will be excluded from MRP calculations.
- 2.9 No revenue charge is currently required for the HRA. However under HRA reform the HRA is required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years.
- 2.10 Repayments included in finance leases are applied as MRP.

## **ANNUAL INVESTMENT STRATEGY STATEMENT 2013/14**

### **1. Introduction**

- 1.1 The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance"), and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

### **2. Investment Principles**

- 2.1 All investments will be in sterling. The general policy objective for this Council is the prudent investment of its treasury balances. The Council's investment priorities are:

- the security of capital and
- liquidity of its investments.

- 2.2 The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. The risk appetite of the Council is low in order to give priority to security of its investments.

- 2.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

- 2.4 Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

### **3. Creditworthiness Policy**

- 3.1 The Council uses the creditworthiness service provided by Sector Treasury Services. This employs a sophisticated modelling approach with credit ratings from all three agencies – Fitch, Moody's and Standard and Poors, forming the core element. The credit ratings of counterparties are supplemented with the following overlays:-

- Credit watches and credit outlooks from rating agencies
- Credit Default Swaps (CDS) spreads to give an early warning of likely changes in credit ratings. CDS spreads are a risk mitigation tool used by the financial markets to help assess the creditworthiness of financial institutions. A CDS is an insurance against debt default.
- Sovereign ratings to select counterparties from only the most credit worthy countries.

- 3.2 This modelling approach combines credit ratings, credit watches, and

credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative credit worthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council is satisfied that this service along with information from other sources such as the financial press and markets gives an additional level of security for its investments. It is also a service that the Council would not be able to replicate using in-house resources.

- 3.3 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will use counterparties within the following durational bands:
- Yellow – up to 5 years (this is for AAA rated Government debt or its equivalent, including local authorities)
  - Purple – up to 2 years
  - Blue – up to 1 year (nationalised/semi nationalised UK banks only)
  - Orange – up to 1 year
  - Red – up to 6 months
  - Green – up to 3 months
  - No Colour – not to be used
- 3.4 The Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as this would leave the Council with very few banks on its lending list, meaning that the value of total deposits would rise thus increasing counterparty exposure risk. The Sector service uses a wider array of information and provides a balanced score for counterparties.
- 3.5 All credit ratings are monitored on a weekly basis and at the time that the Council wishes to lend. The Council is alerted to changes to ratings of all three agencies as they happen through the use of the Sector creditworthiness service.
- If a down grade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as for new investment will be withdrawn immediately
  - In addition the Council will be advised of movements in CDS status and other market movements, which could result in an institution being removed from the list.
- 3.6 The Council does not place sole reliance on the use of this service from Sector. Other information from a number of sources is also used to assist in forming a view on suitable counterparties.
- 3.7 The Council will only use approved counterparties from countries with a minimum sovereign rating of AA from Fitch Ratings. The list of countries that currently qualify using this credit criteria are shown in Annex 2. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

#### 4. **Investment Strategy**

- 4.1 The Council's funds are managed in-house and are a mixture of cash-flow derived and a core balance available for investment up to 5 years if the market conditions are appropriate. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Core cash balances are derived from reserved capital receipts which are required for repayment of borrowing at a future date of more than 12 months.
- 4.2 Based on its cash flow forecasts, the Council anticipates its cash balances for investment in financial year 2013/14 to range between £12m and £25m. Cash balances consist of capital receipts, earmarked reserves General Fund and HRA balances and the Council's forecast cash flow. Balances will fluctuate during the year due to income being received in advance of expenditure occurring.
- 4.3 The bank rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank rate forecasts for financial year ends (March) are as follows: -
- 2012/13 0.50%
  - 2013/14 0.50%
  - 2014/15 0.75%
  - 2015/16 1.75%
- 4.4 There are risks to these forecasts if economic growth remains weaker for longer than expected then rates will remain lower for longer. However, should growth pick up more sharply than expected then rates could increase sooner than forecast.
- 4.5 The Council has budgeted for an average return of 1.25% on its investments for 2013/14. This has been based on the rates currently being offered for investments using a mixture of shorter periods for non-core balances and longer periods (if appropriate) for core balances. Sector forecast an average of 0.50% for returns on short-term deposits in 2013/14.
- 4.6 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (over night to three months) in order to benefit from the compounding of interest.
- 4.7 The Council is required to set limits for its investments it would need to contain its exposure to long-dated investments to avoid losses on forced early redemptions. This framework provides a balance between caution and the freedom to take advantage of suitable market opportunities that may arise. Advice is always sought from market information available through the Council's treasury management advisors (Sector Treasury Services) before making such a commitment for investment periods of longer than 364 days. This is shown in Table 1.



**Table 1: Limit Principal Sum Investments Greater Than 364 Days**

Upper Limit for Total Principal Sums Invested for Over 364 Days	£'000	£'000	£'000	£'000	£'000
1 to 2 Years	20,000	20,000	20,000	20,000	20,000
2 to 3 Years	15,000	15,000	15,000	15,000	15,000
3 to 4 Years	5,000	5,000	5,000	5,000	5,000
4 to 5 Years	3,000	3,000	3,000	3,000	3,000

**Table 2: Analysis of Core Cash Investments at 1 December 2012.**

Institution	Amount £'000	Start Date	Maturity	Rate
Barclays	1,000	14.09.12	14.12.12	0.60
Doncaster MBC	1,000	24.10.11	24.05.13	1.40
Fife Council	2,000	24.11.11	29.03.13	0.90
Fife Council	1,000	05.01.12	06.01.14	1.30
Lloyds TSB	3,000	16.10.12	16.10.13	2.25
Lloyds TSB	2,000	01.08.12	01.08.14	3.20
NatWest	1,000	07.09.12	09.09.13	1.28
NatWest	1,000	16.11.12	15.11.13	1.50
NatWest	2,500	13.09.12	30 Day Notice	1.10
NatWest	309	N/A	Call	0.50
North Lanarkshire	2,000	18.11.11	20.08.13	1.20
Money Market Funds - Ignis	2,500	N/A	Call	0.50
Total	19,309			

4.8 Table 2 shows an analysis of the Councils cash balances investments as at 1 December 2012.

4.9 Investment instruments identified for use in the financial year are listed at

Annex 3 under the following categories:-

- ‘Specified Investments’ – which are defined as
  - Investments denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
  - The investment is not a long term investment, i.e. it is only up to 1 year.
  - The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 31456 as amended].
  - The investment is made with a body or in an investment scheme of high credit quality, the UK government or with a UK public sector body.

and

- ‘Non-Specified Investments’ are defined as those not meeting the definition of a Specified Investment.

4.10 Counterparty limits will be as set through the Council’s Treasury Management Practices – Schedules.

## 5 **Investments Defined as Capital Expenditure**

5.1 Investments in “money market funds” which are collective investment schemes and bonds issued by “multilateral development banks” – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

5.2 A loan or grant or financial assistance by this Council to another body for capital expenditure by that body will be treated as capital expenditure.

## 6 **End of Year Investment Report**

6.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report.

## 7 **Policy on the Use of External Service Providers**

7.1 The Council uses Sector as its external treasury management advisers.

7.2 The Council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed on our external service providers.

7.3 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

# **THE CAPITAL PRUDENTIAL INDICATORS 2013/14 – 2015/16**

## **1. Introduction**

- 1.1 The 'Prudential Code' provides Council's with a regime of self-regulation for borrowing money for capital purposes. A local authority can borrow as much as it wishes as long as it can afford the repayments. The Code outlines four key objectives relating to the capital investment plans and treasury management procedures of local authorities. To demonstrate that these objectives are being fulfilled the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.
- 1.2 The Code prescribes how the issue of affordability is measured using a set of prudential indicators. The four key objectives of the Code are to ensure that capital investment plans of local authorities are affordable, prudent and sustainable, and to ensure that treasury management decisions are taken in accordance with good professional practice. The indicators are mandatory but the figures used in the calculations are a matter for each local authority.
- 1.3 The prudential indicators required by the Code are designed to support and record local decision-making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter productive.
- 1.4 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators which are designed to assist members overview and confirm capital expenditure plans.

## **2. Capital Expenditure:**

- 2.1 This prudential Indicator is a summary of the Council's capital expenditure plans. The figures include an estimated total of £7m for the rebuild of Abbey Leisure Centre (split £3.5m in 13/14 and £3.5m in 14/15), which is part of the Council's 'Programme for Growth'. At the time of writing this strategy accurate profiling of spend on the scheme is not available. Members are asked to approve the capital expenditure forecasts summarised in Table 1.

**Table 1: Capital Expenditure**

Capital Expenditure	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
General Fund	2,739	2,199	4,288	4,023	425
HRA	59,396	5,312	3,427	4,031	2,570

Note that the HRA programme in 2011/12 included the self financing settlement payment of £57.733m

- 2.2 Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments (this includes the leases the councils contractors have for vehicles and equipment within the Street Scene and Leisure Contracts). Table 2 below includes these costs.

**Table 2: Financing of Capital Expenditure**

Capital Expenditure	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
General Fund	2,739	2,199	4,288	4,023	425
HRA	59,396	5,131	3,427	4,031	2,571
Total	62,135	7,330	7,715	8,054	2,996
Financed By:					
Revenue & Reserves	594	2,831	3,408	2,173	75
Capital Receipts	2,394	240	240	210	205
Grants	284	166	640	1,640	145
Major Repairs Allowance / Reserve	1,130	3,830	3,427	4,031	2,571
Borrowing - Debt	57,733	263	0	0	0
Borrowing - Leases	0	0	0	0	0
Total	62,135	7,330	7,715	8,054	2,996

- 2.3 Table 2 summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

### **3. The Council's Borrowing Need (the Capital Financing Requirement):**

- 3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. This is summarised in Table 3.

**Table 3: Capital Financing Requirement**

	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
CFR General Fund	4,731	4,534	4,340	4,150	3,963
CFR GF Leases	1,747	1,393	1,074	720	378
<b>Total CFR General Fund</b>	6,478	5,927	5,414	4,870	4,341
CFR HRA	56,659	55,747	54,572	53,397	52,222
<b>TOTAL CFR</b>	63,137	61,674	59,986	58,267	56,563
<b>Movement in CFR</b>	56,731	(1,463)	(1,688)	(1,719)	(1,704)
<b>Movement in CFR represented by</b>					
Net Financing need for the year	57,805	263	0	0	0
Less MRP & Other financing movements	(1,074)	(1,726)	(1,688)	(1,719)	(1,704)
<b>Movement in CFR</b>	56,731	(1,463)	(1,688)	(1,719)	(1,704)

- 3.2 Following accounting changes the CFR includes any other long term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. These are also shown in Table 3.
- 3.3 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast the capital financing requirement reflects the authority's underlying need to borrow for capital purposes.
- 3.4 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Table 4 shows the estimates of the year end balances for each

resource and anticipated day to day cash flow balances.

**Table 4: Year End Resources**

	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
GF Fund Balances / Reserves	9,215	8,160	7,803	6,460	6,810
HRA Fund Balances / Major Repairs Reserve	2,511	2,749	4,204	5,591	9,015
Capital Receipts	499	859	721	313	211
Other (Grants)	228	228	228	35	35
Total Core Funds	12,453	11,996	12,956	12,399	16,071
Working Capital	18,170	14,900	16,000	17,690	21,550
Expected Investments	21,030	20,000	20,000	17,000	18,000

#### **4. Affordability Prudential Indicators**

- 4.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:
- 4.2 The indicator of actual and estimates of the ratio of financing costs to net revenue stream identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. These are shown in Table 5. The estimates of financing costs include current commitments and the proposals in this report.

**Table 5: Ratio of Financing Costs to Net Revenue Stream**

	2011/12 Actual %	2012/13 Forecast %	2013/14 Estimate %	2014/15 Estimate %	2015/15 Estimate %
GF	12.00	9.57	8.90	10.02	10.95
HRA *	3.86	31.96	30.56	29.02	27.58

- 4.3 \* This is the impact of the HRA settlement. The Council no longer pays into the housing subsidy system and keeps all of its income stream to service the debt.
- 4.4 In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:
- Affordability, e.g. Implications for the Council Tax
  - Prudence and sustainability, e.g. implications for external borrowing
  - Value for money, e.g. option appraisal
  - Stewardship of assets, e.g. asset management planning
  - Service objectives, e.g. strategic planning for the authority
  - Practicality, e.g. achievability
- 4.5 A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax.
- 4.6 The estimate of the incremental impact of capital investment decisions agreed as part of the budget, over and above capital investment decisions that have previously been taken prior to the 2013/14 budget setting round are shown in table 6.

**Table 6: Incremental Impact of Capital Investment Decisions**

Capital Investment Impact Upon:	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Annual Band D Council Tax	4.06	1.39	0.85	-0.07
Average Annual Housing Rent	1.01	0.00	0.00	0.00

- 4.7 The impact on Council Tax represents the cost of additional revenue financing of capital spending (or any prudential borrowing less any revenue savings or income).
- 4.8 Housing rents are effectively fixed by rent restructuring any extra revenue costs due to capital investment have no impact on HRA rents. The figures for rent therefore show the element of rent required to support capital projects.



**Report Reference Number C/12/19**

**Agenda Item No: 16**

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<b>To:</b>	<b>Council</b>
<b>Date:</b>	<b>26 February 2013</b>
<b>Author:</b>	<b>Jackie Humphries – Lead Officer Human Resources</b>
<b>Lead Officer:</b>	<b>Keith Dawson – Director of Community Services</b>
<b>Lead Executive Member:</b>	<b>Councillor M Crane</b>

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**Title: Pay Policy Statement**

**Summary:**

The purpose of this report is to seek approval to implement the Council's Pay Policy Statement 2013/14 in accordance with section 38 of the Localism Act 2011.

**Recommendations:**

- i. That Council approve the Pay Policy Statement for 2013/14 (Appendix 1)**
- ii. That Council endorse the Terms and Conditions relating to Pay (Appendix 2)**

**Reasons for recommendation**

**To comply with Localism Act 2011 (the Act) to prepare a Pay Policy Statement articulating the Council's policy towards the pay of the workforce.**

**1. Introduction and background**

Local Authorities are required under section 38(1) of the Localism Act 2011 (the Act) to prepare a Pay Policy Statement (Appendix 1). The Statement must articulate the Council's policy towards the pay of the workforce, particularly senior staff and lowest paid employees.

It is an annual requirement that the policy statement be reviewed and presented to full Council for consideration prior to the start of each financial year. The Pay Policy Statement for 2012/13 was approved at Council on 28



February 2012. No changes have been made to the Pay Policy Statement for 2013/14.

## **2. The Report**

- 2.1 Each local authority is an individual employer in its own right and has the authority to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this or to determine what decisions on pay should be taken but they require individual employing authorities to be more open about their own policies in relation to pay and how decisions are made in this regard.
- 2.2 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to any guidance published by the Secretary of State. This includes Communities and Local Government guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency.
- 2.3 The government has taken steps to increase transparency on the pay and reward of public sector employees and the Code of Recommended Practice for Local Authorities on Data Transparency which amongst other things asks councils to consider the way they release data on senior salaries.
- 2.4 In March 2011 the Hutton Review of Fair Pay was published which made several recommendations for promoting pay fairness in the public sector by tackling disparities between the lowest and highest paid in the public sector.
- 2.5 A table detailing the Terms and Conditions relating to pay can be found at Appendix 2.

## **3. Legal/Financial Controls and other Policy matters**

### **3.1 Legal Issues**

The Localism Act received Royal Assent on 15 November 2011. Chapter 8 of the act refers to 'Pay Accountability' and sets out the requirements for councils to determine and publish annual pay policy statements.

The pay policy statement must set out an authority's policies relating to;

- Chief Officer remuneration
- Remuneration of its lowest paid employees
- The relationship between chief officer remuneration and that of other staff

An authority may amend its pay policy statement during the period but must comply with the statement in force in making decisions on relevant remuneration.

### **3. Conclusion**

The provisions contained in the Act bring together the need for increasing accountability, transparency and fairness in the setting of pay which has culminated in the formalisation of the Council's Pay Policy Statement which outlines the pay and reward of the most senior employees set within the context of the pay of the wider workforce.

**Contact Officer: Jackie Humphries**

#### **Appendices:**

**Appendix 1 Statement Of Pay Policy**  
**Appendix 2 Terms and Conditions of Pay**

**SELBY DISTRICT COUNCIL/ACCESS SELBY**  
**STATEMENT OF PAY POLICY FOR THE PERIOD 1 APRIL 2013 TO 31**  
**MARCH 2014**

## **Introduction**

Sections 38 -43 of the Localism Act 2011 require that the authority produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act. This policy was considered and approved by the full council at the Council meeting which took place on 26 February 2013. This policy also has some connection with the data on pay and rewards for staff which the authority publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011). It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Appendix 1 to this Policy Statement.

## **Definition of officers covered by the Policy Statement**

This policy statement covers the following posts:

- Head of Paid Service, which in this authority is the post of Chief Executive.
- Statutory Chief Officers, which in this authority are the posts of Deputy Chief Executive (Monitoring Officer) and Executive Director (Section 151 Officer)
- Non-statutory Chief Officers (those who report directly to the Head of Paid Service) which in this authority are the posts of Executive Director, Managing Director, Directors.

## **Policy on remunerating Chief Officers**

The Authority's policy on remunerating Chief Officers is set out in the schedule that is attached to this Policy Statement at Appendix 2. It is the policy of this Authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the authority's requirements of the post in question at the relevant time.

## **Policy on remunerating the lowest paid in the workforce**

The Authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this authority relates to spinal column point 10 which is currently £13,874 per annum thus becoming an hourly rate of pay of £7.19 per hour. This pay point and salary was agreed as a fixed point within a salary band during the restructure which took place in 2011 and determined by the Authority as part of the pay salary bands for employees employed on Local Government Services Terms and Conditions. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

## **Policy on the relationship between Chief Officer remuneration and that of other staff**

The highest paid salary in this authority is £92852 which is paid to the Chief Executive. The average median salary is £21519. The ratio between the two salaries, the 'pay multiple' is 4.31:1. This Authority does not have a policy on maintaining or reaching a specific 'pay multiple'. Senior Officers' salaries are subject to review and all other employees are subject to pay rates determined in accordance with National Conditions of Service and local pay determination. The authority's approach to the payment of all staff is to pay that which the authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the authority meets any contractual requirements for staff including the application of any local or national collective agreements, or authority decisions regarding pay.

## **Policy on other aspects of Chief Officer remuneration**

Other aspects of Chief Officer remuneration are appropriate to be covered by this Policy statement, these other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this Policy Statement at Appendix 2.

## **Approval of Salary Packages in excess of £100k**

The authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post that is in excess of £100k will be considered by Full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

### **Flexibility to address recruitment issues for vacant posts**

In the vast majority of circumstances the provisions of this policy will enable the Authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek Full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate authority decision making route.

### **Amendments to the policy**

It is anticipated that this policy will not need to be amended during the period it covers (April 2013 – end March 2014). However if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to Full Council for consideration.

### **Policy for future years**

This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

## **APPENDIX 1**

## **Selby District Council** **Pay Policy Statement**

The Secretary of State for Communities and Local Government Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and numbers of staff for all staff in receipt of a salary of more than £58,200
- An organisational chart of the staff structure of the authority including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:

- Numbers of employees with a salary above £50K per annum (pro-rata for part-time staff) in multiples of £5K
- Job title, remuneration and employer pension contributions for senior officers, Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act
- Names of employees paid over £150K per annum

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension

## Appendix 2

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£92852	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Election duty fees are paid to the postholder when due	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14
Deputy Chief Executive	£72012	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Election duty fees are paid to the postholder if applicable when due	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14

Executive Director (Section 151 Officer)	£56203	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14
Executive Director	£50799	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14



Managing Director	£56203	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14
Director	£50799	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Not applicable	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2013/14

Aspect of Chief Officer Remuneration	Authority Policy
Recruitment	These posts will be advertised and appointed to at the appropriate approved salary for the post in question level unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the authority's policy and any variation will be approved through the appropriate authority decision making process.
Pay Increases	The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The authority will also apply any pay increases that are as a result of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.
Additions to Pay	The authority would not make additional payments beyond those specified in the contract of employment.
Performance Related Pay	The authority does not operate a performance related pay system.
Earn-Back (Withholding an element of base pay related to performance)	The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under performance are addressed rigorously.
Bonuses	The authority does not pay bonus payments to senior officers
Termination Payments	The authority applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The authority also applies the appropriate Pensions regulations when they apply. The authority has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by the authority

	regarding senior officers are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2011.
Transparency	The authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that is open and transparent regarding senior officer remuneration.
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	The authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The authority will therefore consider all applications for candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the authority. Clearly where a former employee left the authority on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The authority will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

**Public Session**

**Report Reference Number (C/12/20)**

**Agenda Item No: 17**

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**To: Council**  
**Date: 26 February 2013**  
**Author: Karen Iveson, Executive Director**  
**Lead Officer: Martin Connor, Chief Executive**  
**Lead Councillor: Cllr John Mackman**

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**Title: PROGRAMME FOR GROWTH - Housing Trust**

**Summary:**

As part of the 'Programme for Growth', a project has been established to consider the feasibility of a 'Housing Trust', to deliver new build affordable housing and in appropriate circumstances to transfer existing empty Council dwellings.

The project brief was to consider the merits of a trust compared to other models that are available to the Council and establish the necessary operating model.

Given the objectives of the project and the associated risks, the feasibility study recommends the establishment of a charitable company limited by guarantee.

**Recommendations:**

- i) Approve the establishment of a charitable company limited by guarantee;**
- ii) Delegate authority to the Executive to approve the governance documents of the company;**
- iii) Delegate authority to the Executive to appoint up to 3 directors on the Board.**

**Reasons for recommendation**

To enable the trust to be established.

## **1. Introduction and background**

- 1.1 As part of its 'Programme for Growth' the Council has identified housing as a key work strand to help deliver economic growth within the district and help meet the identified need for affordable housing.
- 1.2 Specialist legal advice has been commissioned and a feasibility report has been prepared which concludes that the preferred option is for the Council to establish a company limited by guarantee that is registered as a charity and registered with the Homes and Communities Agency. The feasibility report is attached to this report.

## **2. The Report**

- 2.1 Housing growth supports the building industry, provides homes for people living within or moving into the district, increasing opportunity for job and wealth creation and local spending. It also provides a direct cash incentive for the Council through the Government's 'New Homes Bonus Scheme' and brings in additional Council Tax income, which in turn helps to sustain and grow the Council's service provision.
- 2.2 In recent years new build housing within the district has been delivered through private developers and registered social housing providers. From the Council's point of view, as a result of the financing regime of the HRA, capital investment in housing has concentrated on maintenance and improvement of existing stock rather than new build.
- 2.3 Consequently we have seen the Council's stock of houses deplete over time as properties have been purchased via the 'Right to Buy' scheme. This presents a challenge for the Council, as whilst sales have dwindled in recent years, the increase in discounts available under the scheme since April 2012, means that as the economy improves and lending increases, the pace of 'Right to Buy' is likely to increase.
- 2.4 The Council's housing service is highly valued by our tenants but as our stock reduces over time, the viability of our HRA service is at risk. Furthermore there is growing demand for affordable housing and therefore we are looking for a solution that increases and protects the supply of affordable housing within the district, whilst supporting the Council's own HRA service.
- 2.5 The feasibility report attached to this report presents the options available to the Council to directly deliver affordable housing growth through new build development, as well as the transfer of empty Council dwellings and potentially bringing empty properties within the private sector back in to use. It identifies the key advantages and disadvantages of alternative delivery models and explores the key issues that will need to be considered in establishing the preferred model.

- 2.6 The establishment of a company will require Council approval and the appointment of Council representatives as directors on the trust's board. Assuming a board of 7 directors, 3 Council representatives would be eligible for appointment to ensure that the Board is independent of the Council.
- 2.7 In practical terms the model would see the Council establish a delivery vehicle to facilitate alternative new house building outside of the HRA. It should be stressed that it is also the intention to consider building within the HRA subject to the business cases for each individual scheme.
- 2.8 The charitable model allows financial benefits (exemption from corporation tax and relief from stamp duty) and secures the affordable dwellings for charitable purposes – a significant factor in areas of high demand, where affordable homes are at risk from Right to Buy and with limited (if any) opportunity for replacement.

### **3. Legal/Financial Controls and other Policy matters**

#### **3.1 Legal Issues**

- 3.1.1 There are many legal issues to consider as part of the establishment of the trust and also in delivering the schemes (the Council's powers to establish companies, company law, Secretary of State consent for disposal of Council assets, state aid etc). Specialist legal has been obtained and is attached to the feasibility report and further advice will be sought as the project develops.

#### **3.2 Financial Issues**

- 3.2.1 A budget of £30k has been approved from the 'Programme for Growth' to support the feasibility/set-up phase of the project and this will cover the anticipated costs.
- 3.2.2 Funding of the individual build projects (or dwelling transfers) will be subject to separate business cases but in essence projects will be financed through a combination of s106 receipts, prudential borrowing via the Council or potentially Homes and Communities Agency grant. There may even be the opportunity to lever private sector funding in some cases.
- 3.2.3 Development costs and on-going management/maintenance costs will be covered by the future rental income stream from the properties.

### **3.3 Risks**

- 3.3.1 A project risk register has been drawn up and action plans are in place for those risks that require active management.
- 3.3.2 In terms of risk to the Council, the recommended approach is considered low risk – the Council will be in control of the schemes put forward for development and each scheme will be subject to an individual business case.
- 3.3.3 The on-going growth of the trust (in terms of its property portfolio) is likely to be wholly dependent upon support from the Council and therefore any perceived risks associated with Board independence are not expected to be of significant concern.

### **4. Conclusion**

- 4.1 There are a number of alternative options available to the Council but a charitable company limited by guarantee is considered to be the most appropriate to meet the stated objectives of the project.

### **5. Background Documents**

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**Appendices:** Housing Trust Feasibility report

## **Programme for Growth: Housing Trust – Feasibility Report**

### **1. Introduction and Background**

- 1.1 As part of its 'Programme for Growth' the Council has identified housing as a key work strand to help deliver economic growth within the district.
- 1.2 Housing growth supports the building industry, provides homes for people living within or moving into the district, increasing opportunity for job and wealth creation and local spending. It also provides a direct cash incentive for the Council through the Government's 'New Homes Bonus Scheme' and brings in additional Council Tax income, which in turn helps to sustain and grow the Council's service provision.
- 1.3 In recent years new build housing within the district has been delivered through private developers and registered social housing providers. From the Council's point of view, as a result of the financing regime of the HRA, capital investment in housing has concentrated on maintenance and improvement of existing stock rather than new build.
- 1.4 Consequently we have seen the Council's stock of houses deplete over time as properties have been purchased via the 'Right to Buy' scheme. This presents a challenge for the Council, as whilst sales have dwindled in recent years, the increase in discounts available under the scheme since April 2012, means that as the economy improves and lending increases, the pace of 'Right to Buy' is likely to increase.
- 1.5 The Council's housing service is highly valued by our tenants but as our stock reduces over time, the viability of our HRA service is at risk. Furthermore there is growing demand for affordable housing and therefore we are looking for a solution that increases and protects the supply of affordable housing within the district, whilst supporting the Council's own HRA service.
- 1.6 This feasibility report presents the options available to the Council to directly deliver affordable housing growth through new build development, as well as the transfer of empty Council dwellings and potentially bringing empty properties within the private sector back in to use. It identifies the key advantages and disadvantages of alternative delivery models and explores the key issues that will need to be considered in establishing the preferred model.

### **2. The need for affordable housing**

- 2.1 The need for affordable housing within Selby District has been established through the Strategic Housing Market Assessment (part of the Local development framework), and highlighted through work on the Council's Corporate Plan, and HRA Business Plan.



- 2.2 The 2009 Selby Strategic Housing Market Assessment advised that Selby District has a population of around 81,200, and is a high demand area for housing. The population is predicted to increase by 25.2% from 81,100 in 2008 to 101,500 by 2031. Over the next few decades, the number of older people will increase; in particular the number of residents aged 75+ is expected to more than double (from 5,900 in 2008 to 12,600 by 2031).
- 2.3 The vast majority of older people (78.7%) want to continue to live in their current home with support when needed and 26% would consider sheltered accommodation. Households would also consider new forms of older persons' accommodation including older persons' apartments (13.1%) and properties in a retirement/care village (16.3%).
- 2.4 The number of households is expected to increase by 27.3% between 2006 and 2026, most likely fuelled by an increase in one person and multi-person households (e.g. friends sharing) which reflects national and regional trends.
- 2.5 In 2008 the proportion of social rented dwellings was 12.2% compared with a regional average of 18.5%. Lower quartile incomes were slightly below the regional figure, but median incomes were slightly above.
- 2.6 Selby is ranked the 8<sup>th</sup> least affordable district in Yorkshire and the Humber but the most affordable district in North Yorkshire. For North Yorkshire districts, the provisional estimate of the proportion of new housing that may need to be affordable is over 40%, and our target for negotiation with private developers is up to 40%.
- 2.7 On an annual basis, there is an overall requirement for 1,119 dwellings across Selby District of which 710 (63.4%) is for market housing and 409 (36.6%) for affordable. Analysis indicates that across Selby, there is an annual net shortfall of 378 and a gross shortfall of 409 affordable dwellings.
- 2.8 A key part of developing schemes will be to deliver homes that meet the identified needs of the local community.

### **3. Delivery models**

- 3.1 In broad terms there are 3 options for the Council to enable the development of new build affordable housing:
  - Housing Revenue Account – properties would be developed, and financed via the HRA;
  - Registered Providers (Registered Social Landlords) – land would be sold/gifted to RPs for affordable housing development;

- Housing Delivery Vehicle – a separate body would be established to develop the properties using assets/financing via the Council's General Fund.

The following are the key advantages and disadvantages of each option:

	Advantages	Disadvantages
HRA	<p>Properties sustain/grow the Council's HRA stock</p> <p>Could provide an additional income stream for the HRA service (Access Selby) which could be used sustain and/or provide additional services to HRA tenants</p> <p>The Council has full control over the assets/tenancies</p>	<p>Limitations in types of properties that can be developed and retained long term due to risk of Right to Buy (elderly/disabled accommodation is exempt)</p> <p>Volume of development limited by the 'Debt Cap' applied to the HRA (currently circa £5m headroom)</p>
RP	<p>The Council would have 'nomination rights' through the Choice Based Lettings scheme</p> <p>RPs already established and operating within the district</p>	<p>Completely independent of the Council</p> <p>Increasing RP stock rather than our own</p> <p>Properties would be managed by the RP and would therefore not support our existing HRA service</p>
HDV	<p>Financing subject to Prudential Borrowing regime so no 'Debt Cap' (but must be affordable)</p> <p>Properties would not be eligible for 'Right to Buy' although would still be subject to 'Right to Acquire'<sup>1</sup>, if funded by the HCA</p> <p>Potential for additional properties to be managed by the Council to allow shared overheads and make HRA more sustainable.</p>	<p>Independent of Council (although Council representation on the Board)</p> <p>Limitations on control of assets/tenancies (but with nomination rights as RP above)</p>

<sup>1</sup> Right to Acquire applies to tenants of registered providers – it is similar to Right to Buy but the available discounts (between £9k and £16k) are not as high as under the Right to Buy scheme – see <https://www.gov.uk/right-to-acquire-buying-housing-association-home/overview>.

- 3.2 It is clear from the disadvantages of HRA development that there are limitations with this route, although depending on identified housing need and the type of properties developed (elderly/disabled accommodation) it could still provide a useful alternative and make use of the borrowing headroom available within the HRA.
- 3.3 The Registered Provider route has the advantage of ready experience and a possible early start, as some funding may be available in the current programme. But this limits the control the Council has over development and although it increases affordable stock within the district, it provides no benefit to the Council in terms of helping to sustain our own housing service.
- 3.4 The creation of an HDV provides an alternative opportunity to develop properties without the constraints of the HRA, rather than using the traditional RP route. This option could be used to provide stock that can be retained within the charitable social housing sector, whilst supporting the on-going sustainability of the Council's HRA through shared overhead costs.
- 3.5 Clearly there are advantages and disadvantages for both the HRA and HDV options and the most appropriate route would need to be considered on the merits of the individual schemes.
- 3.6 The remainder of this report will consider the HDV option in more detail and explore the practical issues that will need to be considered if the Council is to support this model.

#### **4. Establishing an HDV**

- 4.1 The Council's primary objective for the establishment of a new delivery vehicle is to create a model that maximises the financial benefits to increase delivery of affordable homes. It is intended to work in partnership with the private sector not compete with it.
- 4.2 In order to understand the implications of establishing an HDV, the project team commissioned specialist legal advice through Trowers and Hamlins (a national legal firm with extensive experience in this field). The advice is attached at **Appendix A** to this report.

##### Form of Corporate Body

- 4.3 The types of organisation that are available to the Council include:
- Company limited by guarantee
  - Industrial and provident society
  - Limited liability partnership
  - Charitable incorporated organisation
  - Company limited by shares

- 4.4 There are advantages and disadvantages to each form of corporate body and a combination of structures could ultimately be used by the Council. Section 3 of the legal advice describes the key features of each main model.
- 4.5 The legal advice concludes that a company limited by guarantee is the most appropriate form of governance model given the objectives of the project. Members of the company do not hold shares, but instead each member undertakes to pay a nominal figure (usually £1) if the company becomes insolvent. This model is frequently used for social housing activities as it is not associated with profit making in the same way that companies limited by shares are.
- 4.6 The question of charitable status is also a matter for consideration. Again there are advantages and disadvantages but essentially the decision is a commercial one – weighing up the advantages (no corporation tax, relief from stamp duty) against the disadvantages (independence and restrictions on asset disposals).
- 4.7 Given the intended operation of the HDV (primarily to develop affordable homes on land transferred from the Council at less than market value) and the desire to maximise the financial benefits, it is recommended that the HDV attains charitable status.
- 4.8 The legal advice also concludes that registration with the HCA as a registered provider is likely to be advantageous as this could give access to HCA funding, potentially improving the financial viability of developments.
- 4.9 In summary the establishment of a charitable company limited by guarantee (and registered with the HCA) would enable housing development to be funded via the Council's General Fund and provide tax and other funding benefits for the charity, which in turn would allow additional house building within the district.
- 4.10 Councillors will be aware of Arms Length Management Organisations (ALMOs) – these are simply wholly owned local authority companies. Such companies are set up to manage local authority owned housing stock and can be used as a vehicle for new build. ALMO's provide flexibility over use of surpluses and disposal of assets but as they are in LA ownership there are restrictions on external trading (known as the Teckal exemption<sup>2</sup>).
- 4.11 Given the objectives of this project a charitable company is considered to be the most appropriate, however, should the Council wish to pursue

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<sup>2</sup> Teckal exemption restricts external trading of a wholly owned Local Authority company to 10% of its total trading.

the ALMO option with regard to managing its own stock then this could be considered at a later date alongside the model recommended in this report.

- 4.12 The possible objects of the HDV are included at Appendix 1 within the legal advice. These objectives have been previously accepted by the Charity Commissioners and should the Council approve the establishment of the HDV, then Trowers and Hamlins will be instructed to draw up the Articles of Association for approval by the Executive.

#### Board membership structure

- 4.13 For the HDV to achieve charitable status it needs to have a board that is independent from Council control. Legal advice suggests a board of between 5 and 7 directors of which a minority proportion would be nominated by the Council and a majority proportion would have no connection with the Council (or its tenants). For a board of 5 for example, we could expect 2 Council nominated directors and 3 independent directors.

#### Suggested membership structure

- 4.14 Members of a company limited by guarantee undertake to pay a nominal figure (usually £1) in the event of insolvency on the part of the company.
- 4.15 Legal advice recommends that company membership to be identical to board membership, which significantly eases administration of the HDV.

#### Should the HDV be a registered provider?

- 4.16 This is recommended as the key benefits associated with registering with the HCA, are access to funding and obtaining the necessary consents from the Secretary of State for the transfer of land from the Council to the HDV.
- 4.17 There are limitations associated with registration however, for example there are limits on rents levels and annual increases and HCA consent is needed before a registered provider can dispose of social housing dwellings.

#### Finance, Funding and Resources

- 4.18 Financial viability and sustainability will be crucial to the success of the HDV. In simple terms the costs of housing development and the running costs of the HDV will be met from the rental income of the dwellings, although up front development costs are expected to require some combination of grant (s106 receipts or potentially HCA funding), borrowing, or in some cases, asset sales (subject to the rules

governing charities). It must be noted that additional receipts from Right to Buy sales (as defined in the new Right to Buy regime) can not be used to fund assets outside of the HRA.

- 4.19 A key benefit of development via an HDV as opposed to the Council's HRA is the debt cap on the HRA. That said, borrowing via the Council's General Fund would be subject to the Prudential Code and the Council would be required to have regard to its financial commitments [to companies in which it has an interest] when establishing affordability and ensure compliance with the Council's Prudential Limits. In reality this is likely to mean a review and increase of both the Authorised and Operational Limits for borrowing.
- 4.20 In order for the HDV to function it will need staffing resources, although initially these are expected to be on a part-time basis. The main purpose of the HDV will be to deliver new build housing and therefore expertise in the commissioning of such projects will be crucial. Subject to recruiting the right individual, it is suggested that a part time 'Managing/Development' Director post be established although in the first instance it is anticipated that support will be commissioned from another partner charity.
- 4.21 As (and if) the scale of development projects increase, there may also be the potential to share a post with the Council (Access Selby) to support new build development within the HRA. Other staffing resources would be commissioned from Access Selby or other partners as required and there may even be the potential for voluntary support to be established through the Council's Employer Sponsored Volunteering Scheme.
- 4.22 In order to avoid high overheads for the HDV (particularly in its formative years) it is envisaged that the design and specialist input required for the projects would form part of the project commission and would be delivered through the developers.

#### Local authority controls

- 4.23 The Council will be able to exert controls over the developments undertaken by the HDV to ensure appropriate 'return' on its 'investment' of land and/or borrowing. Typically these will be:
- The type and size of housing to be developed;
  - The development timescales;
  - Design/quality assurance;
  - Covenants on land where appropriate;
  - Overage agreements where applicable;
  - Option/pre-emption agreements;
  - Loan agreements where applicable.

- 4.24 These controls are likely to be specific to individual projects and legal advice will be sought on a project by project basis.

#### State aid

- 4.25 Provision of financial assistance to the HDV, including the transfer of sites at an under value would on the face of it, constitute state aid. However, there is an exemption in relation to the provision of social housing which would apply in the circumstances recommended in this report. The issue of state aid would need to be kept under review and legal advice would be sought as necessary.

### **5. The New Build Process**

- 5.1 An overview of the development process is presented at **Appendix B**. Essentially developments would be delivered as a result of the Council gifting land to the HDV (subject to approvals and the necessary consents which are covered under sections 12 and 13 of the attached legal advice).
- 5.2 In order to gift land to the HDV the Council would need to identify development sites (and potentially existing dwellings) suitable and available for transfer. Surplus land has been identified as part of the work on the Council's Asset Management Strategy and further work is needed to establish viability of particular sites. As a first stage to this work a list of potential sites is set out at **Appendix C**. There is also the potential for the Council or HDV to acquire new land for affordable housing development (subject to business case).
- 5.3 The HDV would procure new build schemes from private developers (potentially via framework contracts also available to the Council for new build within the HRA) and would fund the schemes via the Council's Prudential Borrowing powers, potential s106 receipts and/or HCA grant.
- 5.4 The letting of a framework contract would allow a number of suppliers to be 'pre-qualified' to reduce the tendering process and allow close working relationships to be built up with a selected number of developers. Such relationships will also enable added 'spin-off' benefits – for example the potential for local apprenticeship schemes to support the Council's jobs work strand.

### **6. Property management and lettings**

- 6.1 It is assumed that the management and lettings of the HDV's stock would be undertaken by Access Selby, although the award of this work would be subject to tender. Such an arrangement would enable economies of scale, the sharing of overheads and cost efficiencies for

the benefit of tenants and sustaining the viability of the Council's HRA, which in turn supports the Council as a whole.

- 6.2 The HDV would require its own allocations policies and any nomination rights agreed between the Council and HDV would have to be in accordance with its charitable status.
- 6.3 The HDV would have its own rent policy and should it become registered with the HCA then its rents would be limited to 'Affordable Rents' (i.e. 80% of market rents), which are currently higher than the Council's own rents.
- 6.4 It is expected that rent modelling and whole life cost forecasts will form part of the business cases for individual schemes.
- 6.5 Detailed work on the necessary policies would follow as part of the implementation phase of this project.

## **7. Other property acquisitions**

- 7.1 As well as new build development it also expected that the HDV will acquire existing dwellings – this may be through private sales/leases or small scale transfers of void (empty) Council dwellings.
- 7.2 Acquisitions would again be subject to business case but it is envisaged that there could be a role for the HDV to play in helping to bring empty properties within the district, back into use.
- 7.3 A successful model working elsewhere in the country sees the HDV investing in the necessary repairs to bring properties up to the required standard in return for a term lease which provides an agreed return on investment for the HDV. There are also cases where the lease is of such a length that a return for the owner can also be achieved.
- 7.4 The transfer of empty Council dwellings to the HDV could also be considered subject to the necessary consents and again a viable business case. Such transfers may for example, be appropriate in circumstances where there is a high need for affordable housing but properties are at risk from Right to Buy and there is no potential for localised replacement. Alternatively there may be 'hard to let' accommodation that could be redeveloped by the HDV.

## **8. Stakeholder Engagement/Communications strategy**

- 8.1 Stakeholder engagement is crucial to the ultimate success of any project. A stakeholder mapping exercise has been carried out and an engagement/communications plan has been developed (**Appendix D**).



- 8.2 With the rising cost of adult social care and the expected cuts to public sector funding, the need for suitable accommodation to allow people to live independently in their homes for as long as possible is crucial. The Council is a member of the North Yorkshire Strategic Housing Partnership and a joint approach with partners such as North Yorkshire County Council will be a key issue.

## **9. Risk Management**

- 9.1 A project risk register, which includes an assessment of the likelihood and impact of each identified risk and their mitigating actions, is attached at **Appendix E**.
- 9.2 In terms of risk to the Council, the recommended approach is considered low risk – the Council will be in control of the schemes put forward for development and each scheme will be subject to an individual business case.
- 9.3 The on-going growth of the HDV (in terms of its property portfolio) is likely to be wholly dependent upon support from the Council and therefore any perceived risks associated with Board independence are not expected to be of significant concern.
- 9.4 There is a risk that the management of the HDV's properties will not be awarded to Access Selby but given Access Selby's existing infrastructure and presence within the district it is anticipated that they will be able to put forward a competitive bid.

## **10. Budget implications**

- 10.1 A budget of £30k has been approved from the 'Programme for Growth' to support the feasibility/set up stage of this project. The set up costs including the legal advice, communications, company registration fees etc can be accommodated within this budget.
- 10.2 Looking ahead it is expected that the on-going running costs of the HDV will be kept to a minimum but resource input will be required to support project development and to sustain the HDV's governance arrangements. However, we would be looking for costs to be covered from future rental income streams.

## **11. Conclusions**

- 11.1 There is a need for additional affordable housing within Selby District and the Council is considering its options for delivering new build developments.

- 11.2 There is an on-going risk to the Council's HRA due to potential Right-to Buy and therefore a solution which seeks to replace, protect and add to the district's affordable housing stock in the most cost effective way is being sought.
- 11.3 There are a number of options to deliver new build affordable homes, including developing within the HRA and working with existing registered providers but there are limitations.
- 11.4 The creation of a Housing Delivery Vehicle in the form of a company limited by guarantee; registered as a charity; and registered with the Homes and Communities Agency, provides a solution which maximises the financial benefits for new build schemes and in appropriate circumstances, provides an opportunity to transfer empty Council dwellings into the charitable housing sector.
- 11.5 Such a solution brings with it the requirement for an independent Board but the risk to the Council is considered low given the need for Council support (in the form of land transfers and financing) to sustain and grow the trust.

## **12. Recommendations**

- 12.1 It is recommended that Council:
- i) Approve the establishment of a charitable company limited by guarantee.
  - ii) Delegate authority to the Executive to approve the governance documents of the company;
  - iii) Delegate authority to the Executive to appoint up to 3 directors on the Board.

**dated 15 January 2013**

**Selby District Council**

**Report on new build delivery options for affordable/social housing**

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## Selby District Council - new build delivery options for affordable/social housing

### 1 Introduction and summary of the Housing Delivery Vehicle model

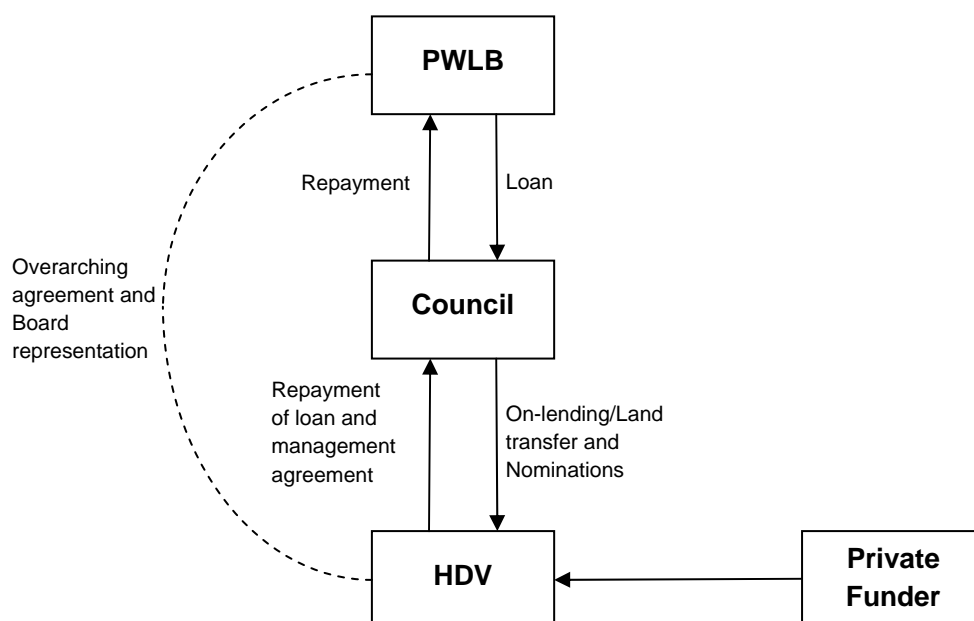
1.1 Trowers & Hamlins have been instructed by Selby District Council (the **Council**) to advise upon the option of setting up a Housing Delivery Vehicle (**HDV**) to deliver new affordable/social housing.

1.2 We understand that the Council currently owns around 3,150 units but there would be pressure on revenue if the stock level fell significantly below 3,000 units. This is a particular challenge for the Council since the increase in the Right to Buy (**RTB**) discount and the Council therefore wish to explore options for the delivery of Social Housing that (amongst other issues) protects the Council from the loss of stock under the RTB.

1.3 There are alternative models for delivering new build social housing, including direct Council new build (i.e. within the Council's Housing Revenue Account (**HRA**)) and disposal of sites to a registered provider (**RP**) for development (with the Council retaining nomination rights). Clearly there are advantages associated with these two options: direct Council new build would deliver "true" new Council-owned properties and with the second option, RPs have a great deal of knowledge and expertise in housing development. However, if the Council carried out the development and owned the units the RTB would apply and any borrowing by the Council to finance the development would be subject to the HRA debt cap. On the other hand, if an RP carried out the development the Council would lose some degree of control over the development.

1.4 We have therefore been asked to advise upon the suitability of a legal structure involving an HDV and the governance arrangements for the HDV.

1.5 Effectively an HDV model is structured by the establishment of a separate corporate vehicle which would receive land (and potentially funding) from the Council and which would then develop that land for letting as social housing. Land could be transferred on a freehold or leasehold basis. It would be envisaged that day to day management of the units owned by the HDV would be undertaken by the Council, so keeping the 'core' business of the HRA sustainable. This is shown in diagrammatic form below:



- 1.6 They key advantages of an HDV delivery model are summarised as
- 1.6.1 The tenants of the HDV would be assured tenants rather than secure tenants; that means that the tenants do not have the RTB<sup>1</sup>
  - 1.6.2 The borrowing of the HDV is outside of the constraints of the HRA debt cap, so releasing HRA resources for other priorities.
- 1.7 Reference is made in this report to the ALMO model which has been used for a number of years by some local authorities to deliver housing management services (and in a number of cases new build social housing); a summary of the ALMO model is set out in Appendix 2 to this report)

## 2 **Executive Summary**

- 2.1 This report explores
- 2.1.1 The potential corporate form for the HDV;
  - 2.1.2 Board and membership structures for the HDV;
  - 2.1.3 Whether the HDV should be charitable and/or register as a Registered Provider (RP) with the Homes and Communities Agency (and the implications of those decisions);
  - 2.1.4 Sources of funding for the HDV;
  - 2.1.5 The implications of local authority law on the HDV and the legal framework for disposing of land to the HDV and for providing financial assistance to it;
  - 2.1.6 The likely contractual documentation that would be necessary for the Council and HDV to enter into.
- 2.2 The report concludes that
- 2.2.1 A Company Limited by Guarantee is likely to be the most appropriate form of corporate body for the HDV;
  - 2.2.2 It is likely to be beneficial that the HDV is charitable;
  - 2.2.3 On the assumption the HDV is charitable that the HDV's board is established with a strong Council influence but which stops short of absolute control;
  - 2.2.4 it is likely to prove to be advantageous to register the HDV as an RP with the HCA;
  - 2.2.5 funding could be procured by the Council from the Public Works Loan Board (PWLB) and on-lent to the HDV;
  - 2.2.6 there are potentially applicable general consents that would permit the implementation of the HDV structure without a requirement to seek specific

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<sup>1</sup> If HCA grant is received for any development by the HDV then tenants of properties funded by HCA grant would have the (significantly less generous) Right to Acquire

consents from the Secretary of State, but that the restrictions associated with the use of those consents need to be carefully thought through.

### **3 Forms of corporate body**

We have set out below a description of the different corporate forms which the HDV could take. The HDV could be set up as either a company limited by guarantee, an industrial and provident society, a limited liability partnership, a charitable incorporated organisation or a company limited by shares.

#### **3.1 Company limited by guarantee**

Companies limited by guarantee are frequently used for social housing activities as they are not associated with profit-making in the same way companies limited by shares are. They can be charitable or non-charitable. A company limited by guarantee is a company where the general members do not hold shares, but instead each member undertakes to pay a nominal figure (usually £1) in the event of the company becoming insolvent. A company limited by guarantee can have any number of members and different categories of members with different voting rights. Changing from a single member company to one with many members is also simple.

#### **3.2 Industrial and provident society**

An alternative would be to set up the HDV as an industrial and provident society (an **IPS**). An IPS can be charitable or non-charitable but must be not-for-profit and exist for community benefit. The key advantage of an IPS over a company limited by guarantee used to be that charitable IPSs did not need to register with the Charity Commission. However, this has now changed so that charitable IPSs which are not RPs do need to register with the Charity Commission also.

Nevertheless some people like the IPS model. It is a legal form specifically intended for community benefit organisations. They are registered with the Financial Services Authority rather than Companies House and their regulation is rather more benign than that of a company. An IPS has shareholders although the shares carry no financial benefit and it is a good model if the HDV wanted to consider wider community ownership. However, it should be noted that an IPS needs to have at least three shareholders.

An IPS would be required to receive confirmation of its charitable status from HMRC if it is to rely on the charity tax exemption. Because of the relatively small size of HMRC's charities unit, this can be a time consuming and inconvenient process (it is often difficult to obtain updates from HMRC as to when the application will be dealt with once it has been submitted) and it is also worth noting that in the case of novel applications (as the HDV would be) HMRC often refer the matter to the Charity Commission in any event.

#### **3.3 Limited liability partnership**

A limited liability partnership (**LLP**) cannot be a charity as it has to be set up with a view to profit. It is particularly attractive for schemes where on-going profits (which would be subject to corporate tax) are anticipated - for example, complex, lengthy schemes involving both residential and commercial development. An LLP requires a minimum of two partners so the Council could not have a 100% interest.

The principal advantage of using an LLP over a limited company is the way in which it is treated from a tax perspective. The LLP is treated for tax purposes as a traditional partnership, and members are also treated as traditional partners. Therefore, unlike a limited company, it is tax transparent and any trade, profession or business carried on by an LLP with a view to profit will be treated as if the LLP were a conventional partnership. Since the tax status of the partners determines how much tax is paid, the Council's share of any profits should be corporation tax free.

However, it should be noted that the use of an LLP for this type of vehicle would raise a vires (powers) issue. The Council cannot set up the HDV as an LLP solely for the reason of tax efficiency: there must also be a commercial reason for using an LLP. Given that there are other corporate models (such as a charitable company) which would also provide tax efficiencies without raising vires issues for the Council, and because the nature of an HDV is not really a "joint venture" which an LLP envisages, we would suggest that an LLP model is not the most appropriate model for this particular project.

### 3.4 **Charitable incorporated organisation**

The Charities Act 2006 (now absorbed into the Charities Act 2011) introduced a new legal form designed specifically for charities; the charitable incorporated organisation (**CIO**). Company law is drafted primarily with the commercial sector in mind. This is particularly clear in areas such as corporate governance and in the assumption that members have a financial interest in the company. For charities there is also dual registration, regulation and reporting by and to both Companies House and the Charity Commission. The CIO corporate form is designed to simplify all of this.

Although the provisions relating to CIOs in the Charities Act 2011 are in force, they have not yet been implemented. This means that CIOs are not currently available. However, the Charity Commission's indicative timetable anticipates that new charities with an annual income of over £5,000 can be registered as CIOs with them some time between January and March 2013.

Like a company, the CIO will have a constitution and have a separate legal identity from its trustees and members. Again like a limited company, a CIO's trustees and members will benefit from reduced personal liability. A CIO is required to have one or more members.

As CIOs are regulated by charity law and not company law this means they only need to register with the Charity Commission and not with Companies House. CIOs only need to prepare an annual report and an annual return under the Charities Act 2011 and do not need to prepare a director's report or annual return for Companies House.

A CIO's constitution must be in the form of one of the model constitutions or as near to that form as a circumstances permit. The Charity Commission has produced two forms of model constitutions. One is for organisations where the voting members are the trustees (the foundation model) and the second is for organisations with voting members other than trustees (the association model).

Despite the apparent benefits of the CIO there is some concern that there could be limited transparency. This is on the basis that the Charity Commission currently does not plan to provide an accessible register of charges and debentures similar to that provided by Companies House. There could be an impact on a CIO's ability to issue debentures and borrow money against the security of their property. Consequently the CIO structure is

significantly less attractive to the Council than the tried and tested company limited by guarantee model.

### 3.5 **Company limited by shares**

A company limited by shares is the type of company with which most people are familiar. The corporate structure is tried and tested and is underpinned by an established body of law and practice. Typically, however, a company limited by shares would not be a charity; a company limited by guarantee (which has members rather than shareholders) would normally be used if a company is to be charitable. A company limited by shares would be appropriate if the HDV now or in the future is likely to want to trade for profit and possibly bring in equity funding from third parties. Note that (as would be the case for any corporate body) trading with parties other than the Council could impact on the ability of that company to rely on the *Teckal* exemption from the EU procurement regime (see paragraph 14.3 below).

In terms of overall control and also financial and tax planning, the structure of a limited company provides considerable flexibility through the creation of different types of share and loan capital. It is also simply to admit equity shareholders if the Council wished to make the HDV a joint venture vehicle.

## 4 **Charitable status**

We would recommend that the Council give early consideration as to whether the HDV should be charitable or not. The prime reason why the HDV should be charitable is that a charity is exempt from Corporation Tax on any surpluses generated by it derived from charitable activities (otherwise the HDV would be subject to Corporation Tax on all surpluses- something that the Council of course does not need to consider). There is also an exemption in relation to Stamp Duty Land Tax (**SDLT**). The decision is a pure commercial one; the disadvantages (in particular the "asset lock" and the burden of registration and ongoing administration) simply need to be weighted up against potential liabilities to Corporation Tax and SDLT. There is no "right or wrong" answer to this; whilst most local authorities that we have worked with have decided to mitigate tax losses by establishing their HDV (howsoever called) as a charity, others have decided that the "price" of paying a small amount of Corporation Tax is worthwhile either to retain closer control over their HDV or to retain flexibility going forward.

In order to qualify for charitable status, the HDV will need to demonstrate that its tenants will be charitable beneficiaries and that its objects are charitable. Since it is to be set up to provide social housing and it is anticipated that its tenants would be those on low incomes, which would preclude them from purchasing or renting on the open market, it is likely to be able to qualify.

### 4.1 **Advantages and disadvantages of charitable status**

The main advantages of charitable status are:

- (a) No corporation tax would be payable on income derived from charitable activities.



- (b) Relief from Stamp Duty Land Tax (**SDLT**) on any land acquired by it (NB there are similar but more limited reliefs available were the HDV to register as a Registered Provider- see paragraph 8 below.
- (c) Charities are not generally associated with profit-making or risk-taking, which may give confidence to tenants, elected members and other stakeholders.

The main (often perceived) disadvantages of charitable status are:

- (a) A charitable body could not be controlled by the Council as charities must be independent from the state. The Charity Commission would want to be assured that it has a level of independence before it would accept it as charitable

Perhaps the most relevant issue here will be impact on the board of the HDV. This is explored in paragraph 6 below.

The HDV would be required to formally adopt its own allocations policies in respect of properties which it owns. In particular, the HDV's trustees will need to adopt a policy which ensures that dwellings are let to appropriate charitable beneficiaries (this is normally demonstrated by reference to "industry standard" income criteria and/or the applicants being on full or partial housing benefit).

In addition, any nomination rights agreed between the HDV and the Council will need to accord with the published Charity Commission guidance in relation to social housing and, in particular, the HDV will require the contractual ability to reject a nominee in the event that the nominee is ineligible to be housed under the terms of the HDV's allocations policy – this is a common situation and is unlikely to cause any difficulties to the Council in practice.

A further requirement of the Charity Commission is that in order to demonstrate the independence of the HDV, the HDV would be required to adopt a robust policy to deal with potential conflicts of interest relating to board members who are members of the Council.

Although the HDV will need to be operationally independent from the Council, it should be noted that certain "controls" over the HDV's activities can be exerted through the conveyancing documents. For example, the use of the properties and any disposals of the same could be restricted.

- (b) Although it may be of limited relevance to the plans for the HDV in the immediate future, charitable status would also limit the HDV's ability in the future to undertake development for market rent or outright sale. In such circumstances a second (non-charitable) company would be needed or a developer would have to carry out the private sale on any volume, but it is worth noting that in limited circumstances it is possible for a charity to legitimately undertake development for outright sale

where the profit on those sales was necessary to cross-subsidise the affordable elements of that (or a linked) scheme.

- (c) It should be noted that, once the HDV was constituted as a charity, it would not be able to amend its constitution so as to cease to be charitable.

Equally, any assets or proceeds of sale held by a charity cannot subsequently be transferred to a non-charitable organisation. Therefore, if the HDV ceased to exist it would not be possible to transfer the HDV's assets directly to the Council. This is important because some Councils are considering their HDV to be an investment vehicle which could subsequently be sold (or from which individual dwellings could be sold) to generate a capital receipt for the benefit of their general fund; this would not be possible were the HDV to be a charity.

However, it may be possible to draft the constitution of the HDV to allow the Council a (limited) degree of control over the transfer. For example, the constitution could provide that the Council will select (either now or at the time of the HDV being wound up) a charity with similar objects to which the HDV's assets are to be transferred. In effect this means that the Council could set up a new charity to receive the assets. As a temporary measure the Council may be permitted to hold the assets on behalf of the charity. Any of the above steps would need to be agreed with the Charity Commission and would have the potential to delay the registration process.

- (d) The Charity Commission has wide-ranging powers to conduct enquiries into the affairs of registered charities.

- 4.2 If the HDV is set up as a company limited by guarantee it will need to register with the Charity Commission. This is a relatively detailed process, which normally takes between three to six months depending upon the complexity of the organisation. In order to minimise any uncertainty as to whether the HDV's objects are capable of being registered as charitable, we recommend establishing the HDV with conventional housing objects (see **Appendix 1**). This should make the registration process more straightforward and consequently the time period for registration is likely to be shorter. Registration with the Charity Commission is not a prerequisite to commence the HDV's activities, but clearly the HDV is only certain of its status as a charity once its registration is confirmed.

## 5 **Conclusion on the form of corporate body**

- 5.1 Subject to financial and tax modelling confirming the benefits of charitable status from a tax efficiency perspective and therefore the Council concluding that the HDV should be charitable, we would suggest that either a company limited by guarantee or an IPS would be appropriate. The other corporate forms are either not capable of being charitable or, in the case of a CIO, there are concerns arising from the fact that it is not tried and tested.
- 5.2 The choice between a company limited by guarantee and an IPS is a narrow one. As set out above, the advantage that a charitable IPS does not have to register with the Charity Commission has disappeared for non-RPs (an advantage negated by the need to obtain

HMRC clearance in any event). An IPS takes longer to register than a company and costs about £1,500 to register against £100 for a company.

- 5.3 For these reasons we would suggest a company limited by guarantee would be the more appropriate structure to be chosen.
- 5.4 Assuming that registration is sought as a company limited by guarantee, registration of the HDV with Companies House is relatively straightforward. A Council decision to be a member of the HDV would be required. Details of the first members and directors of the HDV would also need to be supplied to Companies House.
- 5.5 Incorporation is normally complete within one week of the paperwork being completed and, once incorporated, the HDV could proceed to trade, although the taxation advantages of charitable status would not be secured prior to registration with the Charity Commission.
- 5.6 It should also be noted that prior to any "independent" sources of income (during the set-up phase of the HDV), an appropriate contractual indemnity would need to be provided to the HDV by the Council (depending on the nature of the HDV's activities and financial exposure).

## 6 **Board membership structure**

- 6.1 If (as we suspect) a decision is taken that the HDV should be charitable, then when considering the board composition of the HDV, reference will need to be made to the Charity Commission's publication RR7 (The Independence of Charities from the State) together with the implications of the decision of the Charity Commission in relation to the registration of Trafford Community Leisure Trust and Wigan Leisure and Cultural Trust (which examined the relationship between registered charities and local authorities).
- 6.2 In relation to board size, we would suggest a board comprised of between 5 and 7 directors.
- 6.3 We would suggest that the chair of HDV should be a different individual to the Council's portfolio holder for housing (or similar) to avoid any perceived conflict of interest.
- 6.4 In order to demonstrate to the Charity Commission that there is a suitable degree of independence in decision making between the HDV and the Council, the HDV board should also have a majority of directors who are not connected with the Council. For a board of 5 members we would suggest that 3 of the board members should be independent of the Council or its tenants and the other 2 could be Council nominees.
- 6.5 This does- of course- mean that the HDV is truly at "arms length" from the Council and the ability of the Council to actively control the HDV is lost. Whilst we can build some 'control' solutions into the HDVs constitution the Council do need to appreciate that if the HDV is to be charitable, then there will be an absence of direct control over it. That said, of course, for an HDV whose sole purpose and sole source of funding and land is the Council, it remains probable that its interests will be very closely aligned to those of the Council even where direct constitutional controls are absent.
- 6.6 Clearly if the HDV were not to be charitable then subject to the Council being content that that it was appropriate for the HDV to be a public sector body "on balance sheet" and to there being appropriate arrangements in place to deal with conflicts of interest, the board

of the HDV could be set as the Council saw fit and with significantly greater controls (e.g. as with an ALMO the ability to appoint/remove any or all of the Board).

## **7 Suggested membership structure**

7.1 As set out above, members of a company limited by guarantee do not hold shares in the company but instead each member undertakes to pay a nominal figure (usually £1) in the event of insolvency on the part of the company.

7.2 If the HDV is to be charitable, then the recommended option would be for the membership of the company to be identical to the board membership of the company. This significantly eases the administration of the HDV insofar as this structure would mean having members who are already in regular contact with the organisation (so arranging general meetings should be straightforward and could coincide with board meetings) and who are familiar with the organisation's business and aims.

7.3 As with the board composition, if the HDV were not to be charitable then subject to the Council being content that that it was appropriate for the HDV to be a public sector body "on balance sheet" there is greater flexibility and indeed the Council could be the sole member (again following the ALMO model).

## **8 Should the HDV be registered as an RP?**

8.1 We would recommend that active consideration is given as to whether the HDV should be registered as an RP.

8.2 Becoming an RP may be important to the HDV for the purpose of complying with a Secretary of State general consent for the transfer of land from the Council to the HDV under Section 25 of the Local Government Act 1988 (see paragraph 13) and also in order to be eligible for HCA grant in the future.

8.3 The process for registering with the HCA consists of demonstrating that an organisation is legally capable of being registered and that it meets the HCA's published Regulatory Standards. To be legally capable of being registered, a non-profit provider must provide or intend to provide social housing in England. The HDV would satisfy this requirement as it intends to be the landlord of social housing. It should be noted that there is no minimum amount of accommodation. Once the HCA is satisfied that this (very minimal) level of qualification is met, it will proceed to check that certain requirements in respect of the applicant's constitution have been met and assess the extent to which an applicant meets its 7 published Regulatory Standards. These are classified as Economic Standards (Governance and Financial Viability; Value for Money; and Rent) and Consumer Standards (Tenant Involvement and Empowerment; Home (relating to the Decent Homes Standard and quality of accommodation generally); Tenancy; and Neighbourhood and Community).

8.4 In respect of the HCA's constitutional requirements, the HDV's articles of association would need to include "the provision of social housing" within the objects clause and expressly provide that the HDV is a not-for-profit organisation and will not distribute its assets to members.

8.5 With regard to the Governance and Financial Viability Standard, the requirements as to financial viability must be met from the point of registration. An applicant may be

registered if it can demonstrate a reasonable path to meeting the governance requirements within a reasonable timescale, which will include adopting a code of governance (there is a standard NHF code of governance). As part of the governance assessment the HCA will want the applicant to explain the management arrangements which it has (or will have) in place to see whether these provide a reasonable indication of capacity to meet the other Regulatory Standards. On the assumption that stock owned by the HDV would be managed by the Council this will not be problematic.

- 8.6 RPs are required to restrict the rent they charge tenants in their social housing by reference to the HCA's Rent Standard, which limits both the rents which can be charged and the annual increases which can be applied. The Rent Standard currently requires RPs to charge rents in accordance with the "target rents" regime, which limits annual rent increases to RPI plus 0.5% plus £2 until the target rent level is reached and RPI plus 0.5% thereafter (with the flexibility to set rents at up to plus 5% of the target rent). We would note that properties let at intermediate rent levels are excluded from the Rent Standard so the HDV could, under the current Regulatory Standards, designate some of its properties as intermediate rented if the HDVs business plan required this.
- 8.7 A further and significant restriction on the business of an RP is the requirement for the consent of the HCA before the RP can dispose of, or grant security over, any social housing dwellings (although obtaining this consent is not usually a complicated matter). Given our understanding of the long term aspirations of the HDV to own social housing for long term lettings (as compared to some of the more "speculative" projects alluded to elsewhere in this report) we do not see this disposal restriction to be problematic.
- 8.8 A recent and perhaps decisive issue is that an RPs tenants remain eligible for Housing Benefit rather than Local Housing Allowance (which the HDVs tenants would otherwise receive if it were not an RP). Given the intention of the coalition government (in the autumn statement) to restrict the increase of Local Housing Allowance to a flat 1% this will have a significant bearing on the HDVs business plan.
- 8.9 RPs enjoy a specific exemption from SDLT on transfers of land from local authorities. This may be beneficial if a decision is made for the HDV not to be charitable.

## 9 Finance/funding

- 9.1 The HDV will need funding in order to meet its running costs and the costs of housing development. We understand that it may receive some Section 106 commuted sums and possibly some additional funding by way of Council prudential borrowing on-lent to the HDV.
- 9.2 We have not seen the relevant Section 106 agreement(s) but the Council will need to ensure that it has the ability under the agreement(s) as local planning authority to allocate the Section 106 funds to the HDV for the proposed development.
- 9.3 Any prudential borrowing by the Council which is on-lent to the HDV would be **general fund** borrowing provided that the freehold or a lease for at least 21 years (with no break clause in the lease before that point) of the development site is transferred to the HDV.<sup>2</sup>

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<sup>2</sup> This is because, for HRA property to be taken out of the HRA, the Council must dispose of it and if the disposal is a leasehold one it has to be a long lease (see Section 74(5)(b) of the Local Government and Housing Act 1989 and Section 115 of the Housing Act 1985).

The effect of the prudential borrowing on the Council's balance sheet would need to be signed off as complying with the Prudential Code by the Council's s151 officer.

9.4 For completeness, we would mention here that

9.4.1 the Council could not forward its retained RTB receipts under its retention agreement with the Department for Communities and Local Government (**CLG**) to any body in which the Council holds a controlling interest. If the HDV is set up with the governance structure suggested in this report then this will not be an issue but it should be borne in mind as the governance arrangements for the HDV are finalised.

9.4.2 the current HCA Affordable Homes Programme Framework for 2011-2015 takes into account any borrowing undertaken by a public sector body in carrying out its value for money assessment. This would include:

- (a) any borrowing by the HDV if it were set up as a public sector body; and
- (b) any prudential borrowing by the Council which is on-lent to the HDV.

Even if the HDV is a private sector body (i.e. if it were not accounted for on the Council's balance sheet), any borrowing by the Council to be on-lent to the HDV would still increase the public sector debt and would therefore be taken into account in the HCA's current value for money assessment. This may mean that – assuming there were any further HCA grant available for the period from 2011 to 2015 – the HDV might be at a disadvantage in seeking grant if the scheme is to be part funded through prudential borrowing.

Once the HDV is established and has developed its initial schemes it may then need to consider whether any new affordable housing delivery proposal includes borrowing and on-lending from the Council if it is to demonstrate that it is competitive in terms of value for money to the HCA. Of course a judgement can be made at the time of any grant application in the light of any HCA policy at that stage.

## 10 **Local authority controls**

10.1 The Local Government Act 2003 changed the complex legal framework applying to local authority controlled and influenced companies and replaced them with a more flexible regime.

10.2 Paragraph 33 of the Prudential Code requires that when an "authority has an interest in companies or other similar related entities, the authority needs to have regard to its financial commitments and obligations to those companies/entities" when establishing affordability. Essentially it will be necessary for the Council to take into consideration its commitments in any new vehicle when reviewing its affordability commitments under the Prudential Code and it will be the responsibility of the Council's Section 151 officer to ensure that the Council remains within the limits of its prudential indicators.

10.3 Although the controls which formerly applied under Part V of the Local Government and Housing Act 1989 no longer apply, the proprietary controls set out in the Local Authority Companies Order 1995 continue to apply. If the suggested membership structure is

adopted, over 20% of the membership voting rights would be held by the Council and therefore the current proprietary controls set out in the Local Authorities Companies Order 1995 would apply. These include:

- (a) Identification of the Council on the HDV's documentation;
- (b) Disqualified Councillors barred from directorship;
- (c) A ban on party political publicity;
- (d) Provision of information to auditors;
- (e) Provision of information to Councillors;
- (f) Audit Commission approval of the company's auditors.

## 11 **Contractual documentation**

- 11.1 Although the detail is beyond the scope of this report, the Council is likely to require a series of controls over the development to be undertaken by the HDV to ensure that the Council receives the appropriate "outturn" from its "investment" of land and/or borrowing. These controls would be in addition to those controls which the Council is able to exercise in its capacity as planning authority and are also in addition to the nominations agreement which is likely to be put in place between the HDV and the Council. Careful consideration will need to be given to any potential control mechanisms however as many of these mechanisms would be unlikely to find favour with any private lenders to the HDV (as they would be concerned to recover their own investments) and these controls could have the effect of making the HDV a public sector body. We are able, of course, to advise on the appropriate balance.
- 11.2 We would anticipate that these controls would come in three principal areas. The first set of controls would be imposed by the Council in a contractual arrangement between the Council and the HDV, which would set out in relatively detailed terms the "output" required in return for the "supply" of land. This would include details of the type of housing to be developed, the development timescales and could extend to design/quality assurances. The Council would no doubt wish to consider whether or not these contractual commitments could be further protected by imposing some of these conditions in the land transfer itself.
- 11.3 Secondly, there are a variety of conveyancing mechanisms which can be used to protect the Council's interests: these are likely to include covenants on the land (for example, such that the land can only be used for social housing), overage agreements (so that if the HDV makes any "developer profits" from the land then the Council has the right to demand a share of such profit), together with option/pre-emption agreements (for example, allowing for the Council to repurchase the land at an agreed price if certain events are triggered, such as a failure to commence development in a specified timescale).
- 11.4 Thirdly, we would anticipate that there will be a formal loan agreement between the Council and the HDV to document any on-lending of prudential borrowing from the Council and we would anticipate that the loan documentation would include certain conditions and consequences were the HDV to default on its loan repayments.

## 12 Vires

### 12.1 The general power of competence – Section 1 of the Localism Act 2011

The principal Council powers to participate in new housing development through the HDV are the general power of competence under Section 1 of the Localism Act 2011 (the **2011 Act**) and the ancillary power of local authorities under Section 111 of the Local Government Act 1972.

Section 1(1) of the 2011 Act provides that, "A local authority has power to do anything that individuals generally may do". It therefore allows the Council to undertake a wide range of activities including (but not limited to) incurring expenditure, providing financial assistance to any person, entering into arrangements or agreements with any person and providing staff, goods and services. However, it should be noted that Sections 2(1) and 2(2) restrict the exercise of this power by providing that if there are any statutory limitations or restrictions or there is another local authority power that is subject to restrictions, which were either in force before Section 1 of the 2011 Act or they are contained in an Act passed before the parliamentary session in which the 2011 Act was passed, then those limitations and restrictions will also apply to the general power. So, for example, if an existing power provides that the Council cannot act without Secretary of State consent, the Council could not use the general power of competence to circumvent the need for such consent.

Further, there are limits on when a local authority can use the general power of competence to charge for its services (Section 3) and when a local authority can do things for a commercial purpose (Section 4). Under Section 4 of the 2011 Act a local authority can only do things for a commercial purpose if they are things which the authority may do other than for a commercial purpose. In addition, an authority must carry out any commercial purpose through a company (which is consistent with the Council's existing power to trade under Sections 93 to 95 of the Local Government Act 2003).

The Council needs to be mindful therefore of the constraints on the powers it is using, particularly with regard to disposals of land, the provision of funding to third parties or any development which might include market rent or sale.

### 12.2 Ancillary power – Section 111 of the Local Government Act 1972

Whilst the general power of competence in Section 1 of the 2011 Act is a sufficient power of first resort for the Council to participate in the development project and enter into the relevant project documents (subject to the consent requirements referred to in paragraph 13 below), an additional (secondary) power is available under Section 111 of the Local Government Act 1972, which is as follows:

(1) *Without prejudice to any other powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or right) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions;*

(2) ...;



- (3) *A local authority shall not by virtue of this section raise money, whether by means of rates, precepts or borrowing, or lend money except in accordance with the enactments relating to those matters respectively.*

### 12.3 **Disposal of HRA land – Section 32 of the Housing Act 1985**

If the Council is to transfer any HRA land to the HDV, its power to do so is contained in Section 32 of the Housing Act 1985 (the **1985 Act**). The use of the Section 32 power is conditional upon obtaining the prior consent of the Secretary of State. This power and the requirement for consent is discussed further at paragraph 13.1.

### 12.4 **Disposal of general fund land – Section 123 of the Local Government Act 1972**

The Council's power to transfer general fund land to the HDV is contained in Section 123 of the Local Government Act 1972 (the **1972 Act**). The use of this power is also conditional upon obtaining the prior consent of the Secretary of State in certain circumstances. This is considered further at paragraph 13.2 below.

### 12.5 **Financial assistance – Section 24 of the Local Government Act 1988**

Where the Council provides financial assistance to the HDV by granting or loaning it money, guaranteeing its obligations, or transferring land to the HDV at an undervalue, and the financial assistance is in connection with the provision of housing accommodation to be let by the HDV, the Council must use its power under Section 24 of the Local Government Act 1988 (the **1988 Act**) to do so. Again, the exercise of this power is subject to Secretary of State consent (see paragraph 13.3).

It should be noted that this power would not apply to financial assistance provided by the Council to the HDV in connection with land to be developed by the HDV for shared ownership (or outright sale). Reliance would therefore need to be placed on the general power of competence if the HDV were to carry out such activities.

## 13 **Consent issues**

### 13.1 **Consent for the disposal of land held for housing purposes**

The relevant power to dispose of HRA land to the HDV is contained in Section 32 of the 1985 Act. However such land cannot be disposed of without the consent of the Secretary of State. Section 33 of the 1985 Act allows the Council to impose "such covenants and conditions as they think fit" on the disposal.

There are some general consents, which are currently contained in "The General Housing Consents 2012". One of these general consents (A3.2) provides that "a local authority may dispose of vacant land". This is likely to apply to the disposal of sites from the Council to the HDV even if the disposal is at an undervalue. If this general consent applies then the specific consent of the Secretary of State under Section 32 would not need to be sought. However, Section 25 of the 1988 Act will need to be borne in mind (see paragraph 13.3).

### 13.2 **Consent for the disposal of non-housing land**

If the Council is to transfer any general fund land to the HDV this needs to be done in accordance with Section 123 of the 1972 Act. If the land is to be disposed of for consideration that is the best that can reasonably be obtained no consent is required for the disposal. If the land is to be disposed for consideration that is less than the best that can reasonably be obtained the Secretary of State's consent is required but a general consent (the Local Government Act 1972: general disposal consent 2003) will apply if the purpose of the disposal is likely to contribute to the promotion or improvement of economic, social or environmental well-being in respect of the whole or part of the Council's area or of any people in the area and the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2 million. However, as for HRA land, if the land is to be transferred to the HDV for less than full market value, the Council will also need to comply with Section 25 of the 1988 Act.

### 13.3 **Consent for the provision of financial assistance for privately let housing accommodation**

Section 24 of the 1988 Act gives the Council the power to provide any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management (whether by that person or by another) of any property which is or is intended to be privately let as housing accommodation. However, the Council is only able to exercise its power to give financial assistance under Section 24 if it obtains the Secretary of State's consent pursuant to the following Section 25.

The Secretary of State has issued general consents in respect of Section 25 – "The General Consents under Section 25 of the Local Government Act 1988 (Local Authority Assistance for Privately Let Housing) 2010". General Consent C provides that, "A local authority may provide any person with financial assistance (other than the disposal of an interest in land or property) ... for the purposes of or in connection with the matters mentioned in Section 24(1) of the 1988 Act". Therefore this general consent could apply where the Council grants its general fund resources or on-lends its prudential borrowing to the HDV, or guarantees the HDV's obligations for the purpose of the HDV developing, maintaining and managing housing for letting.

However, General Consent C would not apply to the disposal of land to the HDV at an undervalue. The only general consent which could potentially apply appears to be General Consent A – but this would require the HDV to register as an RP and would also require a third party manager of the developed units.

General Consent A applies to disposals of vacant land to an RP for development as housing accommodation where the disposal is freehold or a lease of at least 99 years, the development is completed within three years of disposal, the completed units are let by the RP on a periodic tenancy or on certain other permitted bases specified in the consent, the Council is not entitled under any arrangement on or before disposal to manage or maintain the completed units, and the amount of the financial assistance given to the RP by the Council under this general consent does not exceed £10 million in the same financial year.

If none of the Section 25 general consents applies then the Council would need to obtain specific Section 25 consent for the transfer of land to the HDV at an undervalue.

#### 13.4 **Conclusion regarding consents**

Under the current Section 25 general consents the Council could provide the HDV with financial assistance (such as a grant or a loan). If the HDV were to become an RP, the transfer land to the HDV at an undervalue might also fall within a Section 25 general consent.

If specific consent is required to be sought under section 25 and/or section 32 then it will be necessary to formulate a strong 'business case' to put to CLG as to why development should be undertaken via the HDV rather than in the Council's HRA; a rationale based on the negation of the RTB is unlikely to prove persuasive by itself. We can assist in the formulation of that application if the general consent route does not apply.

#### 14 **EU procurement and state aid**

14.1 With regard to the transfer of land by the Council to the HDV, if it is a pure disposal of land then it would not be subject to advertisement under the EU procurement rules – this is known as the "land exemption". However, if the agreement between the Council and the HDV imposes detailed and specific requirements of the Council on the HDV as to what is to be developed on the site, it is likely to be reviewed as a "public works contract" rather than a pure land disposal. We can assist in ensuring that the documentation between the Council and the HDV is capable of falling within the land exemption.

14.2 It likely that the HDV itself would also be a "contracting authority" and, as such, would itself be subject to the EU procurement rules. This means that the HDV would need to procure any construction and housing management which it wishes to outsource in accordance with EU procurement rules. This – critically- includes the contract that is anticipated to be let to the Council in relation to housing management. If the potential sites to be developed are relatively small in size (at least in the short/medium term), it may be that the value of the works/services contract(s) fall below the thresholds set out in the EU procurement rules, in which case a full competitive procurement process would not be required. However, the Council would need to keep these thresholds in mind and we can advise further on the procurement requirements if required. You may also conclude that the risk of challenge is small and that even if a competitive exercise was run, that the Council would be in an extremely strong position to win that work.

14.3 There are potential means of applying the so called *Teckal* exemption to the procurement of housing management services but to fall firmly within the exemption (or more specifically an interpretation of it) the HDV would need to be wholly owned by it or else an ALMO style housing management vehicle would need to be jointly owned by the Council and the HDV. We can of course advise in more detail on procurement issues as the model develops. The *Teckal* exemption can also usefully apply to the provision of services by an HDV back to the Council but again the HDV would need to be wholly owned by the Council in that instance).

14.4 The provision of financial assistance to the HDV (by way of grant or loan) or the transfer of sites by the Council to the HDV at an undervalue would, on the face of it, constitute state aid. However, there is a relevant exemption for the provision of social housing so for so long as the HDV undertakes social housing, state aid is not a concern.

#### 15 **HDV as a recipient of existing stock**

- 15.1 There is no reason why the HDV should not receive existing stock - either from existing Registered Providers (who might be seeking to sell stock in the District) or from the Council itself and the funding structure anticipated by paragraph 9.3 could readily be utilised for such acquisitions.
- 15.2 Any stock acquired by the HDV from the Council would need to be void at the time of transfer from the Council to the HDV as otherwise the statutory ballot requirements of the s283 of the Housing and Regeneration Act 2008 would apply. Void transfers do not require tenant ballots. Once transferred the (new) tenants of the stock would not have the RTB.
- 15.3 Transfer of void stock would still require consent under s24 (if sold at an undervalue) and s32 so the considerations outlined in paragraphs 12 and 13 above would apply equally to such a transfer. We can advise on specific considerations and potential applications of general consents if the Council were minded to explore this option in due course.
- 15.4 If the properties were to be purchased by the HDV from the Council at a "real" value it would seem to us that it would be more rational for the funding of the acquisition of properties from the Council by the HDV to be funded by way of external private finance.
- 16 **HDV role in a commissioning structure**
- 16.1 We note that the Council delivers its services through Access Selby, which from a legal perspective is currently part of the Council but has the potential to become a separate legal entity from which the Council will commission its services. Under such a commissioning structure the HDV could sit as the new build arm. If the recommendations in this report are followed then the HDV's structure would not need amending following any change to the Council's service delivery structure; the HDV could maintain the same links as it would initially have with the Council.
- 16.2 We anticipate in this report that the HDV would be set up to carry out new build (either on Council land which is transferred to it or potentially on third party land which it acquires) but it could also have the ability to acquire existing properties from RPs where they wish to rationalise their stock and sell stock owned in the Selby District.
- 16.3 As an aside, and beyond the scope of this report, it is worth noting that a number of Councils are now establishing housing management subsidiaries in order to give an effective divide between the Council's strategic and operational housing roles; we can advise further on these models if required.

**Trowers & Hamlins LLP**  
**13 December 2012**

## Appendix 1 - Possible objects of the HDV

Set out below are broad charitable objects suitable for a housing charity and which have previously been registered with the Charity Commission. These objects are also suitable for registration with the Homes and Communities Agency (HCA) as an RP, should the Council wish to set up the HDV as an RP. If the Council wishes to achieve as quick a registration as possible, the Council may wish to omit the optional objects set out in square brackets and in italics below (otherwise as part of the Charity Commission's registration process you will be required to demonstrate active plans to fulfil those objects):

- to provide housing, including social housing or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- to provide for aged, disabled (whether mentally or physically) or chronically sick persons in need thereof, houses or hostels and any other residential accommodation and any associated amenities especially designed or adapted to meet the disabilities and requirements of such persons;
- to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether mentally or physically) or chronically sick persons or other persons in necessitous circumstances in need thereof and to provide any associated amenities specially designed or adapted to meet those disabilities and requirements of such persons;
- *[to provide recreation or other facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the local authority area in which the company owns or manages housing stock;]*
- *[to relieve poverty amongst the residents of the local authority areas in which the company owns or manages housing stock;]*
- *[to advance education, training or retraining, particularly amongst unemployed people and providing unemployed people with work experience;]*
- *[to maintain, improve or provide public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the company owns or manages housing stock.]*

## Appendix 2 – Summary of the ALMO model

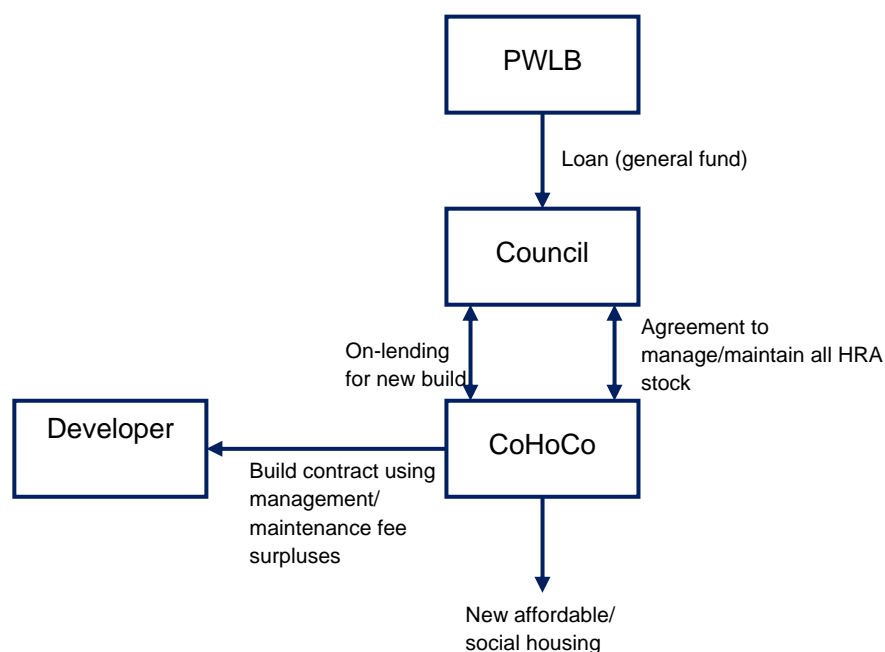
An ALMO means a Arms Length Management Company, which is a wholly-owned subsidiary established by the Council with the purpose of delivering housing management and maintenance services to the existing housing stock. Whilst wholly owned, the ALMO is directed by a non-executive board conventionally comprised of local authority nominees (usually elected members), tenants and local "independent" people.

The ALMO model was initially conceived by the (then) ODPM as a "third" option available for local authorities who wished to access decent homes backlog funding but who did not wish to pursue stock transfer or PFI.

More recently, a number of other local authorities have set up an ALMO (not always "badging" the vehicle as an ALMO) not to access decent homes backlog funding but as a means of separating their strategic housing function from their operational function. Examples include Shropshire, Welwyn Hatfield, Cornwall and a "super" ALMO established by four local authorities in east Kent. Other local authorities are looking to their ALMO to deliver a broader range of housing related functions beyond "pure" housing management.

### The CoHoCo model variant

A small number of local authorities are looking at working up the ALMO model to take full advantage of the new self-financing regime to assist councils in maximising the use of their housing rental income to deliver new build supply. This is the so called CoHoCo (Council Housing Company) variant.



Under this model

- The Council sets up a CoHoCo and enters into an Agreement with it for the management/maintenance of all of the HRA stock for an agreed (perhaps fixed) fee (based on the capacity of the Council's HRA). The services could comprise simply housing management

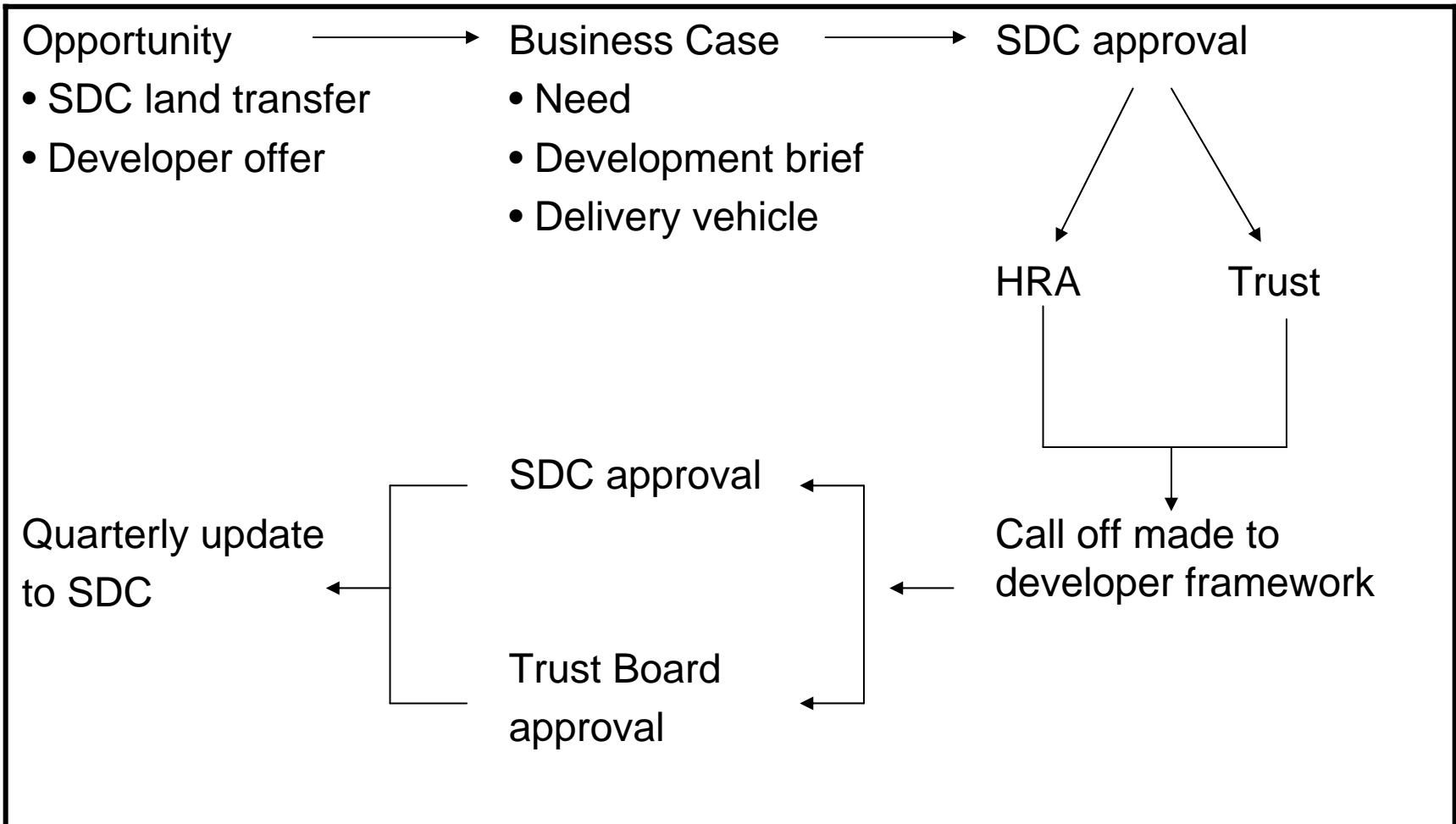
but should ideally extend to repairs and maintenance. This is because the wider the scope of the services the greater the potential benefits of this model (because of the greater scope for efficiency savings).

- The model relies upon the CoHoCo providing the services efficiently in order to generate a surplus (i.e. lower than the agreed fee) which it could then use for new build (which could be additional to development funded through more conventional mechanisms as described in the main body of this report) and which sit outside of the Council's HRA.
- The Council could prudentially borrow and on-lend to the CoHoCo against these (future) surpluses to build new affordable housing owned by the CoHoCo. Since the CoHoCo's fee and its new build housing would be held outside the HRA, any prudential borrowing in respect of the new build development would be general fund borrowing and would therefore not be subject to the debt cap.
- The CoHoCo would manage and maintain the new build housing and use its own rental income from the new units and the surpluses from the Management/Maintenance Agreement to service the prudential borrowing debt.
- If the CoHoCo were to be wholly owned, Tax issues would arise as described in the main body of the report.

### **Powers and Consents**

- The delegation of the Council's housing management functions to an ALMO or CoHoCo would require consent under Section 27 of the 1985 Act from the HCA.
- Prior to the establishment of an ALMO or CoHoCo, the Council would need to consult its secure tenants regarding the proposed changes to housing management under Section 105 of the 1985 Act.
- If the CoHoCo is to develop new housing on land which is currently held by the Council, the Council will need to consider its powers and the Secretary of State consent requirements to transfer land to the CoHoCo as described in the main body of this report.

# Development process





## ASSET REGISTER

Usage / Other Information**OPERATIONAL LAND & BUILDINGS****Garages**

Garages x 483 (HRA) Rented by members of the public

**Corporate Buildings & Depots**

Barlby Depot, Barlby Road, Selby (GF) Workshop, Outside & Store

**Leisure Centres**

Profile Gym (GF) Gym and Dance Studio

**Community Centres**

Northfield, Womersley (HRA) Community Centre - Vacant

**Car Parks**

Joseph Street, Tadcaster (GF) Car Park

Portholme Road (GF) Car Park

Church View, Sherburn in Elmet (GF) Car Park

**NON-OPERATIONAL LAND & BUILDINGS****Corporate Buildings & Depots**

43 Kirkgate, Tadcaster (GF) 3 Floors of accommodation - vacant

**Cafés**

Park Street, Selby (GF) Café, Kitchen, Preparation Room etc

**Miscellaneous Land**

Rear of Council Houses, Chapel Haddlesey (HRA) Existing Agricultural Tenancy

St Wilfreds Close, Brayton, Selby (HRA) Existing Agricultural Tenancy

Land Craven Garth, Beal (HAR)

Industrial Land, The Vivars, Selby (GF) Vacant

Flaxley Road Land, Allotments, Selby (999 year lease) (HRA) Presently Unoccupied

Field Lane, West Haddlesey (HRA)

Marsh Lane, Marsh Croft, Brotherton (HRA) Allotment Gardens & Works

Land at 27 Flaxley Road, Selby (HRA) Unknown

Note this list is not exhaustive – all Council assets will be reviewed for development potential

## **Housing Trust - Communications and engagement**

### 1. Stakeholder mapping

Code

Levels of influence (1 to 5)

1 – No influence on process

5 – Potentially a strong influence on process

Levels of impact (1 to 5)

1 – No impact on process

5 – Potentially a strong impact on process

Role we want them to play (1 to 5 as follows)

1 – No active role

2 – Need to know to inform their dealings with us, but no action necessary

3 – To act as advocates for us in their dealings with others, helping to build wider support

4 – To make decisions/policies that will support the process

5 – To lead this work either within the community or with others

A higher score denotes a more important stakeholder in terms of the delivery of the project.

## Stakeholder Scores

		Influence	Impact	Role	TOTAL	Methods of Communication etc
<b>Internal</b>	Executive	5	5	5	<b>15</b>	Weekly Despatch at key decision points Reports to Exec Programme Board
	All other councillors	4	5	4	<b>13</b>	Weekly Despatch at key decision points Reports to Exec Programme Board updates Report to full Council at key decision point(s)
<b>Our people</b>	Residents (all)	1	2	2	<b>5</b>	CEFs Citizenlink Local media Website CCC Social media
	Media (local)	4	4	3	<b>11</b>	Proactive media Reactive responses as requested Social media
	Media (trade)	4	4	4	<b>12</b>	Proactive media Reactive responses as requested Social media
	Existing tenants	1	2	2	<b>5</b>	As per residents, plus Open Door newsletter
<b>Interested parties</b>	Homes and Communities Agency	5	5	5	<b>15</b>	Invite to project meetings
	Housing developers	5	5	5	<b>15</b>	Host information event (Potential meet the buyer event) Written marketing material to key stakeholders
	Housing associations	1	2	2	<b>5</b>	Written marketing material to key stakeholders
	Education (training opportunities within development)	3	3	4	<b>10</b>	Direct engagement through existing contact  Written marketing material to key education sector stakeholders

	Third sector partners	2	2	4	<b>8</b>	Direct engagement through existing contact Written marketing material to key education sector stakeholders
<b>Local government with potential interest</b>	NYCC	4	4	4	<b>12</b>	Senior management link already exists
	NY district and borough councils	3	3	3	<b>9</b>	Through existing links: CEX network
	LGYH	2	2	3	<b>8</b>	Through existing links: CEX network
	Parish councils	2	2	2	<b>6</b>	Media releases
	Selby Town Council	2	2	2	<b>6</b>	Media releases
	Tadcaster Town Council	2	2	2	<b>6</b>	Media releases
	IDeA	1	1	3	<b>5</b>	Trade press contacts
	LGA	1	1	3	<b>5</b>	Trade press contacts
<b>Political</b>	MP	2	2	4	<b>8</b>	Leader brief through existing links
	Auditors	5	5	4	<b>14</b>	Existing update meetings

## Housing Trust Project Risk Register - January 2013

Ref	Risk	Likelihood	Impact	Risk Score	Mitigating actions	Traffic light
1	Social housing schemes are not viable	5	5	25	Individual schemes will be subject to business case. Engage SDC/HCA early to enable bids for funds where available.	High risk - active management required
2	HDV does not achieve registration with HCA	4	5	20	Engage HCA in the feasibility stage and incorporate learning into the developing business case	High risk - active management required
3	Unable to recruit directors with the necessary skills and experience to work with the Council and support development of the new organisation	4	5	20	Establish roles and responsibilities for board directors/members and undertake robust recruitment campaign	High risk - active management required
4	Project not supported by Council	3	5	15	Develop a robust business case which clearly demonstrates the costs/benefits & advantages/disadvantages	High risk - active management required
5	Key stakeholders not supportive of the project	4	3	12	Develop stakeholder engagement strategy	High risk - active management required
6	Operational structure of the HDV is not sustainable	3	4	12	Seek advice/support for charity partner to benefit from lessons learned. Secure operational budget for 3 years to allow Trust to become established	High risk - active management required
7	HDV objectives do not align/support the Council's objectives	2	5	10	Council will establish the HDV and will therefore influence its objectives - review Corporate plan and HRA Business Plan to ensure strategic fit	Medium risk - active management required but plans in place to mitigate
8	HDV governance does not comply with legal requirements	2	5	10	Specialist legal advice commissioned and received	Medium risk - active management required but plans in place to mitigate
9	HDV corporate structure does not maximise financial benefits	2	5	10	Specialist financial advice commissioned	Medium risk - active management required but plans in place to mitigate

Ref	Risk	Likelihood	Impact	Risk Score	Mitigating actions	Traffic light
10	HDV does not achieve registration with Charity Commissioners	2	5	10	Articles established which comply with CC requirements - specialist legal advice required	Medium risk - active management required but plans in place to mitigate
11	Council will have limited control over new build development	3	3	9	Developments put forward for approval by the Council. Bids assessed against agreed criteria to establish most appropriate development route (e.g. HRA or HDV)	Medium risk - active management required but plans in place to mitigate
12	Insufficient land identified to enable new build development	3	3	9	Commission review of assets by Access Selby	Medium risk - active management required but plans in place to mitigate
13	Housing management via Access Selby not compliant with procurement rules	3	3	9	Specialist legal advice commissioned	Medium risk - active management required but plans in place to mitigate
14	Company becomes insolvent	1	4	4	No action - Developments would be subject to robust business case and properties would be managed by Access Selby to agree performance targets	Low risk - Risk acknowledged and either plans in place to mitigate or no further action required
15	Future of Selby District Council is uncertain due to continuing funding cuts	2	2	4	No action - Assets held by the charity (HDV) would be retained by the charity - Council would cease to be a member but other successor Council(s) could become members	Low risk - Risk acknowledged and either plans in place to mitigate or no further action required

Risk assessment	
<b>Likelihood</b>	<b>Impact</b>
1 Very low	1 Negligable
2 Low	2 Marginal
3 Significant	3 Medium
4 High	4 Critical
5 Very high	5 Catastrophic

**To:** Council  
**Date:** 26 February 2013  
**Author:** Jonathan Lund – Deputy Chief Executive  
**Lead Officer:** Jonathan Lund - Deputy Chief Executive  
**Executive Member:** Councillor M Crane

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**Title: REVIEW OF THE CONSTITUTION**

**Summary:**

Selby District Council adopted its new Constitution with effect from the May elections in 2011. The Constitution is reviewed periodically and changes to legislation over the past year have made a number of changes necessary. In addition a further opportunity has been taken to review how the Constitution works and propose minor amendments to improve its operation and correct any anomalies, oversights or errors. The report sets out the proposals.

**Recommendations:**

**To amend the Constitution as set out in this Report to come into effect on 1 March 2013 .**

**Reasons for recommendation**

In pursuance of the Council's obligations under Article 15 of its Constitution – to review and revise the Constitution – the recommendations are proposed to address issues which have arisen since the last review of the Constitution in December 2011

**1. Introduction and background**

- 1.1** This review suggests a number of changes to the Constitution adopted by the Council in May 2011. It does not propose any amendments to the principal objectives of the Constitution which remains based on the model constitution for the Leader and Cabinet form of Executive.
- 1.2** The amendments to the Constitution set out in the report have been considered by the Executive and are proposed to the Council in accordance with Article 15 of the Constitution.

## **2. The Report**

### **2.1. Standards Committee and Councillor Code of Conduct**

- 2.1.1.** Article 9 (page 20 of the Constitution) and the Councillor Code of Conduct (pages 172 to 180) have been substantially amended to reflect decisions taken by the Council in April and June 2012 in response to the Localism Act 2011 and the amendments it made to the standards regime. Consequential amendments to reflect these changes have been made throughout and the revised responsibilities of the Monitoring Officer are also reflected in Part 3 of the Constitution (page 51).
- 2.1.2.** The Planning Code of Conduct at pages 195 to 231 has also been amended in accordance with the new Councillor Code of Conduct.

### **2.2. Council Procedure Rules**

- 2.2.1.** Rule 11.1 (page 64) of the Council Procedure Rules has been amended to reflect the decision of Council taken on 26 June 2012 to allow Councillors to ask the Leader, Executive Member or Chair of a Committee any question on matters relevant to their responsibilities, with a 10 minute limit per postholder.

### **2.3. Community Engagement Forums**

- 2.3.1.** A group of councillors has been considering how to improve the effectiveness of the Community Engagement Forum process. A number of amendments are proposed to Article 10 (page 22 onward) and to the CEF Procedure Rules at Pages 107 to 110 to help facilitate these any changes which the Council may decide to make in the future, following reports and recommendations from this group.

### **2.4. Joint Committees**

- 2.4.1.** Article 12 (page 27) and Part 3 (page 47) is amended to reflect that Internal Audit Services are no longer delivered by a Joint Committee.

### **2.5. Overview and Scrutiny**

- 2.5.1.** Part 4 (page 78) is amended to reflect Council's wish to relax the rule preventing substitutions on Overview and Scrutiny Committees.
- 2.5.2.** Part 4 (page 102) is amended to allow the O&S Work Programmes to be considered and agreed, if practicable, before the start of each municipal year.
- 2.5.3.** Part 4 (page 103) is amended to reflect the decision of Council to clarify that Scrutiny should proceed to consider all matters which have



been called-in, after hearing first from one of the co-signatories to the call-in.

## **2.6. The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**

- 2.6.1. The Access to Information Procedure Rules are amended to reflect the changes introduced by the 2012 Regulations (pages 80 to 90)

## **2.7. Procurement Procedure Rules**

- 2.7.1. Part 4 Page 145 is amended to remove the need formally to report to the Executive with a shortlist of potential tenderers. This amendment will reduce the time taken in this part of the tender process.

## **2.8. Policy Framework**

- 2.8.1. Article 4 of the Constitution (Page 10) sets out details of the plans and strategies which, together, form the Council's Budget and policy Framework. These are matters where the Council reserves to itself the power to make the final decision rather than the Executive.

- 2.8.2. The current list of Policy Framework matters reflect the model constitution which was drafted in 2000. Some of the strategies and plans contained in the Policy Framework are no longer produced and others, which might deserve a place on the list, are omitted.

- 2.8.3. The current list of Policy Framework matters are set out below:-

- 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.

- 2.8.4. The **new list** of Policy Framework matters is proposed as set out below

- Sustainable Community Strategy
- Corporate Plan
- Community Safety Partnership Plan
- Asset Management Strategy
- Local Plan Development Plan Documents
- The Housing Revenue Account Business Plan
- Licensing Policy and Statement
- Gambling Policy

## **2.9. Scheme of Delegations**

- 2.9.1.** Part 3 Para 11 of the Constitution (Pages 50-52) sets out the delegations to Chief Officers and Executive Directors.
- 2.9.2.** The Executive has agreed to delegate decisions arising from the Community Right to Bid to the Executive Director (Communities Selby)
- 2.9.3.** As a consequence a new paragraph is proposed as follows:-

### **“11.1.2 Functions delegated to the Executive Director (Communities Selby)**

- (a) To undertake all of the Council's functions in connection with the Community Asset Register and the Community Right to Bid.
- (b) Limits, controls and conditions

This delegation is limited and shall not apply where an application to register an asset on the Community Asset Register relates to land or buildings owned by Selby District Council or by a councillor or officer of the Council the application. In such cases the application shall be determined by the Executive.”

- 2.10. All of the proposed changes can be viewed online at [www.selby.gov.uk/upload/Constitution\\_Amendment\\_Draft\\_Jan13.doc](http://www.selby.gov.uk/upload/Constitution_Amendment_Draft_Jan13.doc)

## **3. Legal/Financial Controls and other Policy matters**

- 3.1 Legal Issues - None**
- 3.2 Financial Issues - None**

## **4. Conclusion**

The administrative amendments set out above are proposed to comply with new legislation or statutory regulations or decision of Council taken during the course of the year or as sensible improvements to the Constitution which have come to light since the last review.

## **5. Background Documents**

**Contact Officer: Jonathan Lund, Monitoring Officer**

		2013/14 Schedule of Meetings																											
		2013												2014															
	May	June	July	August	September	October	November	December	January	February	March	April	May																
M		3	Licensing	1	Licensing			2	Licensing/ Tadcaster CEF (B)					2	Acc Selby Board Licensing		3	Licensing	3	Acc Selby Board Licensing									M
T		4	POLICY REVIEW/ Western CEF (F)	2	SCRUTINY/ Western CEF (B)			3	Western CEF (F)	1	Western CEF (B)			3	Western CEF (F)		4		4			1							T
W	1		Central CEF (F)	3	Central CEF (B)			4	Central CEF (F)	2	Central CEF (B)			4	Central CEF (F)	1	Bank Hol	5		5		2							W
T	2	Election	Executive	4	Executive	1	School Hols	5	Executive	3	Executive			5	Executive	2	School Hols	6	Executive	6	Executive	3	Executive	1	Executive				T
F	3			5		2	School Hols	6		4				6		3	School Hols	7		7		4		2					F
M	6	Bank Hol	Access Selby Board	8		5	School Hols	9	Access Selby Board	7	Licensing			4	Licensing/ Tadcaster CEF (B)	9	Tadcaster CEF (F)	6	Licensing	10		10	Tadcaster CEF (F)	7	Licensing	5	Bank Hol		M
T	7			9		6	School Hols	10	COUNCIL	8				5		10	COUNCIL	7	Member Briefings	11		11		8	School Hols	6			T
W	8	Planning	Planning	10	Planning/ Eastern CEF (B)	7	School Hols	11	Planning/ Eastern CEF (F)	9	Planning/ Eastern CEF (B)	6	Planning	11	Planning/ Eastern CEF (F)	8	Planning	12	Planning	12	Planning	9	Planning	7	Planning				W
T	9	Executive	Member Briefings/ Southern CEF (F)	11	Southern CEF (B)	8	School Hols	12	Southern CEF (F)	10	Southern CEF (B)	7	Executive	12	Southern CEF (F)	9	Executive	13		13	Member Briefings	10	School Hols	8					T
F	10			12		9	School Hols	13		11				8		13		10		14		14		11	School Hols	9			F
M	13	Licensing		15	Access Selby Board	12	School Hols	16	Tadcaster CEF (F)	14	Access Selby Board			11		16		13	Access Selby Board	17	School Hols	17		14	Acc Selby Board School Hols	12	Licensing		M
T	14	ANNUAL COUNCIL		16	POLICY REVIEW	13	School Hols	17	POLICY REVIEW (provisional)	15	POLICY REVIEW			12		17	POLICY REVIEW (provisional)	14	POLICY REVIEW	18	POLICY REVIEW (provisional)	18		15	POLICY REVIEW	13	ANNUAL COUNCIL		T
W	15			17		14	School Hols	18	Member Briefings	16				13		18	SCRUTINY (provisional)	15	AUDIT	19	School Hols	19		16	AUDIT	14			W
T	16	Executive BRIEFINGS	Executive BRIEFINGS	18	Executive BRIEFINGS	15	School Hols	19	Executive BRIEFINGS	17	Executive BRIEFINGS			14		19	Executive BRIEFINGS	16	Executive BRIEFINGS	20	Executive BRIEFINGS	20	Executive BRIEFINGS	17	Executive BRIEFINGS	15	Executive BRIEFINGS		T
F	17			19		16	School Hols	20		18				15		20		17		21	School Hols	21		18	Bank Hol	16			F
M	20	Tadcaster CEF (B) Annual Meeting		22	Tadcaster CEF (B)	19	School Hols	23		21				18		23	School Hols	20	Tadcaster CEF (B)	24		24	Tadcaster CEF (B)	21	Bank Hol	19			M
T	21	SCRUTINY (provisional)	COUNCIL	23	SCRUTINY (provisional)	20	School Hols	24	SCRUTINY	22	SCRUTINY (provisional)	19	POLICY REVIEW (provisional)	24	School Hols	21	SCRUTINY	25	COUNCIL	25	POLICY REVIEW (provisional)	22	SCRUTINY	20	POLICY REVIEW (provisional)	19	POLICY REVIEW (provisional)		T
W	22		AUDIT	24		21	School Hols	25	AUDIT	23				20		25	Bank Hol	22		26	SCRUTINY (provisional)	26	SCRUTINY (provisional)	23		21	SCRUTINY (provisional)		W
T	23			25	School Hols	22	School Hols	26		24				21	Executive BRIEFINGS	26	Bank Hol	23		27		27		24	Member Briefings	22			T
F	24			26	School Hols	23	School Hols	27		25				22		27	School Hols	24		28		28		25		23			F
M	27	Bank Hol		29	School Hols	26	Bank Hol	30		28	School Hols	25	Member Briefings	30	School Hols	27						31		28		26	Bank Hol		M
T	28	School Hols		30	School Hols	27	School Hols			29	School Hols	26		31	School Hols	28							29	Provisional Council	27	School Hols			T
W	29	School Hols		31	School Hols	28	School Hols			30	School Hols	27	SCRUTINY (provisional)			29							30		28	School Hols			W
T	30	School Hols				29	School Hols			31	School Hols	28				30								29	School Hols				T
F	31	School Hols				30	School Hols							29		31								30	School Hols				F

/ Diagonal Lines indicate more than one meeting per day