



Summons and Agenda for the
Council Meeting

to be held on

**THURSDAY 25 FEBRUARY
2016**

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 Civic Centre, Doncaster Road, Selby on **THURSDAY 25 FEBRUARY 2016** starting at **6.00pm**. The Agenda for the meeting is set out below.

Mary Weastell
Chief Executive

Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to:- (i) the recording being conducted under the direction of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact, prior to the start of the meeting, Palbinder Mann – Democratic Services Manager via pmann@selby.gov.uk or 01757 292207. Any recording must be clearly visible to anyone at the meeting and be non-disruptive.

AGENDA

Opening Prayers.

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.

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 Extraordinary meeting and meeting of the Council held on 1 December 2015. Pages 1 to 7 attached.

4. Communications

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

5. Announcements

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

6. Petitions

To receive any petitions.

7. Public Questions

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

8. Councillors' Questions

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

9. 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 and will respond to questions from Councillors on that work (pages 8 to 18 attached).

10. Reports from Committees

To receive reports from the Council's committees which need to be brought to the attention of Council. To receive questions and provide answers on any of those reports (pages 19 to 28 attached).

11. Motions

To consider any motions.

12. Medium Term Financial Strategy (General Fund)

To consider a report which presents a revised Medium Term Financial Strategy following consideration by the Executive and Policy Review Committee in September 2015 and again by the Executive in December following the Chancellor's Autumn Statement (pages 29 to 64 attached).

13. Budget, Reserves and Balances

To consider a report which confirms the robustness of the Council's budget and the adequacy of its reserves and balances having regard to a variety of factors (pages 65 to 74 attached).

14. The Budget and Council Tax 2016/17

To consider a report which presents the Executive's recommended revenue budgets, capital programmes and Programme for Growth, for 2016/17 to 2018/19 following public consultation (pages 75 to 106 attached).

In accordance with The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, all local authorities must record in their minutes how each Councillor voted (or abstained from voting) on the question of Budget and Council tax setting at the 'Budget Decision

Meeting' of the Council. This rule will therefore apply to this item and a recorded vote will be taken on this item.

15. The Treasury Management Strategy

To consider a report which presents the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2016/17 and Prudential Indicators 2016/17 as required by the Department of Communities and Local Government and CIPFA (pages 107 to 145 attached).

16. Changes to the Functions and Structure of Selby District Council

To consider a report that informs Council of changes to the operating model for Selby District Council, following completion of a comprehensive review of functions and structure by the Chief Executive (pages 146 to 157 attached).

17. Pay Policy Statement 2016/17

To consider a report which seeks approval of the Council's Pay Policy Statement 2016/17 (pages 158 to 170 attached).

18. Committee Membership

To consider a report which proposes changes to the membership of Committees (pages 171 to 176 attached).

19. Urgent Action

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

20. 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.

Extraordinary Council

Venue: Council Chamber
Date: 1 December 2015
Time: 5pm

62	Apologies for Absence
63	Disclosures of Interest
64	Appointment of Honorary Alderwomen

Present: Councillor R Sweeting in the Chair

Councillors K Arthur, D Buckle, J Cattnach, I Chilvers, Mrs J Chilvers, M Crane, J Deans, Mrs S Duckett, K Ellis, D Hutchinson, M Jordan, C Lunn, B Marshall, C Metcalfe, B Packham, C Pearson, D Peart, I Reynolds, Mrs J Shaw-Wright, J Thurlow, P Welch and Mrs D White.

Officers Present: Chief Executive, Deputy Chief Executive, Solicitor to the Council, and Democratic Services Manager.

Also Present: Arthur Cawood, Honorary Alderman

Press: 0
Public: 10

Prayers were said by the Chairman's Chaplain.

62. Apologies for Absence

Apologies for absence were received from Councillors J Crawford, M Hobson and J Mackman.

63. Disclosures of Interest

There were no declarations of interest.

64. Appointment of Honorary Alderwomen

Councillor Mark Crane presented the report which nominated former Councillors Doreen Davies and Melanie Davis for consideration to be appointed as Honorary

Alderwomen in recognition of the eminent service they had rendered to Selby District Council.

Councillor Crane proposed the motion which was seconded by Councillor Packham and approved unanimously by Council. It was therefore agreed to confer the title of Honorary Alderwomen on former District Councillors Doreen Davies and Melanie Davis in recognition of the eminent service they had rendered to Selby District Council.

RESOLVED:

To confer the title of Honorary Alderwoman on former District Councillors, Doreen Davies and Melanie Davis.

The meeting closed at 5.12pm.

Council

Venue: Council Chamber
Date: 1 December 2015
Time: 6pm

65	Apologies for absence
66	Disclosures of Interest
67	Minutes
68	Communications
69	Announcements
70	Petitions
71	Public Questions
72	Councillors' Questions
73	Reports from the Executive
74	Reports from Committees
75	Motions
76	Alcohol Licensing Policy
77	Community Infrastructure Levy
78	Urgent Action
79	Sealing of Documents

Present: Councillor R Sweeting in the Chair

Councillors K Arthur, D Buckle, Mrs E Casling, J Cattanach, I Chilvers, Mrs J Chilvers, M Crane, J Deans, Mrs S Duckett, K Ellis, M Hobson, D Hutchinson, M Jordan, C Lunn, D Mackay, B Marshall, Mrs M McCartney, C Metcalfe, R Musgrave, B Packham, C Pearson, D Peart, I Reynolds, Mrs J Shaw-Wright, J Thurlow, P Welch and Mrs D White.

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

Press: 1
Public: 3

65. Apologies for Absence

Apologies for absence were received from Councillors J Crawford and J Mackman.

66. Disclosures of Interest

Councillor Musgrave declared a disclosable pecuniary interest in minute item 77 – Community Infrastructure Levy (CIL) as he was the part owner of a property which might be affected by CIL. He undertook to leave the meeting during the consideration for this item.

67. Minutes

The Council considered the minutes of the Council meeting held on 13 October 2015.

RESOLVED:

To approve the minutes of the Council meeting on 13 October 2015 for signing by the Chairman.

68. Communications

The Chief Executive provided an update on the organisational review. Council were informed that the Executive had made a decision on 19 November 2015 to move to consultation for the new arrangements. The Chief Executive added that further updates would be brought back to Council.

69. Announcements

There were no announcements.

70. Petitions

No petitions were received.

71. Public Questions

No questions from members of the public were received.

72. Councillors' Questions

No questions from Councillors were received.

73. Reports from the Executive

The Leader of the Council reported on the work he had recently undertaken as outlined in his report. Council was informed North Yorkshire County Council would be providing the District Council's IT support from 1 February 2016 as part of the Better Together collaboration.

A query was raised about why the planning application for the waste site at Great Heck had been dealt with by the District Council rather than North Yorkshire County Council. The Leader agreed to look into this and provide a response.

The Leader of the Council on behalf of Councillor J Mackman, Deputy Leader of the Council and Executive Lead Member for Place Shaping, provided an update on the work he had recently undertaken as outlined in his report. It was explained that the Council now had a housing supply of 5.8 years which would assist the Planning Committee when they made their decisions.

Queries were raised regarding whether the Selby Transport Study would be a new model or an update of the current model and whether models needed to be considered for other areas in the District.

With regard to the traffic model for Selby, it was explained that the traffic model would be updated for Selby. Council were informed that the District Council was in regular dialogue with the County Council over this issue and it was currently being ensured there was sufficient evidence available for the model.

Councillor C Lunn, Executive Lead Member for Finance and Resources presented his update on the work he had recently undertaken as outlined in his report.

Councillor C Metcalfe, Lead Executive Member for Communities and Economic Development provided an update on the work he had recently undertaken as outlined in his report and highlighted the work being done on the Economic Development Strategy with neighbouring authorities.

In response to a query concerning car parking in Selby and Tadcaster, the Lead Executive Member for Communities and Economic Development explained that the Council was trying to create a strategy which embraced all car parks.

Councillor D Peart, Lead Executive Member for Housing, Leisure, Health and Culture provided an update on the work he had recently undertaken as outlined in his report. He informed Council that it was hoped the route for the Tour de Yorkshire in 2016 would be announced in the forthcoming days.

Concern was raised that health and fitness activities were offered predominantly in Selby and questions were asked about whether there was any work being done in other areas of the district. It was agreed a list would be circulated outlining activities undertaken across the district.

RESOLVED:

To receive and note the reports from the Executive.

74. Reports from Committees

It was reported that there had been no meetings of the Overview and Scrutiny Committee since the last meeting of Council.

Councillor J Deans, Chair of the Policy Review Committee provided an update on the work of the Committee as outlined in his report.

It was reported that there had been no meetings of the Audit and Governance Committee since the last meeting of Council.

RESOLVED:

To receive and note the reports from Committees.

75. Motions

No motions were received.

76. Alcohol Licensing Policy

Councillor Peart presented the report on the draft Alcohol Licensing Policy which had been developed in consultation with a number of key stakeholders.

RESOLVED:

To approve the Alcohol Licensing Policy to come into force from 1 January 2016.

77. Community Infrastructure Levy (CIL)

Councillor Musgrave declared his interest and left the meeting for the consideration of this item.

Councillor M Crane presented the report on the progress of the Community Infrastructure Levy Draft Charging Schedule and informed Council that the CIL had undergone and come successfully through an examination in public.

It was felt there should be proper dialogue between the Parish Councils and the District Council to ensure Parish Councils had an effective understanding of the CIL process. The Leader of the Council added that District Councillors also had an important role to play in communicating between their respective Parish Council and the District Council.

It was suggested that indicative examples how much funding could be received from a particular application should be created which would aid in assisting Councillors and Parish Councils in understanding the CIL process.

RESOLVED:

To Adopt the Community Infrastructure Levy Charging Schedule and implement the Community Infrastructure Levy charges from 1 January 2016.

78. Urgent Action

It was reported that the Chief Executive had not taken any urgent action since the last meeting of Council.

79. 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.

The meeting closed at 6.48pm.



Cllr Mark Crane

Leader of the Council

Report to Council on 25 February 2016

This report covers the period from the Council meeting on 1 December 2015. During this period I have attended Executive and Executive Briefings. Reporting on key items:

Partnership Summit

I attended the Partnership Breakfast Summit on 10th December which was well attended by local business leaders. Barry Dodd CBE, York, North Yorkshire and East Riding Local Enterprise Partnership gave a keynote address on international business and how European industry collaborates with the education sector on developing key skills, and Allan Stewart, Principal of Selby College outlined his views on the skills needed for tomorrow's economy.

District Councils' Network

I attended the District Councils' Network Member Board Meeting on 15th December

This was an important meeting looking to ensure the DCN Prospectus reflects the ambitions of the DCN for the coming year, and describes as accurately as possible the tasks required to be carried out by the DCN Work streams.

This debate took place in the wake of the spending review and the implications for Local Government on the replacement of grant with retention of business rates, and for District Councils on the "sharpening of New Homes Bonus incentives"

Devolution

Following the submission of devolution asks to Government on 4th September last year I remain involved in discussions with colleagues in the Leeds City Region, York, North Yorkshire and East Riding, and the other hinge authorities of York, Harrogate and Craven.

The Cities and local Government Devolution Act 2016 recently received Royal Assent. It is an enabling act and much of the details will be in subsequent regulations and the orders creating new combined authorities.

The Act provides

- Central government powers beyond economic development and transport can now be devolved to combined authorities

- The requirement to create a mayor for devolution of major powers is not enshrined in the Act but remains the government's strong preference in negotiations
- Councils in two tier structures may join a combined authority without the consent of the other tier with government consent

Government has now indicated that it wishes to complete further devolution deals with Councils in advance of the budget announcements in March 2016.

It is unlikely at this stage that there will be a Greater Yorkshire deal. Instead there will be separate West Yorkshire Combined Authority and York North Yorkshire & East Riding deals. It is expected that both Combined Authorities would work together in future (and with other Combined Authorities) to deliver the 'Northern Powerhouse'.

Under the current WYCA deal proposals the 4 hinge authorities including Selby will be Associate Members. The Act provides that a council can only be a member of one combined authority but there is no bar to being a member of one and an associate member of another. An examination of the 'asks' of West Yorkshire against the YNYER 'asks' shows a large degree of overlap and no conflicts that would preclude our involvement in both. We will continue to negotiate with Government and the other Councils to secure the best deal for residents of Selby District.

Screen Yorkshire

I visited Church Fenton airfield on 25 January with the Chief Executive of Screen Yorkshire to see the facilities on site and offer my support for this exciting new development.

Mark Crane
Leader



Councillor John Mackman

Deputy Leader of the Council

Report to Council on 25 February 2016

This report covers the period from the Council meeting on 1 December 2015.

1) The Local Plan Core Strategy (CS)

As Council is aware the Selby District Core Strategy Local Plan was formally adopted by the Council on 22 October 2013 and a High Court legal challenge was subsequently dismissed on the 27 October 2014 by the appeal Judge. However, subsequently leave to appeal directly to the Court of Appeal on one count related to the Duty to Cooperate was allowed.

The Court of Appeal hearing was held in London on 22 October 2015, and on Thursday 5 November the Court of Appeal unanimously dismissed the appeal brought by Samuel Smith's Old Brewery (Tadcaster) against the decision of the High Court last autumn to refuse their application to quash the Selby District Core Strategy Local Plan. Furthermore, in dismissing the appeal the Court has ordered that the Brewery pay the legal costs of the Council.

The judgement means that the Council can move forward with the next stage of PLAN Selby, which involves looking at allocating specific sites for growth of jobs, homes and services, alongside detailed planning policies. However, the Appellant has applied for permission to make a further appeal to the Supreme Court. At the time of writing a decision is still awaited.

2) The Sites and Policies Local Plan (PLAN Selby)

PLAN Selby will contain detailed policies and site allocations and together with the Core Strategy it will form the Local Plan for the period up to 2027.

As indicated in previous reports to Council significant issues are being considered which are fundamental to the progress of PLAN Selby. In particular positive discussions are continuing around Traffic Modelling and Transport Planning with NYCC Highways. These discussions are focusing upon the development of a comprehensive approach to understanding the impact of development on traffic flows within Selby Town. NYCC is also working with Mouchel to obtain information about new software modelling options for Selby Town and the wider district, which may provide additional information to support the plan at Submission Draft stage.

Other areas of PLAN Selby which are continuing include flood risk assessments, ecology, sustainability appraisals and the need to find G&T sites. All the evidence base is informing the development of options for site selection and policies. This important on-going work means that the consultation on PLAN Selby preferred options will not now take place in January/February as originally programmed.

The Executive considered a revised Local Development Scheme at its meeting on 3 December and agreed a revised timescale in order to take into account the various work streams which are taking longer than expected. This timescale plans for the preferred options consultation to commence in June 2016.

3) Duty to Cooperate (DtC)

The Localism Act, 2011, and the NPPF (2012) introduced a duty to cooperate with other local Planning Authorities and prescribed public bodies and other stakeholders when preparing Development Plan documents.

The DTC is a continuous process of engagement on Strategic Cross Boundary issues through the Plan Preparation process.

Both officers and I attended joint meetings involving our adjoining local authorities and other bodies in the Leeds City Region and North Yorkshire and York. The Spatial Planning and Transport Board met on 8 December and considered a number of issues including how local planning authorities can work together to enable a longer-term sub-regional approach to delivering housing in the York Housing Market Area. The Board agreed that it would be premature to take any decisions or do any detailed work until neighbouring local plans are in place which for Selby is programmed to be 2017.

The council continues to provide comments on neighbouring authority plans and they, and other bodies are actively involved in the evidence base work for PLAN Selby.

4) Five Year Land Supply

Without a 5 year land supply the presumption in favour of sustainable development as directed by the NPPF and Policy SP1 of the Core Strategy takes effect. This requires that in circumstances where a 5 year land supply is not in evidence at the time of making a planning decision then the Council will grant permission unless any adverse impacts of granting permission would significantly and demonstrably outweigh the benefits when assessed against the NPPF as a whole, or specific policies in the Framework indicate that development should be restricted.

Councillors will be aware that over the last 12 months Selby has not been able to demonstrate a five year supply of housing land, resulting in approval of a number of planning applications for sites outside of development limits.

Officers have now recalculated the figure from a base date of 1 October 2015 and the Executive endorsed the figure included in the Authority Monitoring Report on 3 December, which confirms that Selby has a 5.8 year supply of housing land. Since then the number of planning applications for new houses outside development limits has begun to tail off. Officers will monitor the position closely and are due to recalculate the five year supply position in April this year to maintain a robust and up to date position.

As previously indicated a number of appeals are expected to be considered in the next few months which will seek to challenge the new land supply figure.

5) Neighbourhood Planning

The Localism Act 2011 gives local communities the power to prepare their own neighbourhood plans, which will allow local communities to have more of a say on planning decisions and what new development should look like. SDC has a 'duty to support' any Neighbourhood Plan area that comes forward under the Localism Act from designation through to adoption.

Currently SDC has one parish designated as a Neighbourhood Area which is Appleton Roebuck and Acaster Selby, which was approved by Executive in 2013. Currently SDC is in the process of

providing feedback on a draft plan submitted by the Parish Council. An application for designation as a Neighbourhood Area has also been received from Selby Town Council, with a report going forward to Executive on 3rd March 2016. Early interest has also been expressed by Church Fenton Parish Council in neighbourhood planning, although further discussions will need to take place before an application can be submitted.

6) CIL

Following the adoption by Council of the Community Infrastructure Levy Charging Schedule this has been implemented from 1 January 2016. This will enable the Council to 'top up' the now scaled back Section 106 receipts which will help fund new infrastructure to support new growth.

7) Selby and District Housing Trust

Good progress is being made on the housing scheme at Riccall with the planning application being drawn up after further consultations with NYCC Highways Department about the access. This scheme will consist of three houses for rent and will be cross-subsidised by two for sale. The Phase two schemes which have been offered to the Trust consist of 22 properties across six sites. Work is continuing to progress these schemes ready for tender. In addition the Trust and the Council are working closely together to develop a standard specification for new build properties which will be used for the Riccall scheme and future developments.

The development of 3 terraced houses at St Joseph Street, Tadcaster is now complete with the two rented properties let to local people. The third property is for sale on the open market and our estate agents are actively marketing this unit.

John Mackman
Deputy Leader of the Council



Councillor Cliff Lunn

Executive Member for Finance and Resources

Report to Council on 25th February 2016

Executive 3 December 2015

Medium Term Financial Strategy

The MTFs set out the proposed framework for the forthcoming budget – updated since the draft considered back in September to include the estimated impact of announcements on the Government's Spending Review. The strategy proposed a target General Fund net revenue budget of £16.3m for 2016/17 and continuation of the approved savings plan. The strategy highlighted the on-going risk to the Council's finances and suggested that we should prepare for additional savings to help mitigate future funding reductions. The strategy is included for consideration and approval later on this agenda.

Draft revenue Budget, Capital Programme 2016/17 and Medium Term Financial Plan

This report presented the Executive's draft budget proposals for consultation. The final report is later on tonight's agenda.

Executive 7 January 2016

Housing Rents 2016/17

This report presented proposals for Housing Revenue Account (HRA) rent levels in accordance with Central Government's new policy on rent setting. Following the Chancellor of the Exchequer's budget on 8 July 2015, the Welfare Reform and Work Bill requires registered providers to reduce rents by 1% per year for 4 years from April 2016. This move is intended to help protect taxpayers from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs.

Based on the Government's new formula rents will reduce from an average £85.36 to £84.51 per week on a 48 rent week basis, an average decrease of £0.85.

This reduction has been incorporated into the proposed HRA budget.

Executive 4 February 2016

Financial Results and Budget Exceptions

At the end of quarter 3 the General Fund shows £151k for the year and the HRA a surplus of £521k. There is some slippage in the savings programme although this is being mitigated by some underspends and increased income. The Capital Programme is progressing well with work completed on the painting programme and the kitchen replacements.

Work is also well underway on the Programme for Growth – the construction of new Leisure Village is on track for opening by June 2016.

Treasury Management Monitoring Report to 31 December 2015

This report reviewed the Council's borrowing and investment activity (Treasury Management) for the 9 month period 1 April to 31 December 2015 and presented performance against the Prudential Indicators. Money market investment rates have remained low throughout 2015, with interest rates continuing at historically low levels and a rise in bank rate not expected until late 2016 at the earliest. However the Council's cash balances have remained high and as a result investment returns are expected to fall £18k short of budget. The Council had long term borrowing of £60.3m at 31 December 2015. Interest payments of £2.5m are forecast for 2015/16. The Council's affordable limits for borrowing were not breached during this period.

Treasury Management Strategy

The strategy is put forward for consideration and approval later on this agenda.

Draft Revenue Budget, Capital Programme 2016/17 and Medium Term Financial Plan

This report presented the Executive's budget proposals following consultation and in light of the provisional finance settlement that was announced on 17 December. At this stage we were still awaiting the final settlement and I am pleased to confirm this has now been received and has been incorporated into the proposed budget later on tonight's agenda.

Cliff Lunn



Councillor Chris Metcalfe

Executive Member for Communities and Economic Development

Report to Council on 25 February 2016

Economic Development and Growing Enterprise

East Riding of Yorkshire Council is progressing positively with the development of an Economic Development Strategy for Selby District.

A detailed evidence base was presented to the Executive on 26th November. This included a detailed Economic Profile, definition of Selby District's Functional Economic Areas (FEAs), identification of key strategic employment sites, consultation with local companies and suggested approaches to deliver enhanced support to local businesses.

The Executive agreed to extend delivery deadlines of the commission to allow for additional consultation with key partners at an earlier stage, including our constituent Local Enterprise Partnership (LEPs), North Yorkshire County Council and Selby College.

It is envisaged that the draft Economic Development Strategy, and a supporting set of recommendations for how the Council could support economic development in the future, will be brought to the Executive in March 2016.

Following announcement of the Chancellor's Autumn Statement in November, HM Government confirmed that the £1 billion ring-fenced capital budget for the Carbon Capture and Storage (CCS) Competition was no longer available. This competition was intended to form an integral part of the White Rose Consortium's funding package to develop and deliver a CCS facility at Drax Power Station. We have received no official communication from White Rose regarding the impact of the Government's announcement on this exciting scheme for Selby District, but it is likely to bring the viability of the project into serious question.

The Government's announcement of a change in legislation regarding emission targets at the end of last year are likely to allow Eggborough Power Station to remain in operation in the short-term with reduced staffing, but its full closure remains a distinct and likely possibility in the medium-to-long term. The council have worked with partners including East Riding of Yorkshire Council, The Department of Work & Pensions and Job Centre+ to offer employees, whose jobs are under threat, a package of support and advice. This remains 'on standby' until confirmation from the Power Station regarding its future plans are received.

The Council are in discussions regarding remediation and future uses for the Kellingley Colliery site, following the Colliery's closure in December. The site owner and its

development partner are keen to develop the site for employment uses. The Council will work with a number of stakeholders to support and facilitate this process, linking plans closely to our own emerging Economic Development Strategy and PLAN Selby.

The Leeds City Region LEP confirmed in early February that they had received confirmation from the Department of Business, Innovation & Skills to extend funding for the Council's Business Advisor post until March 2018. This post is part of a network of 'SME Growth Managers' working across the Leeds City Region to provide small-and-medium sized enterprises with advice and access to a number of funding schemes in order to grow their businesses.

An evaluation of the Enterprise Café programme is underway. The programme has been providing workshop sessions and networking opportunities for smaller businesses for the last two years. The findings of the evaluation will help shape the future support which is commissioned as part of the Growing Enterprise programme.

Retail and the Towns

The Selby Town Enterprise Partnership (STEP) is now moving forward on three key priorities: improving the street scene, with a focus on Finkle Street, the market place and Gowthorpe; an improved retail mix and markets; and events and visitors. In the coming weeks the STEP will focus on a project brief and detailed, costed proposals to take forward the first priority, improving the street scene.

The Sherburn in Elmet village centre project is progressing well. Planning permission has been granted and landowner consents are in place. The maintenance responsibilities have been determined and agreed. Contractors have been procured, and evaluation carried out; official approval/ratification is expected from the Parish Council in early February. Sculptural artists have been engaged and workshops are due to commence with local schools. Project completion is expected for the end of March.

Work to get the Tadcaster Riverside Project to the pre-planning process has been authorised. Over the coming weeks Groundwork will carry out the relevant consultation and site assessments that are required.

Community Safety

The Prevent Duty action plan is progressing well. January 2016 saw the training of four Selby District Council staff to deliver the Home Office 'Workshop to Raise Awareness of Prevent'. A further two officers will be trained in the coming months, providing the authority with a resource to complete the internal training requirements, and to support the North Yorkshire County Council Prevent awareness delivery in the District.

A conference focusing on Prevent took place on 18 February. Representatives from the Home Office, North Yorkshire Police, Selby College, the NHS and Leeds University delivered the strategic overview of their work towards implementing the Prevent Duty and workshops were held highlighting the journey of a case from the point of referral.

Chris Metcalfe



Councillor Dave Peart

Executive Member for Housing, Leisure, Health and Culture

Report to Council on 25 February 2016

Summit Indoor Adventure

The Selby leisure village development continues to progress on plan and within budget. This brand new visitor destination will be known as Summit Indoor Adventure and will offer a wide and exciting range of facilities. Families, adults and children of all ages will be able to participate. You will be able to Ski at the Summit, Trek at the Summit, Cycle, Skate or Skateboard at the Summit, Climb at the Summit, Play at the Summit, Bowl at the Summit and enjoy something to eat or drink at the Summit. And you'll be able to do all of this from the end of May this year.

It has always been the Council's strategy that the investment in Summit Indoor Adventure would attract people to come to Selby and spend time in the Town as well as visiting the two leisure village sites. We want people to visit and stay longer in Selby and part of that offer will be the ability to park in the Council's Town Centre car parks and walk through the Town before reaching the Summit, or coming back from the Summit. We'll be putting that in place between now and May with new ticketing machines and visitor signposting. In addition, and recognising some existing pressure on parking at the Scott Road Site, when the existing site hoardings come down there will be an extra 39 spaces on site and the Council has agreed to seek planning permission for an extra 23 spaces between Selby Dam and the back of the New Leisure Centre.

Selby Skatepark

Discussions, design and development of the new outdoor – free-to-use – skatepark have now finished and the plans have been developed in partnership with many of the skatepark's previous and future users. They are excited both by what's planned for inside Summit Indoor Adventure and what's proposed for outside. I was pleased to be part of those discussions between the developers and site operators, the Council and skatepark users. The new design can be delivered on site using existing permitted development rights and the established use and we are transferring £21,000 from the Leisure Village contingency to the Skatepark Budget to ensure that all costs are covered.

At the time of writing this report the intention is to issue the necessary contract variations to allow the project to go ahead and be completed in time for the opening of Summit Indoor Adventure.

Tour de Yorkshire

With the Tour de Yorkshire coming through our district on two consecutive days this spring, we continue our programme of support for businesses and communities to make the most of this opportunity.

We have been working with Welcome to Yorkshire to deliver business support roadshows; the recent Sherburn and South Milford events have been well attended and we're now looking at the possibility of an event in Tadcaster too, subject to demand. We will be providing comprehensive information to community groups to support them to run local activities and events to help celebrate the race, and we have a comprehensive plan in place to help promote local activities through the council's channels of communication.

To maximise positive coverage of the district during the race, which this year will be broadcast in its entirety, we have been working closely with parish council and community groups to draw together a comprehensive pack of information for race commentators. We are also finalising details of a competition designed to encourage businesses and residents to decorate their premises and homes to celebrate the race. This will help to boost media coverage of our district. We have been working closely with local media partners to design the competition, to maximise its impact and reach.

Selby Three Swans Sportive

The sportive date has been confirmed and will take place on Sunday 4 September. Registration for the event opened on Boxing Day. It has been agreed that the Council Communications Team will offer marketing support. The Council will also give £3000 to support the event. A grant agreement between SDC and YCR is to be put in place, and will specify what the money is to be spent on, and how the spend is to be reported. The first Three Swans Sportive group meeting took place on 19 January and are currently scheduled to be monthly until the event takes place.

Sport, Leisure and Well-being

In November our leisure provider WLCT rebranded to Inspiring healthy lifestyles. Through this vision we want to inspire people to choose healthy, active and creative lifestyles and that's reflected in the products and services we provide. You should notice no change other than us replacing WLCT with Inspiring healthy lifestyles.

As the lifestyle weight management programme (Move it Lose it) surpassed its original target figure, we are now setting challenging targets for 2016/17. Following the success of the 'Active after Cancer' Macmillan Walking Football sessions at Tadcaster Leisure Centre, sessions will commence in Selby in the spring.

Funding from Sport England and Welcome to Yorkshire is being used to pilot a 'Community Bike Hub' approach to increase participation in cycling. This Selby Community Cycle hub is one of only four in the region and is part of the cycling legacy from the Tour de France and Tour de Yorkshire.

Dave Peart



Councillor Jack Crawford - Chair of Scrutiny Committee

Update to Council 25 February 2016

The Scrutiny Committee has met twice since the last update to Council on 1 December 2015. The Committee held meetings on 24 November 2015 and 26 January 2016 and considered the following items:

Scrutiny Committee – 24 November 2015

EDGERTON LODGE AND THE USE OF DISPERSED TEMPORARY ACCOMMODATION FOR HOMELESSNESS

The Committee considered a report that outlined the current position in relation to the decommissioning of Edgerton Lodge and using dispersed accommodation for homeless individuals in the Selby District.

The Committee was informed that a review of the Council's temporary accommodation requirements had been undertaken, as part of a wider Asset Management Strategy. The Lead Officer, Housing reported that it had been agreed to decommission the use of Edgerton Lodge as hostel style accommodation and for future temporary accommodation to be provided by using Ousegate Lodge and supplementing this with dispersed properties either local authority owned or private sector accommodation.

The Lead Officer, Housing explained that the occupancy levels for both Ousegate Lodge and Edgerton Lodge had dramatically reduced due to the large amount of prevention work that had been carried out by the Housing Options Team and other partner agencies.

The Committee noted the current position in relation to dispersed temporary accommodation.

REFUGEE FAMILIES IN SELBY DISTRICT

The Lead Officer, Community Support provided the Committee with a report that outlined the Government's proposal to resettle 20,000 Syrian refugees in the UK over the next five years and what this meant for Selby District.

Councillors were informed that a partnership had been established between the County Council and the seven district/borough councils to consider how the Syrian Refugee Scheme could be supported collectively. The partnership was working with Migration Yorkshire, and local authorities from South and West Yorkshire and the Humber to consider what additional support they could provide to the partnership.

It was explained that officers were currently identifying possible housing options to support the resettlement of refugees and some housing may be used from the Council's stock. The Committee was informed that officers had held discussions with private sector landlords, to assess available capacity in the private rented sector. It was also stated that the potential to bring empty properties back into use was also being explored.

The Committee noted the update provided at the meeting.

TRAN PENNINE ELECTRIFICATION

The Committee was informed that it had not been possible to arrange for a representative from Network Operation (LNE & EM Route) to attend the meeting but the organisation had provided Councillors with a briefing note.

The briefing note informed the Committee that the electrification of the Trans Pennine route had resumed under plans announced as part of the plan to reset Network Rail's upgrade programme.

It was explained that Network Rail was currently working with the Department for Transport and Transport for the North to develop a new plan for electrification of the Trans Pennine line between Stalybridge and Leeds and on to York and Selby.

It was outlined that the new plan would focus on delivering key capacity and journey time benefits between Manchester, Leeds and York. These benefits would support economic growth as part of the Northern Powerhouse and facilitate commuter travel into the major urban areas of the North of England.

The plan would include:

- Quicker journeys between Manchester, Leeds and York.
- More direct services between cities of the North.
- Improved reliability of passenger services.
- Electrifying the Trans Pennine route from Manchester, Leeds to York and Selby.

The briefing note informed the Committee that revised plans for the Control Period 5 (2014 – 2019) would be published in the near future.

WORK PROGRAMME 2015/16

There was some discussion in relation to enforcement and the situation at the Great Heck waste site. The Chair suggested that the issue could be

considered as a future Scrutiny review. The Committee agreed to consider including these matters in the Work Programme.

Scrutiny Committee – 26 January 2016

ANNUAL REPORT OF THE DIRECTOR OF PUBLIC HEALTH

The Director of Public Health, (NYCC) presented the Annual Report of the Director of Public Health 2015 – The Health of our Children: Growing up healthy in North Yorkshire.

The Director of Public Health (NYCC) explained that throughout 2015 his work had focused on the health of children and young people in North Yorkshire and he had explored the theme of resilience. The Annual Report adopted a thematic approach to the issues and as part of producing the report, children and young people had been asked what being healthy meant to them.

The Committee was provided with key health information in relation to the following areas:

- Pregnancy and birth;
- early years;
- primary school years;
- secondary school; and
- late adolescence and early adulthood.

In concluding his presentation, the Director of Public Health (NYCC) drew Councillors' attention to the key recommendations set out in the report, in relation to the following:

- Child Poverty
- 0-5 Healthy Child Programme
- Parenting Programmes
- Childhood obesity
- PSHE in Schools
- Maximise opportunities for Future in Mind

The Chair thanked the Director of Public Health (NYCC) for providing the Committee with an update on his work

POLICE CRIME COMMISSIONER – NORTH YORKSHIRE

Julia Mulligan, Police and Crime Commissioner (PCC), North Yorkshire provided the Committee with an overview of her role and an update on her recent work.

In relation to Government funding, the PCC informed the Committee that the Chancellor had in November 2015 pledged there would be no reduction to

Police budgets. Councillors were advised that the PCC had responsibility for the Police budget, which comprised a combination of central government grants and money from the local police precept. The PCC stated that she planned to increase the precept by 1.99% for 2015/16; and there would continue to be pressure to ensure the Police service was financially efficient and made savings to invest in front line services.

In response to a question, the PCC confirmed there were proposals for Selby Police staff to be relocated to the Civic Centre. The proposals were currently subject to planning and parking issues being resolved. The PCC said the move would provide financial savings, operational benefits and improve partnership working. The PCC reassured the Committee that there would be no Police Station closures and the level of neighbourhood policing would not be reduced.

The Committee noted the update provided at the meeting.

POLICE AND CRIME PANEL UPDATE

Councillor Carl Les, Chair of the Police and Crime Panel (NYCC), Councillor Mel Hobson, Selby District Council representative on the Police and Crime Panel and Ray Busby, Panel Support Officer (NYCC) provided an update on the work of the North Yorkshire Police and Crime Panel.

The Panel Support Officer (NYCC) informed the Committee that the role of the Police and Crime Panel was to scrutinise and hold to account the actions of the elected Police and Crime Commissioner.

Councillors were informed that the role of the Panel also included the following:

- Reviewing the PCC's precept proposals, including the power to veto these proposals if it considered the amount to be inappropriate;
- Considering the PCC's Police and Crime Plan and Annual Report;
- Considering the PCC's proposals for the appointment of a new Chief Constable; and
- Investigating complaints about the PCC.

The Police and Crime Panel comprised of one elected representative from each of the district authorities; one from the County Council and two from the City of York. In addition, two Independent 'Community' Members had been appointed.

The Committee noted the report and update provided at the meeting.

WORK PROGRAMME 2015/16

The Committee considered the Work Programme 2015/16.

Councillors suggested that Great Heck be included in the Work Programme 2016/17.

The Committee noted that items for the Work Programme 2016/17 would be considered at the meeting scheduled to be held in March 2016.

The Committee agreed to include Great Heck in the Work Programme 2016/17 at the March 2016 meeting.

Councillor Jack Crawford
Chair, Scrutiny Committee



Councillor J Deans – Chair of Policy Review Committee

Update to Council 25 February 2015

The Policy Review Committee has met once since the last update provided to Council on 1 December 2015. The Committee met on 19 January 2016 and considered the following:

Policy Review Committee – Tuesday 19 January 2016

DRAFT BUDGET AND MEDIUM TERM FINANCIAL PLAN

Karen Iveson, Executive Director (s151) and Councillor C Lunn, (Executive Member for Finance and Resources) presented a report that outlined the Council's draft Revenue Budget and Capital Programme 2016/17 and Medium Term Financial Plan.

The Policy Review Committee was asked to review the Executive report and provide comments, prior to the Executive finalising the budget proposals for submission to Council on 23 February 2016.

In relation to Business Rates, the Committee noted that a forecasted £5.4 million surplus had been assumed for 2016/17. The Executive Director (s151) explained that the surplus was due to the retention of renewable energy Business Rates from a local power station; however Councillors were advised there was some uncertainty in relation to the future retention of 100% of Business Rates from renewable energy projects and it was not known if similar levels of receipts could be expected going forward.

It was explained that the anticipated £5.4 million surplus for 2016/17 would be allocated to the Programme for Growth with spending plans to follow in the coming months.

The Committee noted that the draft General Fund Revenue Budget for 2016/17 assumed a Council Tax rise of 2% for 2016/17. Councillor C Lunn advised Councillors that a 2% rise was an under inflation rise and would take the Council average Band D charge from £162.00 to £165.22; a rise of 6p a week.

The Committee noted and endorsed the Draft Revenue Budget and Capital Programme 2016/17 and the Medium Term Financial Plan, as set out in the report.

WELFARE REFORM

Ralph Gill, Lead Officer (Benefits and Taxation) presented a report that provided a six month review detailing the impact of the Welfare Reform changes in Selby District.

The Lead Officer (Benefits and Taxation) addressed the following points that had been raised at the Policy Review Committee meeting held on 14 July 2014:

- In relation to the number of people affected by the Spare Room Deduction and level of tenant rent arrears, Councillors attention was drawn to point 2.1.4 in the report. The data provided indicated that the number of people affected by the Spare Room Deduction showed only a minor change to the position in June 2015 and the number of council tenants affected had reduced over time. The total value of arrears on the accounts of people affected by the Spare Room Deduction was £3,287.78 with an average value of £136.99. The Committee was advised that Discretionary Housing Payments (DHP) were available to people in financial hardship due to the welfare reform changes and the Council continued to promote DHP to people most in need of support.
- Councillors were informed that there were currently nine households in Selby District affected by the Benefit Cap.
- In relation to debt collection, the Committee was reassured that the Council went to great lengths to ensure that debt repayment arrangements were affordable and sustainable. Debtors were also referred to Citizen's Advice Bureau for help and support. Officers were in discussion with South Yorkshire Credit Union (SYCU) regarding further support they could offer individuals with rent and Council Tax arrears.
- Councillors were informed that Council Tax was paid in respect of 37,229 domestic properties across the District. Council Tax Support of £3.9 million was currently awarded at a discount on 4,621 accounts of which 2,320 were people in receipt of the state pension.
- In relation to forecast information regarding the impact of the Living Wage on Selby residents, the Lead Officer (Benefits and Taxation) reported that it was not technically possible for the Council to provide this information. However, a specialist agency could be commissioned to undertake a one off study for roughly £6,000. He advised that if the Committee wished to pursue this, the Executive would have consider whether to allocate the financial resources to facilitate the study.

The Committee thanked the Lead Officer (Benefits and Taxation) for a comprehensive report and noted the report.

REVIEW OF THE CORPORATE ENFORCEMENT POLICY

Michelle Dinsdale, Policy Officer and Chris Watson, Assistant Policy Officer presented a report that set out the draft Corporate Enforcement Policy.

Councillors were informed that the existing policy had been reviewed and the revised policy now adopted an overarching approach, and had been updated to reflect the changes to the regulatory and legislative framework of the existing policy.

The Committee was asked to provide feedback in relation to the content, approach and tone of the draft policy.

Councillors agreed that the tone of the draft policy was concise and easy to read, the approach was consistent and proportionate, and the content was clearly set out for the reader.

The Committee noted and endorsed the draft Corporate Enforcement Policy, as set out in the report.

TENANCY FRAUD REPORT

The Lead Officer (Debt Control and Enforcement) provided the Committee with an update on the Council's approach to tenancy fraud.

The Committee was informed that the Council did not have a single policy; but that fraud related issues were included in the following documents: Home Choice Allocations Policy, Tenancy Policy, Tenancy Agreement and the Enforcement Policy.

The Lead Officer (Debt Control and Enforcement) reported that the most common tenancy related frauds nationally related to the following:

- Misrepresentation of a household housing position in order to get an allocation
- Sub-letting a property
- Succession
- Right to Buy

Councillors were advised that the Council adopted pro-active, preventative measures to minimise potential tenancy fraud. Recently, Housing Officers had introduced a new measure, whereby new tenants were photographed when they signed a tenancy agreement; the photograph was then used to verify the tenant when introductory tenancy visits were carried out.

The Lead Officer (Debt Control and Enforcement) reported that over the last three years, the Council had received 967 benefit fraud referrals from the public, 51 relating to residency issues. 29 cases had been progressed as far as prosecution and 2 of the cases had been for tenancy fraud.

Councillors were informed that the way the Council investigated Housing Benefit fraud would be changing, as the Department for Work and Pensions (DWP) had been rolling out a nationwide Single Fraud Investigation Service (SFIS) which brought together all welfare benefit fraud investigations currently undertaken by the DWP, local authorities and HMRC under the new Fraud and Error Service (FES).

The Council was scheduled to transfer the Housing Benefit Fraud function to the DWP from 1 March 2016 and two members of the Enforcement Team would be transferred to the DWP. The Council was currently looking at how it would facilitate

fraud investigation in the future, and the possibility of working with the Council's auditors, Veritau was being explored.

The Committee noted the update provided at the meeting.

Councillor J Deans
Chair, Policy Review Committee



Councillor Mike Jordan – Chair of Audit and Governance Committee

The Committee met on Wednesday 13 January at 4.30pm for training on risk management provided by the internal auditor, followed by the Committee meeting at 5pm. The Chair addressed the meeting and reported that he would be attending an Audit Forum in York on 3 February that had been arranged by our external auditors Mazars. The forum would focus on networking with other Audit chairs and officers, and then look at sharing effective governance practice for councils.

The work programme was then discussed and updated before dealing with the Annual Governance Statement Action Plan.

The committee also received the Annual Audit letter and reports from the internal and external auditors regarding progress to date for the current financial year. The Committee was satisfied with the progress made.

During private session the committee considered the Risk Management Strategy, prepared by Veritau the internal auditors. The Committee was satisfied with work relating to risk management. The Committee then considered the corporate risk register for both the Core and Access Selby, again the Committee was satisfied with progress to date and were confident with risk management at the Council.

Councillor M Jordan
Chair, Audit and Governance Committee



Public Session

Report Reference Number: C/15/12

Agenda Item No: 12

To: Council
Date: 25 February 2016
Author: Karen Iveson, Executive Director (s151 Officer)
Lead Officer: Karen Iveson, Executive Director (s151 Officer)
Executive Lead: Councillor C Lunn – Lead Member for Finance and Resources

Title: Medium Term Financial Strategy (General Fund)

Summary:

This report presents a revised Medium Term Financial Strategy (MTFS) following consideration by the Executive and Policy Review Committee in September 2015 and again by the Executive in December following the Chancellor's Autumn Statement.

The strategy models three scenarios for settlement funding reductions and whilst the mid-case scenario was proposed as the basis for the draft 2016/17 budget, the provisional settlement indicated that the worst case scenario (in terms of assumptions on core funding reductions) was most likely and this has been confirmed in the final settlement which was announced on 8 February 2016. However our assumptions on New Homes Bonus were more pessimistic, which largely mitigates the further reductions in revenue support grant. The MTFS document has not been updated as a result of the finance settlement (the general thrust of the strategy has not changed) but the mid-case scenario financial model has been updated to illustrate the impact of the settlement.

The future of New Homes Bonus is subject to consultation but and the updated mid-case shows this continuing indefinitely at around £1.5m with £880k p.a. being allocated to the Programme for Growth, which builds in a prudent degree of risk mitigation.

There is sufficient headroom within the strategy for 2016/17 to absorb the additional funding reductions and the longer term outlook will be reviewed as the strategy is refreshed over the summer.

Therefore the MTFFS proposes a target net General Fund revenue budget of £16.3m for 2016/17 – this is confirmed in the Executive’s budget proposals later on this agenda.

The proposed budget target for 2016/17 includes £5.4m Business Rates surplus which is to be allocated to the Special Projects (Programme for Growth Reserve) for investment in economic growth within Selby District.

Recommendation:

It is recommended that:

- i) the Medium Term Financial Strategy and updated mid-case scenario be approved;**
- ii) a new Local Plan Reserve be established as at 31 March 2016 from balances currently held for Access Selby**

Reasons for recommendation

To set the framework for the 2016/17 budget and 2016/17 – 2018/19 Medium Term Financial Plan.

1. Introduction and background

- 1.1 The Council’s latest Medium Term Financial Strategy (MTFS) was approved by full Council in December 2014 – this report presents an update taking into account changes to the key assumptions within the strategy and in particular to our forecasts for Revenue Support Grant, Business Rates income and New Homes Bonus. This update is later than originally planned as a result of the Government’s Autumn Spending Review.
- 1.2 The Spending Review was announced on 25 November 2015 and the provisional finance settlement on 17 December 2015. The final settlement was subsequently announced on 8 February 2016 and this confirmed the provisional settlement with some additional short term funding to dampen the Government’s planned funding reductions. The MTFFS has not been updated as a result of the settlement as the changes in funding are within a reasonable tolerance and no fundamental changes to the thrust of the strategy are needed at this stage. However an updated mid-case scenario is attached at **Appendix B.**
- 1.3 The strategy will be reviewed again over the summer and in advance of the budget round for 2017/18.

2. The Report

- 2.1 The attached update paper models three scenarios for the Council's General Fund revenue budget over the next 10 years although major risk and anticipated changes within the financing system mean that meaningful future forecasting is impossible.
- 2.2 Significant changes to the Business Rates Retention Scheme are anticipated following the Government's announcement that in future 100% of Business Rates will be retained by Local Government and Revenue Support Grant will be phased out. At this stage the details of the phasing or distribution of future Business Rates is not known.
- 2.3 The Government has also been clear that austerity will continue. Assuming a further cut of 25% to 40% on Government funding (Settlement Funding Assessment); Council Tax increases of 2% for the next 3 years; delivery of savings already planned; and additional Business Rates income, a mid-case budget surplus of £250k was forecast for 2016/17, a surplus of £190k for 2017/18 and a surplus of £180k for 2018/19.
- 2.4 The provisional finance settlement showed a cut of 39.1% over the next 4 years, bringing the surplus down to around £67k for 2016/17, and into a deficit of £97k for 17/18 and £16k for 18/19. The final settlement was subsequently announced on 8 February 2016 and this confirmed the Revenue Support Grant and Business Rates Baseline Funding contained in the provisional settlement but in addition awarded further Rural Services Delivery Grant and some Transitional Grant for 2016/17 and 2017/18 – the strategy assumptions have not been updated to reflect this relatively minor short term change but a revised mid-case scenario is attached at **Appendix B** to this report.
- 2.5 The mid-case scenario assumes that New Homes Bonus (NHB) is phased out from 2017/18 to 2022/23 but we await the results of the Government's consultation on the future of NHB. Whilst these assumptions should be treated with caution, the indication is that NHB will continue and therefore our original mid-case assumptions are likely to be more pessimistic than reality, which provides for a prudent degree of risk mitigation – the revised mid-case models NHB reducing to approximately £1.5m p.a.
- 2.6 Additional Business Rates income (beyond that needed to backfill other funding cuts from 2017/18 onwards) is to be allocated to the Programme for Growth – in 2016/17 a £5.4m Business Rates surplus is forecast (in respect of 2015/16 financial year). Plans for investing these resources to deliver economic growth, will be brought forward over the coming months.
- 2.7 The additional £5m in Business Rates income received in 2015/16 (in respect of 2014/15) will be used to finance current capital schemes.

This reduces the need for borrowing to fund the Burn Airfield land acquisition and the shell/car park of the Leisure Village in Selby and delivers an annual revenue saving of £220k.

- 2.8 The MTFs assumes savings of £1.7m over the next 2 years with £1m of these at 'amber' or 'red' status. The need for further savings will be kept under close review and we will continue to look for new opportunities.
- 2.9 A review of earmarked reserves has also been undertaken and a new Local Plan Reserve is proposed to be created from balances currently held for Access Selby, which are no longer required. The Council has a robust reserves strategy and sets aside appropriate amounts to: fund future commitments to avoid peaks and troughs in expenditure; to mitigate financial risk; and to provide funds for investment in Selby District.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a direct result of this report.

3.2 Financial Issues

- 3.2.1 Based on the updated key assumptions within the paper the target net revenue budget for 2016/17 is £16.3m.
- 3.2.2 Our latest forecasts show an estimated surplus for 2016/17 and then deficits for 2017/18 and 2018/19. These forecasts are dependent upon a further £1m savings being delivered, New Homes Bonus and Business Rates income. It is anticipated that surpluses and deficits at these levels can be managed through the General Fund working balance in the short-term.
- 3.2.3 The Council's savings requirements will be kept under review as details of the future funding for local government become clearer.

4. Conclusion

- 4.1 Forecasted revenue resources for 2016/17 are £16.5m, including £5.4m additional Business Rates income. Based on current draft spending plans our Net Revenue Budget for 2016/17 is £16.3m (including savings) giving an estimated surplus for the year of circa £180k which provides a small buffer should there be delays to planned savings. Thereafter small deficits are forecast which can be managed within surpluses available.

- 4.2 Currently, New Homes Bonus is crucial to our financial resilience and to our capacity to invest in Selby District. Whilst it continues, £880k p.a. is funding the Programme for Growth with the remainder supporting the Council's revenue budget.
- 4.3 Looking ahead to the additional funding cuts expected, the savings on the General Fund are considered sufficient for the medium term although this is highly dependent upon Business Rates income. General Fund balances will be used to manage the forecast surpluses and deficits but it would be prudent to prepare for additional savings should they be required.
- 4.4 Meeting the on-going savings challenge features strongly in the Council's strategic and operational plans and this work will continue. The on-going risk to the Council's funding means that a careful balance between savings and investment, will need to be struck. We will continue to strive for more efficient and effective services which in turn will provide the financial capacity for investment – replacing central Government funding with sustainable cash returns in the form of income from services, Council Tax and Business Rates.
- 4.5 Subject to the significant receipts expected in 2016/17 from Business Rates income, the Council has the financial capacity to invest further in economic growth and plans for the use of these funds will be developed over the coming months.

5. Background Documents

Approved MTFS December 2014

Appendices

Appendix A - Medium Term Financial Strategy Update November 2015

Appendix B – Mid-case scenario update following final Local Government Finance Settlement

Contact Details

Karen Iveson

Executive Director (s151)

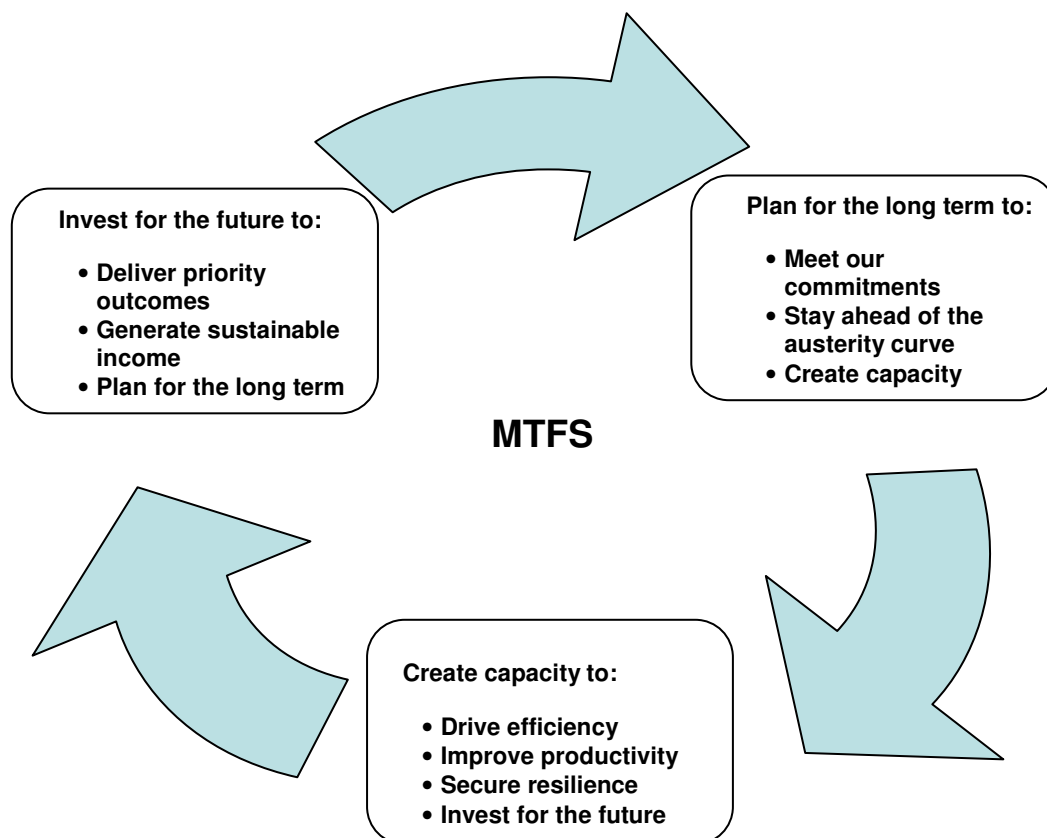
kiveson@selby.gov.uk

Selby District Council

Medium Term Financial Strategy Update November 2015

1. Introduction and Background

- 1.1 This paper presents an update to the revised Medium Term Financial Strategy approved by Council in December 2014. It considers the budget pressures and issues facing the Council over the next 3 years and beyond, and provides the framework for the forthcoming budget round.
- 1.2 The strategic context for the financial strategy remains unchanged as the pressure on Local Government finance continues and austerity is expected to be with us for some time to come.
- 1.3 During 2014/15 we refreshed the Corporate Plan and with it the Council's priorities for the coming 5 years. The financial strategy aims to provide financial sustainability and resilience for the Council in pursuing its objectives and secure the resources necessary to deliver the Corporate Plan, in spite of the additional funding cuts we are facing.



Appendix A

- 1.4 To support this paper three scenarios have been modelled and are attached at **Appendix A**. The mid-case scenario is proposed as the framework for the forthcoming budget round although our assumptions may need to change following the Government's autumn Spending Review.
- 1.5 As this strategy is being written, the devolution agenda is progressing at pace nationally. At this stage the financial implications for Selby are not clear and therefore have not been taken into account in this refresh. It will be important to understand the on-going implications as part of any future decisions on forming a combined authority with other partners.

2 Update on financial assumptions

Interest Rates

- 2.1 The bank base rate remains at 0.5% with a rise now forecasted in mid-2016. The Bank rate is projected to increase slowly and gradually thereafter, reaching 1.00% by March 2017 and 1.75% by March 2018. The approved strategy assumes investment rates will rise to 2% by 2016/17 and therefore returns are likely to be less than estimated in the short term. Loans to Selby and District Housing Trust will provide some mitigation but it would be prudent to reduce our forecasts.
- 2.2 Current returns are below 1% and the MTFS has been updated to reflect the latest forecasts.
- 2.3 The approved strategy includes provision for a £300k cap on the amount of investment interest used to support the revenue budget and as a result of the on-going low rates it is anticipated that this will not be reached in the next 2 years.

Growth and Inflation

- 2.4 The approved strategy took a cautious stance on growth/inflation projections with 3% included for all years. This is higher than CPI, which is running at below 0.1% as at August 2015, and whilst 3% provides a level of contingency for spending pressures, given the continued cuts to central Government funding the MTFS assumption has been revised down to 2%.

Settlement Funding

- 2.5 This element of funding has seen the most significant changes in recent years following the localisation of Business Rates and Council Tax Support.

Appendix A

- 2.6 The 2015/16 Local Government Finance Settlement was for one year only and we await details of proposals for 2016/17. Assuming a 10% reduction in funding overall for 2016/17 (in line with the previously approved MTFs), with an RPI increase in Business Rates Baseline Funding – the table below summarises the estimated settlement for Selby:

Local Government Finance Settlement February 2015	Actual 2015/16 £000's	Estimated 2016/17 £000's
Revenue Support Grant (RSG)	1,756	1,314
Business Rates Baseline Funding (BRBF)	2,232	2,275
Settlement Funding Assessment (SFA)	3,988	3,589

- 2.7 The Chancellor's 'Summer Budget 2015' included little detail about the future reductions to Local Government funding but the Government published its approach to the 2015 Spending review on 21 July 2015. Non-protected departments have been asked to model 25% and 40% real term reductions in their resource budget for the periods 2016/17 to 2019/20. The outcome of the review will be published on 25 November although the Department for Communities and Local Government has now agreed a reduction in their departmental budget of 30% by 2020. This does not mean that a similar reduction will be applied to Local Government and therefore it would be prudent to model up to 40% at this stage. Based on Selby's 2015/16 settlement, real term reductions of 25% - 40% would be around £1m and £1.7m p.a. respectively by 2019/20 – reducing settlement funding resources by a further £700k beyond our previous assumptions.

- 2.8 Excluding Business Rates growth above the Retail Price Index (the index used to inflate the Business Rates Multiplier), the impact of these cuts on the Council's Settlement Funding Assessment (SFA) over the next 5 years, is estimated in the table below. A straight line profile is illustrated at this stage in the absence of a definitive picture. This profile shows that based on the current funding system RSG is almost entirely depleted by 2019/20 and the government have announced plans to phase RSG out completely through changes to the Business Rates scheme.

	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
RSG	1,756	1,314	911	542	201
BRBF	2,232	2,275	2319	2365	2,416
SFA (Mid case)	3,988	3,589	3,230	2,907	2,617
% Reduction		10%	10%	10%	10%

Business Rates Retention

- 2.9 The current approach to Business Rates Retention income is to set aside gains above our baseline funding (per settlement) into the Business Rates Equalisation reserve to off-set potential future losses. In 2013/14 the initial forecast (NNDR1) showed potential Business Rates growth of circa £1.4m (Selby's share) which would mean additional income to the Council of £700k after the payment of the 50% levy.
- 2.10 However a significant successful appeal by (and subsequent refund to) a major business in the district meant that our Business Rates income was below the safety net in 2013/14.
- 2.11 In 2014/15 Selby's fortunes reversed following the withdrawal of a significant appeal, some business growth and a late assessment of renewable energy rates income (which is subject 100% retention by SDC). The renewables income resulted from a change to an existing business and saw the transfer of income from the rates retention scheme (SDC's share = 40%) to renewable energy (SDC's share = 100%). This change resulted in SDC being at the safety net' for the purposes of rates retention along with a large windfall (in excess of £5m) from renewable energy. A similar situation is anticipated for 2015/16 but forecasts for 2016/17 and beyond are difficult due to uncertainty over the Government's plans for Business Rates. The Government has announced that Local Government will retain 100% of Business Rates in future and that RSG will be phased out. It is inconceivable to expect that such large windfalls will be sustained going forward and therefore a modest level of growth above the estimated baseline target is assumed from 2017/18 onwards. We will of course update our forecasts as and when the picture becomes clearer.

Business Rates Income	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Baseline	2,232	2,275	2,319	2,365
Surplus (1 year lag)	¹ 5,039	² 5,409	750	950
Total	7,271	7,684	3,069	3,315

- 2.12 These forecasts do not include any provision for new significant appeals or closures (e.g. one of the power stations operating in the district) and therefore they should be treated with extreme caution.

¹ 2014/15 surplus

² 2015/16 surplus

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- 2.13 It is proposed that the allocation of receipts above the baseline is made as part of the budget process once the actual receipts are known (i.e. the 2015/16 surplus is received in 2016/17 and allocated in the 2017/18 budget). The improvement in Business Rates income provides the opportunity to divert additional resources towards spending priorities and the mid-case scenario assumes they are allocated to the Programme for Growth.
- 2.14 At the time of writing this updated strategy, £5m additional income has been confirmed for 2014/15 and will be received in 2015/16 – it is proposed that this income is used to fund elements within the current capital programme for which prudential borrowing had been planned (Burn Airfield and the Selby Leisure Village Shell/Car Park) with any excess being allocated to the Programme for Growth. This will generate a revenue saving of up to £220k p.a. in minimum revenue provision and interest charges.
- 2.15 Decisions on future allocations will need to be taken in light of the overall funding available and risk at that time.
- 2.16 The volatility in Selby's Business Rates income and the Government's future plans for Business Rates retention mean that joining one of the pools operating locally (Leeds City Region and North Yorkshire) is unlikely but officers are keeping a watching brief should circumstances change.

New Homes Bonus

- 2.17 New Homes Bonus (NHB) is an incentive scheme which rewards housing growth. The scheme is funded partly by the Government (£250m p.a.) and the remainder by top-slicing the Local Government funding settlement (£918m for 2015/16). We currently anticipate around £2.5m p.a. for Selby from NHB when the scheme reaches maturity in 2016/17 (year 6 of the scheme).
- 2.18 The approved strategy provides that Years 1 and 2 NHB is used to support the 'Programme for Growth' – i.e. £880k p.a. A new Programme has been established as part of the refresh of the Council's Corporate Plan and the current budget assumes that £880k p.a. continues to be transferred to reserves whilst NHB income continues, although funds have not been allocated to projects beyond those approved in 2015/16. The approved MTFs also assumes that receipts above £880k p.a. are used to support the revenue budget, effectively helping to back fill further grant cuts.
- 2.19 The Government's evaluation of NHB up to 2014/15 (published in December 2014) showed that like other district councils, Selby had gained overall by the scheme. The report showed that in net terms Selby had benefitted by £1.53m in 2014/15 i.e. our finance settlement including NHB was £1.53m more than it would have been if NHB had

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not been paid. Should the scheme be brought to an end and the top-sliced funds 'repatriated', then Selby would see a significant reduction in funding. Based on the trend to date, the gain could rise to £2.2m by year 6 of the scheme, with £1.6m being used to support on-going revenue expenditure.

- 2.20 The report concluded that NHB had been successful and this was likely to increase further over time which suggests that the scheme may continue. However there remains concern over the future of the NHB and we await further announcements as part of the forthcoming Autumn Spending Review. The mid-case scenario assumes the scheme is phased out from 2017/18 and therefore our latest assumptions on NHB³ are:

	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Year 1	445	445	445	445	445	445	
Year 2		435	435	435	435	435	435
Year 3			303	303	303	303	303
Year 4				542	542	542	542
Year 5					353	353	353
Year 6						366	366
Total	445	880	1,183	1,725	2,078	2,445	1,999

Allocated to the Programme for Growth as 'one-off' resources

- 2.21 Using the above projections, the NHB resources are assumed to be allocated as follows:

Allocation of NHB	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Programme for Growth	445	880	880	880	880	880	880
Rev Budget			303	845	1,198	1,565	1,119
Total NHB	445	880	1,183	1,725	2,078	2,445	1,999

Should NHB not be phased out then the above allocations would be reviewed in light of the Council's overall financial position.

Special and Specific Grants

- 2.22 The Council is in receipt of a number of additional grants for 2015/16 which may continue into the future. The Local Government Finance Settlement included:

	2015/16 £000's	2016/17 £000's
Transitional Council Tax Support	11	0
S31 Grant NNDR cap	11	0
Total Special and Specific Grants	22	0

³ Updated following submission of Council Tax Base Return October 2015

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- 2.23 These grants are not ring-fenced and have been assumed in the current MTFP for 2015/16 - no awards are included in our budget going forward although awards may be included within future funding settlements.

Council Tax

- 2.24 The 2015/16 to 2017/18 MTFP includes a Council Tax freeze in 2015/16 and rises of 2% to 2017/18. If this approach continues into 2018/19 and taking into account a rise in the tax base each year (3.5% for 16/17 and 1% thereafter), then Council Tax income forecasts show:

	2015/16	2016/17	2017/18	2018/19
Tax Base	29,117	30,154	30,456	30,760
Band D Charge	£162.00	£165.24	£168.54	£171.91
Council Tax Income	£4,716,954	£4,982,643	£5,133,123	£5,288,140

- 2.25 The mid case scenario assumes that Council Tax is increased by 2% p.a. Should further Council Tax freeze grant be offered and accepted then in the longer term additional savings would be required as future Council Tax rises would be restricted. A 1% increase in Council Tax for 2016/17 would reduce Council Tax income by circa £50k p.a.

Council Tax Support Grant for Parishes

- 2.26 In accordance with the approach adopted in the 2014/15 budget, it is assumed that support for parishes will continue for the foreseeable future. The strategy forecasts the grant amount reducing in line with the reduction in the Council settlement funding (RSG/NNDR).

General Balances

- 2.27 In accordance with the current strategy it is assumed that General Fund balances are **not** used to support the revenue budget.
- 2.28 General Balances remain funding of last resort. The approved minimum working balance is £1.5m and resources will be managed to maintain this level over the medium to long term.
- 2.29 Access Selby balances are estimated to be £355k by March 2016. The pending organisational review means that this reserve is no longer considered necessary and therefore it is proposed that this be released for alternative use – a new Local Plan Reserve is proposed (see below).

Earmarked Reserves

- 2.30 A review of major earmarked reserves suggests:

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- PFI – the on-going adequacy of this reserve is kept under review in light of interest rates and inflation. Any necessary increases in contributions will form part of the revenue budget and will be funded as a commitment before further service growth is considered.
- Asset Management - £130k p.a. plus £22k p.a. for the Selby Leisure Village, is transferred into this reserve to cover our commitments to maintaining our built assets. An assessment of works required to maintain our assets over the next 10 years has been done as part of the Asset Management Strategy refresh completed in October 2015. The additional costs of the new Civic Centre and the Leisure Village need to be added to the cost plan but the current contributions into this reserve are considered adequate. No major surfacing works to the Council's car parks are currently planned but the MTFs will be updated if any new requirements emerge.
- ICT Replacement – £150k p.a. General Fund and £50k p.a. HRA contributions are planned to sustain this important reserve, which provides the financial capacity to upgrade and replace our ICT infrastructure, hardware and systems in accordance with our approved ICT Strategy. The use of ICT to support the Council's customer 'self-service' and channel shift agenda means that the financial capacity to invest in modern technologies is crucial to support future services. Fixed contributions allow the smoothing of these irregular costs to avoid peaks and troughs in funding requirements.
- Business Development – the need for on-going savings and efficiencies to achieve the Council's objectives remains a key priority. This reserve provides up-front investment for improvements and efficiency initiatives, to support the Council's savings plan – in particular commercialisation and income generation.
- Pension Equalisation – following the last triennial valuation and with it the stabilisation of employers' contribution rates the £600k balance of this reserve as at 31 March 2014 was released for alternative uses. However, the on-going risk to pensions costs provided good reason to continue to set aside the circa £180k p.a.
- Business Rates Equalisation – this reserve was created in 2012/13 in anticipation of the new rules governing localised Business Rates and the funding risk inherent within the scheme. The current strategy assumes that any excess Business Rates above our baseline are transferred into this reserve to mitigate any funding shortfalls prior to the safety net being reached.

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The fund was established with £300k and then added to with budget surpluses and a prior year income adjustment. The available balance on the reserve at 1 April 2015 is £1.3m.

The latest estimates for Business Rates income suggests that the Council will be above its target for 2015/16 and 2016/17 and therefore there is the potential to release some resources for alternative use. However, given the anticipated changes to the rates retention scheme and on-going Local Government funding cuts, no changes are proposed to this reserve but it will be reviewed on an annual basis.

- Contingency – this reserve provides resources to cover unforeseen issues beyond those that can be accommodated by in year contingency budgets – for example significant planning appeal costs. The reserve is topped-up using year-end surpluses if available and required. In 2015/16 £281k has been committed to cover the additional costs of Plan Selby. The current forecast balance of £504k at 31 March 2016 is only slightly above the recommended balance of £500k and therefore no changes are proposed.
- Discretionary Rate Relief – this reserve was established with £300k from the 2012/13 General Fund revenue surplus. Future contributions could come from excess Business Rates income subject to availability and prioritising against the revenue budget and ‘Programme for Growth’. A budget of £100k p.a. has been created and will be funded by this reserve – this will enable applications for relief to be considered and awarded promptly.
- Special Projects Reserve - £880k of New Homes Bonus in 2012/13 – 2015/16 has been used to top up this reserve for the Council’s ‘Programme for Growth’. Contributions beyond 2015/16 are subject to sufficient NHB and/or Business Rates growth. **It must be stressed that the use of NHB resources to fund growth is wholly dependent upon achieving the revenue savings targets set.** Given the large windfall from Business Rates it is also proposed that this be earmarked for the Programme for Growth to support economic growth within the district. Going forward it is proposed that any revenue surpluses beyond those required to mitigate financial risk are also earmarked for the Programme for Growth.
- Local Plan Reserve – delivery of a district wide local plan requires a significant and sustained resource input over a relatively long period of time, which can put pressure on in-year budgets when peaks in work occur. In order to prepare for the Council’s next plan, it is proposed to set aside the £355k previously allocated to the Access Selby Reserve and supplement this with £145k from the revenue budget in 2016/17 and then set aside £50k p.a. thereafter.

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2.31 A forecast of General Fund reserve balances is set out at **Appendix B**.

3 Revenue Budget Outlook 2016/17 to 2018/19

Costs

- 3.1 It is assumed that on average costs will increase in line with inflation. Whilst cuts in general grant continue, any demand led cost pressures must be contained within the net revenue budget.
- 3.2 Changes to the National Insurance Contribution rates with effect from April 2017, for employers with their own pension schemes (currently NIC rates are discounted) will add a further £113k p.a. to payroll costs.

Income

- 3.3 Income levels are improving and helping to support our savings plan. Opportunities for growing income generation remain a priority and proposals for the commercialisation of some services are currently in development. A strategic review of income generation is proposed as part of our savings work.
- 3.4 The windfall from Business Rates income will have a significant positive impact on our financial position at least in the short term but we will need to keep this under close review.

Net Budget

3.5 The forecasted resources available to support the revenue budget for 2016/17 to 2018/19 are shown in the table below (mid case):

General Fund Revenue Resources	2016/17 £000's	2017/18 £000's	2018/19 £000's
Council Tax	4,983	5,133	5,288
SFA	3,589	3,230	2,907
NHB	2,445	1,999	1,564
Special and Specific Grants	0	0	0
Collection Fund Surplus	129	62	0
Business Rates Collection Fund Deficit	5,409	750	950
Total Resources	16,555	11,174	10,709
Service budgets	10,699	9,553	9,218
Investment Interest	-240	-280	-300
Parish Grant	86	77	70
Reserves Transfers (Net)	5,757	1,636	1,539
Total Net Budget	16,302	10,986	10,547
Surplus	253	188	182

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- 3.6 Due to the uncertainty of Government grant/Business Rates it is extremely difficult to predict the level of resources we can expect beyond 2015/16. The £5.4m surplus in 2016/17 is the result of Business Rates income from renewable energy facilities and it is proposed that this is used to support the Programme for Growth in addition to the resources already earmarked from New Homes Bonus.
- 3.7 The on-going risk to the Council's funding means that a careful balance between savings and investment will need to be struck and we will continue to strive for more efficient and effective services. This in turn, will enable the financial capacity for investment to achieve sustainable cash 'returns' and minimise the impact on front line service outcomes.
- 3.8 Plans for income generation and savings to mitigate the reduction in central Government funding to 2017/18 are in progress but we must be ready to cope with more severe cuts should the need arise. To illustrate, a further £700k target for 2018/19 and 2019/20 could take our overall targets to:
- Transforming through ICT and flexible working – £600k (currently £350k by 2017/18)
 - Growing resources through trading – £600k (currently £350k by 2017/18)
 - Commissioning to achieve efficiencies and reduce demand for public sector services - £1m (currently £800k by 2017/18)
- 3.9 Our collaboration with North Yorkshire County Council and other partners continues to be an important part of this work as is the commercialisation of our business, reducing demand for services and income generation – we are developing appropriate strategies to ensure delivery of our targets.
- 3.10 The latest versions of the savings action plans are set out at **Appendix C** and in summary show:

Current Savings Summary	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Green	349	568	577	555
Amber	303	480	506	506
Red	38	272	625	625
Total	690	1,320	1,708	1,686
Target	919	957	1,502	1,482
Headroom/Deficit (+/-)	-229	363	206	204

- 3.11 When comparing the headroom to the revenue surpluses there has been some relatively minor changes to the net budget position but broadly the surpluses and savings headroom correspond.

- 3.12 It is clear that there is much to do to deliver the identified savings, with over £1m savings assumed within the budget for the next three years still at either 'amber' or 'red'.

4 Capital Programme

- 4.1 The Council's General Fund Capital Programme contains the 'business as usual' capital projects planned – these include Disabled Facilities Grants (DFGs), ICT replacements and major works to the Council's assets. Expenditure is funded by earmarked reserves set aside for these specific purposes, or in the case of DFGs, through capital receipts from Council House and other small asset sales. The approved programme is attached at **Appendix D**.
- 4.2 There is currently around £5.7m available in usable capital receipts expected over next 3 years from right to buy receipts and land sales. In recent years low level receipts have been used to cover the cost of Disabled Facilities Grants, however increases in Council House sales and the Council's agreement with the Government to retain extra receipts to achieve one for one replacement of Council homes, means that going forward, receipts retained from council house sales can be used to support the Council's affordable homes development strategy and deliver new build homes across the district. In addition s106 affordable housing commuted sums are anticipated (£8.5m over the next 7 years) which provide the potential to extend our house building programme further. Plans are already in progress on a £10m development programme but with rising right to buy receipts and s106 commuted sums, the potential to double our existing programme will require additional detailed feasibility, increased internal capacity and undoubtedly, land acquisition. This work will be carried out over the coming year and proposals will be brought forward for approval in due course.
- 4.3 The fire at Abbey Leisure Centre and the resulting temporary gym arrangements mean that receipts from the sale of land at the former Civic Centre site will be delayed beyond 2015. These receipts were originally earmarked for the Programme for Growth although they have been substituted by other resources to mitigate the need for additional borrowing. If they are realised then they will be available for reinvestment in the district or could be used to repay debt if this could achieve a more favourable outcome for the Council.
- 4.4 In 2015/16 further (internal) prudential borrowing was initially planned to cover the purchase of a strategic site at Burn and funding towards the new Leisure Village in Selby (part of the Programme for Growth). However additional Business Rates income means that these can now be funded (in part, re the shell and car park for the Leisure Village) from revenue resources. Borrowing requirements will be kept under review as the new 'Programme for Growth' develops.

5 Programme for Growth

- 5.1 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 '**make Selby a great place**' by investing in jobs; housing; infrastructure/economic development; and the leisure economy. The approved programme, which aligns to the new Corporate Plan, is set out at **Appendix E**.
- 5.2 The programme to the end of 2015/16 is currently sustained by New Homes Bonus (£880k p.a.). In summary, the latest programme is set out in the table below:

Programme	Capital £000	Revenue £000
Leisure	6,075	175
Jobs/skills	0	726
Housing*	100	180
Infrastructure/economic development	1,790	639
Contingency	0	513
Total	7,965	2,233
Funding		
Special Projects Reserves	5,793	2,233
Borrowing	2,172	0
Total Funding	7,965	2,233

**Note: The capital cost of the affordable homes is contained within the capital programme*

- 5.3 There currently remains £513k in the programme contingency, which is available for new projects that emerge over the life of the Corporate Plan. These resources could increase further subject to the future of New Homes Bonus and Business Rates. **The mid-case scenario shows the potential for a further £9m over the next 3 years from 2016/17, with £5.4m being earmarked from Business Rates surpluses in respect of 2015/16.**
- 5.4 However, this of course relies heavily on no major adverse changes to the New Homes Bonus and Business Rates schemes and delivery of the savings needed to balance the revenue budget.
- 5.5 There may also be opportunity to extend the programme further through bids for funding from external partners (such as the LEP).
- 5.6 The resources available to fund the programme will be reviewed annually in light of announcements on Local Government funding and the Council's financial outlook. However the Council's strategic approach to its future financial sustainability is reliant upon investment to stimulate housing and business growth which in turn will generate local funds through Council Tax and Business Rates to mitigate losses in central Government funding and provide the capacity for further reinvestment.

6 Conclusions

- 6.1 The additional income from Business Rates will have a significant impact on the Council's financial outlook. Forecasted revenue resources for 2016/17 are £16.555m including £5.4m in Business Rates surpluses. Based on current spending plans our Net Revenue Budget for 2016/17 is £16.302m (including savings of £1.3m and net contributions to reserves of £5.757m) giving an estimated surplus for the year of £253k which provides a buffer should there be delays to planned savings or if Government funding cuts are front loaded.
- 6.2 At this stage there are no proposals to increase our savings targets but we will need to keep this under review as details on the Spending Review and the future for Local Government funding are announced.
- 6.3 There remains risk and uncertainty within the Business Rates retention scheme and in particular it is not known if similar levels of receipts as to those experienced in 2014/15 and 2015/16 can be expected going forward - at this stage a cautious stance has been taken.
- 6.4 There is also uncertainty over New Homes Bonus, the continuing economic situation, income generation and delivery of savings. The Council's longer term financial position is heavily reliant upon resources keeping pace with inflation and costs being contained within base budget.
- 6.5 Currently, New Homes Bonus is crucial to our financial resilience and to our capacity to invest in Selby District. Whilst it continues, £880k p.a. is funding the Programme for Growth with the remainder supporting the Council's revenue budget. For 2014/15 Selby has benefitted by a net gain of £1.53m. If this trend continues, the gain could rise to £2.2m by year 6 of the scheme, with £1.6m being used to support on-going revenue expenditure. Improvements in Business Rates income provides the potential to replace these resources should the need arise but withdrawal of the scheme and loss of Business Rates income may require further savings.
- 6.6 Meeting the on-going savings challenge features strongly in the Council's strategic and operational plans and this work will continue. Our collaboration with North Yorkshire County Council and other partners, the commercialisation of our business, reducing demand for services and income generation are important to this work.
- 6.7 The on-going risk to the Council's funding means that a careful balance between savings and investment will need to be struck. We will continue to strive for more efficient and effective services which in turn will provide the financial capacity for investment – replacing central Government funding with sustainable cash returns in the form of income from services, Council Tax and Business Rates.

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- 6.8 The significant receipts from Business Rates income mean that the Council has the financial capacity to invest further in economic growth within the district and plans for the use of these funds will be drawn up for approval by Council over the coming months.

SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (Nov 2015 V4) Best Case

	Base 2015/16	← Medium Term Financial Plan → 2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
KEY ASSUMPTIONS											
Inflation		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates		1.75%	2.00%	2.25%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		3.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SUFA) Increase		-10.00%	-10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
COUNCIL TAX											
Tax Base (Number of Band D Equivalentents)	29.117	30.154	30.456	30.760	31.068	31.378	31.692	32.009	32.329	32.652	32.979
Council Tax @ Band D (£)	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81	193.60	197.48
Council Tax Income (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
Precept (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
REVENUE FINANCING											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
SFA	3,988	3,589	3,230	3,295	3,361	3,428	3,497	3,566	3,638	3,711	3,785
Council Tax Freeze Grant	49	-	-	-	-	-	-	-	-	-	-
New Homes Bonus	2,078	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Special and Specific Grants	22	-	-	-	-	-	-	-	-	-	-
Council Tax Collection Fund Surplus/Deficit (+/-)	84	129	62	-	-	-	-	-	-	-	-
Business Rates Collection Fund Surplus/Deficit (+/-)	- 164	5,409	1,899	1,938	1,978	2,018	2,058	2,099	2,141	2,184	2,228
TOTAL EXTERNAL RESOURCES	(a) 10,774	16,555	12,769	12,966	13,232	13,503	13,781	14,067	14,360	14,661	14,970

REVENUE BUDGET	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operational Budget	12,476	10,699	9,553	9,218	9,787	9,844	10,041	10,242	10,600	10,656	10,869
Investment Interest	- 200	- 280	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300
Parish CTS Grant	96	86	77	70	71	73	74	76	77	79	80
Net Budget Before Contributions to/from reserves	12,372	10,505	9,330	8,988	9,559	9,617	9,816	10,018	10,377	10,435	10,649
Contributions to Reserves:											
PFI Scheme (Updated - incl SDC's contribution & interest)	380	387	394	401	414	426	439	451	452	454	455
Building Repairs	130	149	152	152	152	152	152	152	152	152	152
Computer Development	150	150	150	150	150	150	150	150	150	150	150
District Election	30	34	34	34	34	34	38	38	38	38	38
Pension Equalisation	181	183	183	183	183	183	183	183	183	183	183
Special Projects/P4G (C.Tax Freeze Grant)	119										
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	880	880	880	880	880	880
Special Projects/P4G (Business Rates)		5,409	1,899	1,938	1,978	2,018	2,058	2,099	2,141	2,184	2,228
Access Selby (Lifeline)	79										
Local Plan		145	50	50	50	50	50	50	50	50	50
Contributions from Reserves:											
Spend to Save											
ICT	- 248	- 263	- 193	- 33	- 150	- 150	- 150	- 150	- 150	- 150	- 150
PFI	- 400	- 402	- 410	- 418	- 427	- 435	- 444	- 453	- 462	- 471	- 481
Building Repairs	- 38	- 92	- 3	- 20	- 152	- 152	- 152	- 152	- 152	- 152	- 152
Special Project/P4G	- 2,392	- 413	- 202	- 90							
District Election	- 80				- 136				- 153		
Access Selby	- 92										
NYCC Collaboration	- 100	- 100	- 50								
Business Rates Equalisation	- 164										
Discretionary Rate Relief		- 100	- 100								
Contingency		- 210									
Forecast Net Revenue Budget	(b) 10,807	16,262	12,114	12,215	12,535	12,773	13,019	13,266	13,506	13,753	14,002

SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (Nov 2015 V4) Mid Case

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	Base 2015/16	← Medium Term Financial Plan →									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
KEY ASSUMPTIONS											
Growth/Inflation		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates		1.50%	1.75%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		3.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SFA) Increase		-10.00%	-10.00%	-10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
COUNCIL TAX											
Tax Base (Number of Band D Equivalents)	29.117	30.154	30.456	30.760	31.068	31.378	31.692	32.009	32.329	32.652	32.979
Council Tax @ Band D (£)	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81	193.60	197.48
Council Tax Income (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
Precept (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
REVENUE FINANCING											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
SFA	3,988	3,589	3,230	2,907	2,965	3,025	3,085	3,147	3,210	3,274	3,340
Council Tax Freeze Grant	49	-	-	-	-	-	-	-	-	-	-
New Homes Bonus	2,078	2,445	1,999	1,564	1,261	719	366	-	-	-	-
Special and Specific Grants	22	-	-	-	-	-	-	-	-	-	-
Council Tax Collection Fund Surplus/Deficit (+/-)	84	129	62	-	-	-	-	-	-	-	-
Business Rates Collection Fund Surplus/Deficit (+/-)	- 164	5,409	750	950	969	988	1,008	1,028	1,049	1,070	1,091
TOTAL EXTERNAL RESOURCES (a)	10,774	16,555	11,174	10,709	10,643	10,344	10,241	10,132	10,395	10,666	10,943

REVENUE BUDGET	Base	← Medium Term Financial Plan →				2019/20	2020/21	2021/22	2022/23	2023/24	Appendix A(ii)	
	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2024/25 £000's						2025/26 £000's	
Operational Budget	12,476	10,699	9,553	9,218	9,787	9,844	10,041	10,242	10,600	10,656	10,869	
Investment Interest	- 200	- 240	- 280	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	
Parish CTS Grant	96	86	77	70	71	73	74	76	77	79	80	
Net Budget Before Contributions to/from reserves	12,372	10,545	9,350	8,988	9,559	9,617	9,816	10,018	10,377	10,435	10,649	
Contributions to Reserves:												
PFI Scheme (Updated - incl SDC's contribution & interest)	380	387	394	401	414	426	439	451	452	454	455	
Building Repairs	130	149	152	152	152	152	152	152	152	152	152	
Computer Development	150	150	150	150	150	150	150	150	150	150	150	
District Election	30	34	34	34	34	34	38	38	38	38	38	
Pension Equalisation	181	183	183	183	183	183	183	183	183	183	183	
Special Projects/P4G (C.Tax Freeze Grant)	119											
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	792	439	-	-	-	-	
Special Projects/P4G (Business Rates)		5,409	750	250								
Access Selby (Lifeline)	79											
Local Plan		145	50	50	50	50	50	50	50	50	50	
Contributions from Reserves:												
Spend to Save												
ICT	- 248	- 263	- 192	- 33	- 150	- 153	- 156	- 159	- 162	- 166	- 169	
PFI	- 400	- 402	- 410	- 418	- 427	- 435	- 444	- 453	- 462	- 471	- 481	
Building Repairs	- 38	- 92	- 3	- 20	- 152	- 155	- 158	- 161	- 165	- 168	- 171	
Special Project/P4G	- 2,392	- 413	- 202	- 90								
District Election	- 80				- 136				- 153			
Access Selby	- 92											
NYCC Collaboration	- 100	- 100	- 50									
Business Rates Equalisation	- 164											
Discretionary Rate Relief		- 100	- 100									
Contingency		- 210										
Forecast Net Revenue Budget (b)	10,807	16,302	10,986	10,527	10,557	10,661	10,508	10,268	10,460	10,657	10,856	
Difference between resources and forecast budget (a - b)	- 33	253	188	182	86	- 317	- 267	- 137	- 65	8	87	

SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (Nov 2015 V4) Worst Case

	Base 2015/16	← Medium Term Financial Plan → 2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
KEY ASSUMPTIONS											
Inflation		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates		1.25%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		3.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SUFA) Increase		-10.00%	-10.00%	-10.00%	-10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
COUNCIL TAX											
Tax Base (Number of Band D Equivalentents)	29.117	30.154	30.456	30.760	31.068	31.378	31.692	32.009	32.329	32.652	32.979
Council Tax @ Band D (£)	162.00	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81	193.60
Council Tax Income (£000's)	4,717	4,885	5,033	5,185	5,341	5,502	5,669	5,840	6,016	6,198	6,385
Precept (£000's)	4,717	4,885	5,033	5,185	5,341	5,502	5,669	5,840	6,016	6,198	6,385
REVENUE FINANCING											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,717	4,885	5,033	5,185	5,341	5,502	5,669	5,840	6,016	6,198	6,385
SFA	3,988	3,589	3,230	2,907	2,617	2,669	2,722	2,777	2,832	2,889	2,947
Council Tax Freeze Grant	49	49	-	-	-	-	-	-	-	-	-
New Homes Bonus	2,078	2,445	1,999	1,564	1,261	719	366	-	-	-	-
Special and Specific Grants	22	-	-	-	-	-	-	-	-	-	-
Council Tax Collection Fund Surplus/Deficit (+/-)	84	129	62								
Business Rates Collection Fund Surplus/Deficit (+/-)	- 164	5,409									
TOTAL EXTERNAL RESOURCES	10,774	16,506	10,324	9,656	9,219	8,890	8,757	8,616	8,848	9,087	9,332

(a)

REVENUE BUDGET	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operational Budget	12,476	10,699	9,553	9,218	9,787	9,844	10,041	10,242	10,600	10,656	10,869
Investment Interest	- 200	- 200	- 240	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300
Parish CTS Grant	96	86	77	70	63	64	66	67	68	70	71
Net Budget Before Contributions to/from reserves	12,372	10,585	9,390	8,988	9,550	9,609	9,807	10,009	10,368	10,425	10,640
Contributions to Reserves:											
PFI Scheme (Updated - incl SDC's contribution & interest)	380	387	394	401	414	426	439	451	452	454	455
Building Repairs	130	149	152	152	152	152	152	152	152	152	152
Computer Development	150	150	150	150	150	150	150	150	150	150	150
District Election	30	34	34	34	34	34	38	38	38	38	38
Pension Equalisation	181	183	183	183	183	183	183	183	183	183	183
Special Projects/P4G (C.Tax Freeze Grant)	119										
Special Projects/P4G (New Homes Bonus)	880	880	880								
Special Projects/P4G (Business Rates)		5,409									
Access Selby (Lifeline)	79										
Local Plan		145	50	50	50	50	50	50	50	50	50
Contributions from Reserves:											
Spend to Save											
ICT	- 248	- 263	- 192	- 33	- 150	- 153	- 156	- 159	- 162	- 166	- 169
PFI	- 400	- 402	- 410	- 418	- 427	- 435	- 444	- 453	- 462	- 471	- 481
Building Repairs	- 38	- 92	- 3	- 20	- 152	- 155	- 158	- 161	- 165	- 168	- 171
Special Project/P4G	- 2,392	- 413	- 202	- 90							
District Election	- 80				- 136				- 153		
Access Selby	- 92										
NYCC Collaboration	- 100	- 100	- 50								
Business Rates Equalisation	- 164										
Discretionary Rate Relief		- 100	- 100								
Contingency		- 210									
Forecast Net Revenue Budget	(b) 10,807	16,342	10,276	9,397	9,668	9,861	10,061	10,259	10,451	10,648	10,847
Difference between resources and forecast budget	(a - b)	- 33	164	48	259	- 450	- 970	- 1,304	- 1,643	- 1,603	- 1,561
Note: Savings included in revenue budget	418	1320	1708	1,686	1,720	1,754	1,789	1,825	1,861	1,899	1,937

Reserves										
Description	Estimated Balance 31 March 16	Use	Contribs	Estimated Balance 31 March 17	Use	Contribs	Estimated Balance 31 March 18	Use	Contribs	Estimated Balance 31 March 19
	£	£	£	£	£	£	£	£	£	£
Revenue Reserves										
General Fund										
Reserves to fund future commitments:										
PFI Scheme	2,364,764	- 402,190	387,400	2,349,974	- 410,230	394,410	2,334,154	- 418,430	401,330	2,317,054
ICT	646,740	- 262,500	200,000	584,240	- 192,500	200,000	591,740	- 32,500	200,000	759,240
Building Repairs & Projects	358,978	- 92,000	148,560	415,538	- 2,940	152,270	564,868	- 19,700	152,570	697,738
Election	76,954		34,000	110,954		34,000	144,954		34,000	178,954
Industrial Units	50,275			50,275			50,275			50,275
Open Space Maintenance	58,535			58,535			58,535			58,535
Affordable Housing **	120,568			120,568			120,568			120,568
	3,676,814	- 756,690	769,960	3,690,084	- 605,670	780,680	3,865,094	- 470,630	787,900	4,182,364
Reserves to fund growth and improvement:										
Special Projects / Programme for Growth **	2,121,718	- 412,500	6,289,264	7,998,482	- 201,500	1,630,000	9,426,982	- 89,500	1,130,000	10,467,482
Discretionary Rate Relief Fund	200,000	- 100,000		100,000	- 100,000		-			-
NYCC Collaboration	150,000	- 100,000		50,000	- 50,000		-			-
Spend To Save (Business Development)	492,543			492,543			492,543			492,543
	2,964,262	- 612,500	6,289,264	8,641,026	- 351,500	1,630,000	9,919,526	- 89,500	1,130,000	10,960,026
Reserves to mitigate financial risk:										
Pensions Equalisation Reserve	367,230		182,820	550,050		182,820	732,870		182,820	915,690
NDR Equalisation	1,257,318			1,257,318			1,257,318			1,257,318
Local Plan	355,231		145,000	500,231		50,000	550,231		50,000	600,231
Contingency	644,323	- 210,500		433,823			433,823			433,823
General Fund	1,499,872			1,499,872			1,499,872			1,499,872
	4,123,973	- 210,500	327,820	4,241,293	-	232,820	4,474,113	-	232,820	4,706,933
Total GF Revenue reserves	10,765,049	- 1,579,690	7,387,044	16,572,403	- 957,170	2,643,500	18,258,733	- 560,130	2,150,720	19,849,323
Capital Reserves										
General Capital Receipts*	2,372,335	- 175,000	1,065,020	3,262,355	- 145,000	1,096,060	4,213,415	- 145,000	1,096,060	5,164,475
Capital Receipts (Programme for Growth)	-		1,000,000	1,000,000			1,000,000			1,000,000
Capital Receipts (HRA Reserved)	152,850	- 152,850	197,780	197,780	- 197,780	225,870	225,870	- 197,780	225,870	253,960
Total GF Capital Receipts	2,525,185	- 327,850	2,262,800	4,460,135	- 342,780	1,321,930	5,439,285	- 342,780	1,321,930	6,418,435
* Capital receipts include assumptions on right to buy sales										
** Spending plan to be developed during 2016/17										
Note: Capital receipts subject to a review of requirements of council house 'one for one replacement'										

Access Selby - General Fund Savings

Proposed Savings	Status	2015/16	2016/17	2017/18	2018/19	Members' Update
		£	£	£		
IT & Transformation Workstream						
CRM Replacement	Red	8,980	66,252	66,252	66,252	Phase 1 saw CRM go live in July 2015. Phase 2 is currently being scoped.
Mobile Working	Red	-	41,728	41,728	41,728	Project currently under review by Access Selby Directors. Any changes will be reflected in the savings plan once the review is complete.
Review of planning advice and consultants	Amber	3,750	3,750	3,750	3,750	Savings achieved on experts but due to increased number of applications the overall spending might not be reduced.
Joint Business Support Manager Post	Green	3,632	-	-	-	Saving to be reviewed in conjunction with options for long term arrangements
Formal amalgamation of District newspaper and County Council publications	Red	3,000	3,000	3,000	3,000	Awaiting long term decision from NYCC
Opening of Civic Centre Better Together	Green	6,083	6,083	6,083	6,083	Completed
	Amber	75,000	150,000	150,000	150,000	Various projects including Finance, Business Support, Assets & Customer Services. First meeting held on 6th July to exchange information on land holdings.
Electronic Payments	Amber	0	25,000	25,000	25,000	Project linked to CRM and will follow in the later phases.
Improved Revs & Bens Value for Money	Amber	21,440	50,000	50,000	50,000	Competitive Dialogue process to commenced in July 2015. - £21k saving will be achieved in 2015/16 due to frozen post.
Further Internal Efficiencies (Outside of Better Together)	Red	21,350	50,000	50,000	50,000	Officers exploring internal efficiencies through improved processes and IT.
Access Selby Commercialisation	Amber	5,000	50,000	50,000	50,000	Officers working on commercialisation of repairs & maintenance.
Total Transformation		148,235	445,813	445,813	445,813	
Commissioning Workstream						
Printers	Green	18,811	18,811	18,811	18,811	Completed
Lifeline pendants	Green	-	67,576	69,000	69,000	Projected savings on track to be delivered
Postage and Mail	Amber	5,000	5,000	5,000	5,000	Further work required before savings can be confirmed
Supplier Engagement	Red	-	20,000	20,000	20,000	Options are limited in this area, officers will be seeking alternative savings.
Reduce Tail end spend	Amber	8,500	14,500	14,500	14,500	£8.5k realised already in relation to car park tickets & telephones - £6k additional savings still to be identified in 2016/17 onwards.
IT Service Contracts	Amber	7,500	7,500	7,500	7,500	Options currently under review in conjunction with wider options around IT services.
External Audit - Grants Audit Fee	Green	8,130	8,130	8,130	8,130	Completed
Lexis Nexis Legal Library	Green	13,500	13,500	13,500	13,500	Completed
Community Support Vehicle lease	Green	3,940	3,940	3,940	3,940	Completed
Improved Waste / Recycling Value for Money	Red	-	-	100,000	100,000	Service under pressure due to growth in property numbers.
Maximise use of Civic Centre Office Space	Amber	22,500	45,000	45,000	45,000	Based on an additional 30 desks occupied by partners.
Total Commissioning		87,881	203,957	305,381	305,381	

Proposed Savings	Status	2015/16 £	2016/17 £	2017/18 £	2018/19	Members' Update
Income Generation Workstream						
Negotiation for share of out performance on Council Tax collection	Amber	3,961	3,961	3,961	3,961	Target under constant review and outcome is based on full year performance.
Land Charges Income - Search fees	Amber	48,000	21,000	21,000	21,000	In future years it is possible that some of this income may go direct to the Land registry - this will be kept under close review and updated once further information is received.
Legal Income	Green	32,750	8,750	8,750	8,750	On track to achieve savings from increase in fee-generating work.
Street Naming & Numbering	Green	30,000	18,000	18,000	18,000	Original target of £18k for 15/16 is expected to be exceeded with a revised estimate of £30k being set for the year.
Registrar Service	Green	10,994	10,994	10,994	10,994	Completed
Caravan inspection fee	Green	2,000	2,000	2,000	2,000	On track to achieve savings
Policy changes to introduce new income streams	Red	0	78,783	80,823	80,823	Commercialisation project established to identify further opportunities
Community Support Lifeline Income	Amber	20,000	20,000	20,000	20,000	Income growth has been achieved, however due to grant funding being reduced the additional income is only currently mitigating the loss.
Total Income Generation		147,705	163,488	165,528	165,528	
Other						
Agency Staff	Red	-	2,500	2,500	2,500	Savings opportunity identified for future years
NY regional strategy officer	Green	2,520	2,520	2,520	2,500	Completed
Community Support Office telephone savings	Green	9,600	9,600	9,600	9,600	Completed
Contracts General Office Expenses	Green	360	360	360	360	Completed
Contracts - Officer subsistence general saving	Green	200	200	200	200	Completed
Commercial Waste	Green	1,160	1,160	1,160	1,160	Completed
Environmental Health & Housing telephone savings	Green	430	430	430	430	Completed
Housing Benefits - Overpayments subsidy	Amber	32,520	33,980	35,480	35,480	Being monitored throughout the year
Total Other		46,790	50,750	52,250	52,230	
Total General Fund Savings in Progress		430,611	864,008	968,972	968,952	
Savings Target		549,920	747,221	950,790	950,790	
Headroom/Deficit (+/-)	** -	119,309	116,787	18,182	18,162	
Green Savings		144,110	172,054	173,478	173,458	
Amber Savings		253,171	429,691	431,191	431,191	
Red Savings**		33,330	262,263	364,303	364,303	
Total		430,611	864,008	968,972	968,952	

Core Savings Plan

Key:

Green: Savings likely to be achieved/low risk
Amber: Tentative savings - further work required/medium risk
Red: Requires a change in Council policy or significant change in service delivery/high risk

Proposed Savings	Status	2015/16 £	2016/17 £	2017/18 £	2018/19	Progress
Procurement Workstream						
Leisure Management Contract	Green	75,000	187,915	196,487	174,907	Completed
Community / Pooled Budgets	Red	5,000	10,000	10,000	10,000	-
Improved waste / recycling value for money	Red	-	-	100,000	100,000	Due to fall in the price received for the sale of recyclates this income is at risk.
Inflation Savings on Street Scene Contract	Green		99,110	99,110	99,110	Savings resulting from contract inflation
Banking tender	Green	10,000	10,000	8,400	8,400	Completed
Total Procurement		90,000	307,025	413,997	392,417	
Transformation Workstream						
Better Together - Finance	Green	44,000	43,800	44,240	44,240	Savings will be achieved in 2015/16 - Future years will be dependant on the success of the trial period.
Total Transformation		44,000	43,800	44,240	44,240	
Value for Money Workstream						
Internal Drainage Boards	Green	20,000	-	-	-	levies lower than budgeted for 2015/16
Ward Boundary Review	Green	41,430	41,430	41,430	41,430	Completed
Total Value for Money		61,430	41,430	41,430	41,430	
Base Budget Review Workstream						
NNDR Base Budget Review - Various small sites	Green	14,390	14,390	14,390	14,390	Completed
Total Base Budget Review		14,390	14,390	14,390	14,390	
Discretionary Service Review Workstream						
Total Discretionary Service Review		0	0	0	0	
Income Generation Workstream						
Use of assets for advertising space	Amber	25,000	25,000	25,000	25,000	Negotiations ongoing with NYCC about income split in 15/16
General Fund Housing Development	Amber	25,000	25,000	50,000	50,000	Interest from loans to SDHT
Green Energy	Red	-	-	150,000	150,000	The feasibility report confirms that a ground and roof mounted schemes are possible but pending changes to government subsidies means that detailed business case will be defered and therefore a scheme will not be delivered to achieve a saving in 16/17.
Total Income Generation		50,000	50,000	225,000	225,000	
Total General Fund Savings		259,820	456,645	739,057	717,477	
Savings Target		369,068	210,430	552,224	530,644	
Headroom/Deficit (+/-)	** -	109,248	246,215	186,833	186,833	
Green Savings		204,820	396,645	404,057	382,477	
Amber Savings		50,000	50,000	75,000	75,000	
Red Savings**		5,000	10,000	260,000	260,000	
Total		259,820	456,645	739,057	717,477	

Key: **HRA Savings Plan**

Green: Savings likely to be achieved/low risk

Amber: Tentative savings - further work required/medium risk

Red: Requires a change in Council policy or significant change in service delivery/high risk

Proposed Savings	Status	2015/16	2016/17	2017/18	2018/19	Progress
		£	£	£	£	
Review of Property Services unfilled posts	Green	50,000	50,000	50,000	50,000	Completed
Gas Servicing Contract	Green	20,000	20,000	20,000	20,000	Completed
Grassed Areas & Open Spaces base budget review	Green	29,000	29,000	29,000	29,000	Completed
Various Suppliers	Green	22,000	22,000	22,000	22,000	Completed
WTT - Savings	Green	129,591	129,591	129,591	129,591	Completed
2011/12 Pay Award	Green	27,000	27,000	27,000	27,000	Completed
Car Allowances	Green	5,600	5,600	5,600	5,600	Completed
Savings on Audit Fees and early Retirement Charges	Green	40,460	40,460	40,460	40,460	Completed
Ryecare Help-Line Telecom Saving	Green	700	700	700	700	Completed
Consolidation of IT Budgets	Green	23,685	23,685	23,685	23,685	Completed
Electrical Testing - R&M	Green	15,000	15,000	15,000	15,000	Completed
Vehicle Tracking System	Green	500	500	500	500	Completed
Direct Works - Phones	Green	2,000	2,000	2,000	2,000	Completed
Grants Audit Fees	Green	6,000	9,390	9,390	9,390	Completed
Clear Access Footways	Green	2,500	2,500	2,500	2,500	Completed
Footpaths	Green	10,000	10,000	10,000	10,000	Completed
Gutters & Fallpipes	Green	5,000	5,000	5,000	5,000	Completed
Tenants Participation - Housing Reports	Green	370	370	370	370	Completed
Energy Performance Certificates	Green	3,000	3,000	3,000	3,000	Completed
SDC Contract Hire Vehicles	Green	18,000	18,000	18,000	18,000	Completed
Asbestos Removal	Green	500	500	500	500	Completed
Solid Fuel Servicing	Green	12,470	12,470	12,470	12,470	Completed
Communal Lighting	Green	3,350	3,350	3,350	3,350	Completed
Pumping Stations	Green	3,210	3,210	3,210	3,210	Completed
Lift Maintenance	Green	1,300	1,300	1,300	1,300	Completed
Bank charges	Green	1,600	1,600	1,600	1,600	Completed
Debt collection costs	Green	1,300	1,300	1,300	1,300	Completed
Hostels	Green	5,230	5,230	5,230	5,230	Completed
HRA Investment Interest	Green	-	8,000	17,000	21,000	Completed
Van Fuel (oil price & fuel card savings)	Green	-	2,450	2,450	2,450	Completed
Resource Accountring	Green	-	4,000	4,000	4,000	Completed
Rent - Bank Charge Savings	Green	-	1,000	1,000	1,000	Completed
Use of Temporary Accommodation	Green	-	13,740	13,740	13,740	Completed
Community Centres	Green	-	9,600	9,600	9,600	Completed
Total Housing Revenue Account Savings		439,366	481,546	490,546	494,546	
Savings Target		360,000	360,000	360,000	360,000	
Headroom/Deficit (+/-)	**	79,366	121,546	130,546	134,546	
Green Savings		439,366	481,546	490,546	494,546	
Amber Savings		-	-	-	-	
Red Savings**		-	-	-	-	
Total		439,366	481,546	490,546	494,546	

Appendix D

2015/16 – 2018/19 GENERAL FUND CAPITAL PROGRAMME

<u>PROJECTS</u>	Current Programme 2015/16 £	Estimated Programme 2016/17 £	Estimated Programme 2017/18 £	Estimated Programme 2018/19 £
Asset Management Plan Leisure Centres & Park	3,350	40,000	2,940	19,700
Tadcaster Central Area	2,000			
Road Adoption - Industrial Units Sherburn	23,785			
Mast Relocation	139,060			
Tadcaster Bus Station refurbishment	25,000			
Replacement Car Park Ticket Machines		52,000		
Collapsed Culvert - Portholme Road	150,000	207,000		
Housing Development	1,550,000	1,250,000	1,250,000	1,250,000
Burn Airfield	1,700,000			
<u>Grants</u>				
Disabled Facilities Grants	447,230	300,000	300,000	300,000
Repair Assistance Loans	37,200	30,000		
<u>ICT Hardware & Systems Within ICT Strategy</u>				
Implementation & Infrastructure Costs	240,120	245,000	175,000	222,000
Desktop Replacement Programme	35,840	17,500	17,500	17,500
CRM & Website	93,970			
Mobile Working Solution	249,800			
TOTAL	4,697,355	2,141,500	1,745,440	1,809,200
<u>SUMMARY OF FUNDING</u>				
Capital Receipts	329,430	175,000	145,000	145,000
Grants & Contributions	155,000	155,000	155,000	155,000
Reserves	2,662,925	561,500	195,440	259,200
Borrowing	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	4,697,355	2,141,500	1,745,440	1,809,200

Appendix D

2015/16 – 2018/19 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

<u>PROJECTS</u>	Current Programme 2015/16 £	Estimated Programme 2016/17 £	Estimated Programme 2017/18 £	Estimated Programme 2018/19 £
<u>PROJECTS</u>				
<u>Current Projects</u>				
Electrical Rewires	260,000	240,000	240,000	240,000
Central Heating - Gas	890,480	502,500	470,000	470,000
Central Heating - Solid Fuel		75,000	75,000	75,000
Roof Replacements	555,600			220,000
Damp Surveys & Works	250,000	230,000	220,000	220,000
Door & Window Replacements	134,000	140,000	130,000	120,000
Kitchen Replacements	421,900	237,000	140,000	130,000
Pre Paint & Cyclical Repairs	113,000	150,000	150,000	150,000
Void Property Repairs	53,500	60,000	65,000	65,000
Asbestos Condition Survey	30,000	30,000	30,000	
Fencing & Gates	40,000	40,000	40,000	40,000
Bathroom Replacements	180,000	30,000	30,000	30,000
Pointing Works	300,000	300,000	300,000	300,000
<u>New Projects</u>				
Fire Alarm System at St Wilfrids Court	25,000			
Laurie Backhouse Court Refurbishment	200,000			
Environmental Improvement Plan	160,000	160,000	160,000	
Garage Sites		50,000	20,000	10,000
Ousegate Fire Alarm System		15,000		
New Build Projects	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	5,163,480	3,509,500	3,320,000	3,320,000

SUMMARY OF FUNDING

Revenue Contributions	2,120,580	845,400	629,030	761,450
Major Repairs Reserve	1,332,900	1,254,100	1,280,970	1,308,550
Access Selby HRA Reserve	160,000	160,000	160,000	
Borrowing	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	5,163,480	3,509,500	3,320,000	3,320,000

Programme for Growth 15/16 to 19/20

Projects	Capital £	Revenue £	Estimate 15/16 £	Estimate 16/17 £	Estimate 17/18 £	Estimate 18/19 £	Estimate 19/20 £
Healthy living - concepts fund	-	175,000	35,000	35,000	35,000	35,000	35,000
Leisure Village	6,000,000	-	6,000,000	-	-	-	-
Selby Skate Park	75,000	-	75,000	-	-	-	-
Ready 4 Work	-	16,556	16,556	-	-	-	-
Growing enterprise	-	175,000	69,000	39,000	35,000	32,000	-
Market Selby's USP	-	62,664	22,664	20,000	20,000	-	-
Community skills/capacity building	-	100,000	100,000	-	-	-	-
Retail experience	-	351,576	351,576	-	-	-	-
Construction skills hub	-	20,000	20,000	-	-	-	-
Empty homes	100,000	15,475	52,475	31,500	31,500	-	-
Housing Trust	-	133,750	51,250	30,000	30,000	22,500	-
St Josephs St	-	31,000	31,000	-	-	-	-
Green energy	-	30,000	30,000	-	-	-	-
Strategic sites	-	285,000	185,000	50,000	50,000	-	-
Town masterplanning	-	250,000	250,000	-	-	-	-
Green infrastructure	-	20,000	20,000	-	-	-	-
Economic Development Projects arising from ERYC peer review	-	50,000	50,000	-	-	-	-
Improvements to gateways	-	3,639	3,639	-	-	-	-
Burn Airfield	1,790,400	-	1,790,400	-	-	-	-
Contingency	-	512,803	-	-	-	-	-
Total	7,965,400	2,232,463	9,153,560	205,500	201,500	89,500	35,000
Total Allocated to Projects		10,197,863					

Funding Sources	£	Estimate 15/16 £	Estimate 16/17 £	Estimate 17/18 £	Estimate 18/19 £	Estimate 19/20 £
Balance Brought Fwd	2,864,457	2,864,457	1,044,303	1,838,803	1,637,303	1,547,803
Special projects reserve *	6,161,406	5,161,406	1,000,000	-	-	-
Prudential Borrowing	2,172,000	2,172,000	-	-	-	-
Project Spend	- 10,197,863	- 9,153,560	- 205,500	- 201,500	- 89,500	- 35,000
Balance	1,000,000	1,044,303	1,838,803	1,637,303	1,547,803	1,512,803

*£1m resources in 2016/17 relates to capital receipts from land sales

SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN (Final Settlement) Mid Case

	Base 2015/16	← Medium Term Financial Plan →									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
KEY ASSUMPTIONS											
Growth/Inflation		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates		1.50%	1.75%	2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase		3.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant (SFA) Increase		-15.47%	-14.36%	-9.00%	-7.19%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
COUNCIL TAX											
Tax Base (Number of Band D Equivalents)	29.117	30.154	30.456	30.760	31.068	31.378	31.692	32.009	32.329	32.652	32.979
Council Tax @ Band D (£)	162.00	165.24	168.54	171.92	175.35	178.86	182.44	186.09	189.81	193.60	197.48
Council Tax Income (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
Precept (£000's)	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
REVENUE FINANCING											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,717	4,983	5,133	5,288	5,448	5,612	5,782	5,957	6,136	6,322	6,513
SFA	3,988	3,371	2,887	2,627	2,438	2,487	2,537	2,587	2,639	2,692	2,746
Council Tax Freeze Grant	49	-	-	-	-	-	-	-	-	-	-
New Homes Bonus	2,078	2,447	1,999	1,564	1,486	1,486	1,486	1,486	1,486	1,486	1,486
Special and Specific Grants	22	145	119	83	108	-	-	-	-	-	-
Council Tax Collection Fund Surplus/Deficit (+/-)	84	129	62								
Business Rates Collection Fund Surplus/Deficit (+/-)	- 164	5,409	750	950	969	988	1,008	1,028	1,049	1,070	1,091
TOTAL EXTERNAL RESOURCES (a)	10,774	16,484	10,950	10,512	10,449	10,574	10,813	11,058	11,311	11,570	11,836

	Base	← Medium Term Financial Plan →				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's								
REVENUE BUDGET												
Operational Budget	12,476	10,699	9,553	9,218	9,787	9,844	10,041	10,242	10,600	10,656	10,869	
Investment Interest	- 200	- 240	- 280	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	
Parish CTS Grant	96	86	77	70	65	66	68	69	70	72	73	
Net Budget Before Contributions to/from reserves	12,372	10,545	9,350	8,988	9,552	9,611	9,809	10,011	10,370	10,428	10,642	
Contributions to Reserves:												
PFI Scheme (Updated - incl SDC's contribution & interest)	380	387	394	401	414	426	439	451	452	454	455	
Building Repairs	130	149	152	152	152	152	152	152	152	152	152	
Computer Development	150	150	150	150	150	150	150	150	150	150	150	
District Election	30	34	34	34	34	34	38	38	38	38	38	
Pension Equalisation	181	183	183	183	183	183	183	183	183	183	183	
Special Projects/P4G (C. Tax Freeze Grant)	119											
Special Projects/P4G (New Homes Bonus)	880	880	880	880	880	880	880	880	880	880	880	
Special Projects/P4G (Business Rates)		5,409	750	250								
Access Selby (Lifeline)	79											
Local Plan		145	50	50	50	50	50	50	50	50	50	
Contributions from Reserves:												
Spend to Save												
ICT	- 248	- 263	- 192	- 33	- 150	- 153	- 156	- 159	- 162	- 166	- 169	
PFI	- 400	- 402	- 410	- 418	- 427	- 435	- 444	- 453	- 462	- 471	- 481	
Building Repairs	- 38	- 92	- 3	- 20	- 152	- 155	- 158	- 161	- 165	- 168	- 171	
Special Project/P4G	- 2,392	- 413	- 202	- 90								
District Election	- 80				- 136				- 153			
Access Selby	- 92											
NYCC Collaboration	- 100	- 100	- 50									
Business Rates Equalisation	- 164											
Discretionary Rate Relief		- 100	- 100									
Contingency		- 210										
Forecast Net Revenue Budget (b)	10,807	16,302	10,986	10,527	10,550	10,743	10,943	11,142	11,333	11,530	11,729	
Difference between resources and forecast budget (a - b)	- 33	182	- 36	- 15	- 101	- 169	- 130	- 83	- 23	39	107	



Public Session

Report Reference Number: C/15/13

Agenda Item No: 13

To: Council
Date: 25 February 2016
Author: Karen Iveson – Executive Director (s151)
Lead Officer: Karen Iveson – Executive Director (s151)
Executive Lead: Councillor C Lunn – Lead Member for Finance and Resources

Title: The Budget, Reserves and Balances 2016/17

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 2016/17.

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. Financial plans also include cautious assumptions on investment interest and income; and the Housing Revenue Account includes provision for a 1% year on year reduction in rent levels. Cost pressures from changes in Government Policy (for example the apprenticeship levy and living wage) and increasing demand for services will continue to be closely monitored and will be managed through the Council's, 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 an operational contingency, and a commissioning contingency.
- 2.2 The funding from central Government covering Revenue Support Grant and Business Rates Baseline funding will be £3.371m for 2016/17. The final 2016/17 Finance Settlement shows a cut of £617k and further cuts are expected for 2017/18 and 2018/19 (to 2019/20). Despite the significant strides we have made to reduce our cost base, savings of £1.7m are planned over the next 2/3 years with £1.1m still to be delivered.
- 2.3 The level and profile of the required savings will be kept under review as the longer term financial outlook beyond 2016/17 becomes clearer. 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 it would be prudent to prepare for further savings.
- 2.4 There is risk to our Business Rates income following the introduction of localised Business Rates from April 2013. However, a large surplus on our Business Rates Collection Fund is forecast for 2015/16 as a result of the windfall from renewable energy (similar to that experienced for 2014/15) which means that we will be able to allocate additional funds to the Programme for Growth in 2016/17.
- 2.5 Beyond 2016/17, modest additional resources have been included within the budget, we will however keep this under close review and any additional growth would be transferred to the Business Rates Equalisation Reserve to help off-set any future losses. We will review the balance on this reserve as part of the refresh of the Medium Term Financial Strategy in 2016/17.

- 2.6 In respect of the proposed Council Tax requirement for 2016/17, 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 2016/17 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 2016/17 to be robust.”

Reserves and Balances

- 2.7 As with most local authorities, the Council maintains a range of reserves and balances to help manage its finances over the medium to longer term. 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 I of the Budget and Council Tax report next on this agenda shows the estimated balance on each reserve at the end of 2016/17 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 the routine use of General Fund Balances stopped 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 £486.22 per property as at 1 April 2016 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 2016/17 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 2016/17 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 are 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 2016/17 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 2016/17. 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

Contact Officer: Karen Iveson
e-mail kiveson@selby.gov.uk

Appendices:

Appendix A – Review of General Fund and HRA Balances

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 (excluding the large transfer to the Programme for Growth relating to the Business Rates surplus) or 4% of gross expenditure. The estimated balance at 1 April 2017 is £1.7m.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2016/17 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 **£150k** 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 £17m in 2016/17 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 **£100k** 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 2016/17 of say a further 10% would lead to a reduction in income of around **£200k**.

- *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 although it is prudent to allow for expenditure which would not be covered by the scheme – for example the fire at Great Heck in 2015/16. A figure of **£300k** is considered adequate to cover for emergencies.

- *Savings delivery*

The Council has a strong track record for savings delivery but as the target increases it becomes more challenging to deliver. A degree of headroom is factored into the savings plans but it would be prudent to provide for a level of slippage. A figure of **£300k** (equivalent to around 20% of the total target) is considered reasonable to provide temporary cover should the need arise.

- *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 and Business rates income – an issue which will require particularly close monitoring during the economic recession. The new Business Rates Retention scheme guarantees a level of income for the Council through 'safety net' arrangements leaving around £168k funding at risk each year. The Council has currently circa £1.3m set aside in a Business Rates Equalisation Reserve but would need to draw on balances if there were insufficient resources set aside whilst revenue savings were identified – **£168k** would provide 1 year cover.

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) minimum working balance is currently £1.5m which equates to £486.22 per property at 1 April 2016 which represents 14% of the net HRA budget. The estimated HRA balance at 1 April 2017 is projected to be £1.9m.

A £75k contingency is included within the HRA 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 2016/17 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 **£100k** 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 £2.8m in 2016/17. 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 **£150k** 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.



Public Session

Report Reference Number: C/15/14

Agenda Item No: 14

To: Council
Date: 25 February 2016
Author: Karen Iveson – Executive Director (and s151)
Lead Officer: Karen Iveson
Executive Lead: Councillor C Lunn – Lead Member for Finance and Resources

Title: The Budget and Council Tax 2016/17

Summary: This report presents the Executive's recommended revenue budgets, capital programmes and Programme for Growth, for 2016/17 to 2018/19 following public consultation.

Since the Executive considered their draft budget on 3 February, the Government has announced the final Local Government Finance Settlement. Additional funding of £114k has been announced for 2016/17 and £62k for 2017/18. This has been reflected in the budget proposals set out in this report.

After planned savings of £752k and subject to approval of a Council Tax increase of 1.99% (taking the Band D charge to £165.22), the 2016/17 budgets show a forecasted surplus of £181k on the General Fund and a £1.5m surplus on the HRA.

It is proposed that the General Fund surplus be transferred to General Balances to mitigate risk within the Council's savings plan. The surplus on the HRA will be transferred to the Major Repairs Reserve to fund the Housing Investment Programme.

At the time of writing this report the precepts for North Yorkshire County Council and the North Yorkshire Fire and Rescue Authority have not been confirmed. Meetings to set their precepts and Council Tax are 24th February and 19th February respectively. Provisional figures have been included in the appendices to this report and updated papers will be tabled at the Council meeting if necessary.

Recommendations:

It is recommended that:

- i. the revenue budgets, savings, capital programme and programme for Growth at Appendices E to H be approved;**

- ii. Council Tax is increased by 1.99% to £165.22 for a Band D property for 2016/17;
- iii. Council approve an empty homes premium equivalent to 50% of the Council Tax charge i.e. to charge 150% of the Council Tax liability on a property that has been empty and substantially unfurnished for more than 2 years, with effect from 1 April 2016.
- iv. The formal Council Tax resolution set out in Appendix B be considered and approved;
- v. The General Fund Surplus of £181k be transferred to General Balances and the Surplus of £1.52m on the HRA be transferred to the Major Repairs Reserve to support the capital programme;

Reasons for recommendation: To ensure the Executive's budget proposals are fully funded for 2016/17.

1. Introduction and background

- 1.1 This report presents the Executive's budget and Council Tax proposals for 2016/17 and includes the formal resolution for Council Tax setting purposes under the provisions of the Local Audit and Accountability Act 2014, the Localism Act 2011 and Local Government Finance Act 1992. The necessary calculations are set out in **Appendices A – D**. At the time of writing this report we await confirmation of County Council's and North Yorkshire Fire and Rescue Authority's precepts and Council Tax charges and therefore **these appendices include provisional figures which will be updated if necessary following the County Council meeting on 24th February 2016 and Fire Authority meeting on 19th February.**
- 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 considered its Medium Term Financial Strategy (MTFS) earlier on this agenda and this report assumes that the MTFS is approved. 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). The HBP was approved by the Executive on 8 January 2015 and updates to the financial assumptions within the plan have been included in the budget proposals within this report. A refreshed long term HBP will be considered in advance of the next budget round later in 2016/17.
- 1.5 The General Fund MTFS earlier on this agenda assumes continuing cuts to Central Government formula funding. It recognises continuing austerity, 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, new savings proposals, the capital programmes and Programme for Growth are shown at **Appendices E to H**.
- 2.2 The budget has been prepared on a current policy basis and includes provision for inflation where considered necessary. The budget includes a 1% allowance for the pay award in 2016/17 and provision for a further 1% in 2017/18 and 2018/19. The General Fund revenue budget includes contingencies totalling £300k and the HRA includes a contingency of £75k.

General Fund Revenue Budget

- 2.3 The final Local Government Finance Settlement was announced on 8 February 2016. Core funding (Revenue Support Grant and Business Rates Baseline) has been confirmed in line with the provisional settlement but the Chancellor also announced a number of measures to dampen the impact of the funding reductions: additional Rural Services Delivery Grant in 2016/17 (£101k) and 2017/18 (£50k) and Transitional Grant (£11k) in both 2016/17 and 2017/18. Selby's New Homes Bonus allocation has also been confirmed - at £2.447m for 2016/17. These additional funds have been included in the budget proposals below:
- 2.4 The estimated position for 2016/17 including assumed savings and growth/commitments is as follows:

	2016/17 Budget £000's
Net Service Budget	10,545
Appropriations to Reserves (Net)	5,757
Net Budget	16,302
Council Tax	(4,982)
Revenue Support Grant	(1,121)
Business Rates (NDR) baseline	(2,250)
Rural Services Delivery Grant	(134)
Transitional Grant	(11)
New Homes Bonus	(2,447)
Collection Fund Surplus – Council Tax	(129)
Collection Fund Deficit – Business Rates	(5,409)
Total Funding	(16,483)
Surplus transferred to General Fund balances	(181)

- 2.5 The draft budget includes committed growth where necessary along with proposals for discretionary growth – details are set out at **Appendix E**.
- 2.6 The estimated surplus of £181k for 2016/17 is subject to planned savings of £752k, identified as amber and red savings at **Appendix F**.

Council Tax

- 2.7 The Chancellor's announcement on the Final Local Government Finance Settlement included provision to allow district councils with a Band D charge of less than £250 to increase their Band D charge by £5 without triggering a referendum. Given the Council's financial position for 2016/17 this is not recommended but this option may be considered in the future should the need arise.
- 2.8 A 1.99% increase in Council Tax is proposed for 2016/17 and a Council Tax Base of 30,154 (a rise of 3.5% on 2015/16 as a result of property growth and a reduction in Council Tax Support claims).
- 2.9 A 1.99% increase will take the Council average Band D charge from £162.00 to £165.22 – a rise of 6p per week. Based on these assumptions, Council Tax income is estimated at £4.982m for 2016/17.

Settlement Funding and New Homes Bonus

- 2.10 The final Local Government Finance Settlement was announced on 8 February 2016 and confirmed the figures in the provisional settlement:

Final Local Government Finance Settlement February 2016	Actual 2015/16 £000's	Estimated 2016/17 £000's	% Change
Revenue Support Grant (RSG)	1,756	1,121	-36.16
Business Rates Baseline Funding (BRBF)	2,232	2,250	+0.8
Settlement Funding Assessment (SFA)	3,988	3,371	-15.47

- 2.11 In order to dampen the impact of this and future funding reductions, the Government has also announced additional Rural Services Delivery Grant funding for 2016/17 (from £33k to £134k) and 2017/18 (from £58k to £108k) plus £11k p.a. in Transitional Grant for both 2016/17 and 2017/18.
- 2.12 The budget has also been updated to include the confirmed New Homes Bonus award of £2.447m in 2016/17 – an additional £2k above our previous assumption. Of this amount, £880k p.a. is funding the Programme for Growth with the remainder (£1.567m) supporting the Council's revenue budget.
- 2.13 In addition to the income from Business Rates highlighted in **paragraph 2.10** above, the Council expects to receive a further £5.4m from renewable energy facilities. It is not known if similar levels of receipts can be expected going forward and therefore in accordance with the Medium Term Financial Strategy earlier on this agenda, the budget includes the transfer of this sum to the Special Projects (Programme for Growth) Reserve. Plans for allocating these resources to specific projects will be brought forward in due course.

Savings

- 2.14 A number of savings have already been identified as part of the budget process and the current savings action plans are attached at **Appendix F**. The plans show that General Fund savings of £1.7m p.a. are planned with

£1.1m p.a. (amber and red savings) still to be delivered over the next 3 years and at this stage no further savings are planned for the HRA. **In summary the current position for the General Fund is:**

General Fund Savings	2016/17 £000's	2017/18 £000's	2018/19 £000's
'Green' savings completed/in progress (low risk)	569	578	556
'Amber' savings in progress (medium risk)	480	506	506
'Red' savings in progress/not started (high risk)	272	624	624
Total	1,321	1,708	1,686

2.15 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. However, the focus on delivering planned savings must be maintained, given the importance of savings in achieving the Council's financial (and wider) objectives and to avoid the use of balances to support on-going spending which is unsustainable in the medium to longer term.

2.16 The Council's approach to savings covers three key strands:

- **Transforming** our business through the use of technology and flexible working to meet citizen and customer needs;
- **Growing** our resources through charging for services and trading externally;
- **Commissioning** from and with partners to achieve shared efficiencies and reduce the demand for public sector services.

2.17 In order to help implement this strategy the Council is working with partners such as North Yorkshire County Council on a long term plan to share service delivery for the benefit of our customers and taxpayers generally.

2.18 However, such projects can take significant time and effort to bring to fruition so we will continue to work towards other savings in accordance with our strategy to ensure the Council's finances stay on a firm footing.

Housing Revenue Account

2.19 The HRA budgets have been prepared using assumptions on rent reductions based on the Government's formula. From 2016/17 to 2019/20 a 1% year on year reduction is to be imposed, which along with increasing right to buy sales, will put pressure on our ability to sustain the HRA in the long term unless sufficient replacement homes can be delivered. Over the next 4 years the loss of rent income is estimated at approximately £4m, although our forecasts for major capital works have been revised downwards following a stock condition survey in 2015/16.

2.20 The estimated HRA for 2016/17 is shown overleaf. Progress against the HRA savings action plan is ahead of target and therefore no further direct savings are planned for 2016/17, although opportunities for efficiencies will continue to be sought wherever possible and the HRA will benefit from savings to the Council's corporate overheads. Going forward we will continue to monitor the

long term outlook for the HRA and carefully balance investment in enhancements to our existing stock and new build against the need for operational savings.

	2016/17 Budget £000's
Net Budget	10,679
Less Dwelling Rents	(12,199)
Surplus transferred to Major Repairs Reserve	(1,520)

- 2.21 A surplus position is anticipated for 2016/17 which will be required to meet the capital programme. Future surpluses (after monies set aside to repay debt) will be transferred to the Major Repairs Reserve to fund the future HRA capital programme, including new build projects.

General Fund Capital Programme

- 2.22 The General Fund capital programme includes previously approved projects as well as new growth – the capital programme is attached at **Appendix G**. There is limited room for additional revenue contributions to support the capital programme and therefore it is largely supported by capital receipts, external grants and earmarked reserves. The following table presents a summary of the proposed programme:

Programme	2016/17 £000's	2017/18 £000's	2018/19 £000's
Asset Management Works	40	3	20
Replace Car Park Ticket Machines	52		
Collapsed Culvert	207		
Housing Development	1,250	,1,250	1,250
Grants	330	300	300
ICT Projects	263	192	239
Total Programme	2,142	1,745	1,809
Funding			
Capital Receipts	175	145	145
Grants	155	155	155
Reserves	562	195	259
Borrowing	1,250	1,250	1,250
Total Funding	2,142	1,745	1,809

- 2.23 Projects include Selby and District Housing Trust developments, Disabled Facilities Grants and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure (including a Mobile Working solution) – funding for ICT replacement projects is covered by the ICT Replacement Reserve.

Housing Investment Programme

- 2.24 The Housing Investment Programme includes a number of growth proposals to ensure our homes continue to meet the decency standard – the updated HIP is at **Appendix G** and a summary in the table overleaf:

Programme	2016/17 £000's	2017/18 £000's	2018/19 £000's
Electrical	240	240	240
Central Heating	578	545	545
Roof Replacements			220
Damp Survey & Works	230	220	220
Doors & Windows	140	130	120
Kitchens	237	140	130
Pre-Paint & Cyclical	150	150	150
Pointing	300	300	300
Environmental Improvements	160	160	
New Build	1,250	1,250	1,250
Other	225	185	145
Total Programme	3,510	3,320	3,320
Revenue Contributions	846	629	761
Major Repairs Reserve	1,254	1,281	1,309
Access Selby Reserve	160	160	
Borrowing	1,250	1,250	1,250
Total Funding	3,510	3,320	3,320

- 2.25 The MTFs highlights expected s106 affordable housing commuted sums and increased capital receipts from right to buy sales over the medium term and our spending plans will be revised once an assessment of an extended affordable housing programme has been done.

Programme for Growth

- 2.26 The 'Programme for Growth' is the Council's strategic programme to support its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'make Selby a great place' by investing in economic development; housing; infrastructure; retail; and the leisure economy.
- 2.27 To date the programme (**see Appendix H**) has been funded largely by New Homes Bonus and capital receipts. The significant Business Rates surplus for 2015/16 anticipated in 2016/17 will provide capacity within the programme to take forward the Council's emerging Economic Development strategy. At this stage more work on the potential proposals is needed and plans will be brought forward for consideration in due course. A summary of the programme shows:

Programme 2015/16 to 2019/20	Capital £000	Revenue £000
Leisure	6,075	175
Jobs/skills	0	726
Housing*	100	180
Infrastructure/economic development	1,790	639
Contingency	0	513
Total	7,965	2,233
Funding		
Special Projects Reserves	5,793	2,233
Borrowing	2,172	0
Total Funding	7,965	2,233

*Note: The capital cost of the affordable homes is contained within the capital programme

Reserves

- 2.28 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFS. A forecast of reserve balances based on the MTFS assumptions and draft budget, is set out at Appendix I.
- 2.29 Budgeted appropriations to and from earmarked General Fund reserves for 2016/17 (including capital/programme for growth financing) are:

General Fund Reserves	£000's
Transfers to:	
Building Repairs	149
ICT Replacement – GF	150
- HRA	50
PFI	387
Pension Equalisation	183
District Election	34
Special Projects – Revenue	6,289
Local Plan	145
General Fund Balance	181
Transfers from:	
NYCC Collaboration	(100)
ICT Replacement	(262)
PFI	(402)
Special Projects – Programme for Growth	(413)
Building Repairs	(92)
Discretionary Rate Relief Fund	(100)
Contingency	(211)
Net Appropriations from Reserves	5,988

- 2.30 Overall the Council's earmarked General Fund reserves are expected to increase by £5.8m in 2016/17 although plans to invest the Programme for Growth resources are expected over the coming months. The budgeted revenue surplus of £181k for 2016/17 will be transferred to the General Fund Balance to help mitigate risk within the Council's savings plan.
- 2.31 The HRA reserves are General Balances and the Major Repairs Reserve (MRR). The overall estimated surplus of £1.52m on the HRA for 2016/17 will be transferred to the MRR. The HRA capital programme will require £1.254m from the MRR in 2016/17.

Budget Risk Assessment

- 2.32 A risk assessment of the Council's major budgets has been carried out. The continuing turmoil in the wider economy, cuts to public sector funding and the volatility within the funding regime, mean greater financial risk for the Council. Areas that are particularly high risk are central government funding, income generation (for example planning fees and recycling income) and savings.
- 2.33 Demand led pressures are also increasing financial risk - for example property growth and increasing waste volumes are putting pressure on the

street scene contract, although to date costs have been contained through round rebalancing.

- 2.34 The Council's contingency budgets, general balances and earmarked reserves provide a buffer for these risks and are crucial to ensure sustained financial resilience and viability.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

- 3.1.1 This report complies with the requirements of the Local Audit and Accountability Act 2014, the Localism Act 2011 and the Local Government Finance Act 1992.

- 3.1.2 In determining the Council's 'relevant basic amount of Council Tax' for 2016/17 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.

- 3.1.4 Section 12(2) of the Local Government Finance Act 2012 allows local authorities in England to set a Council Tax rate for long-term empty properties of up to 150% of the normal liability. This has been called the 'Empty Homes Premium'. A 'long-term empty property' must have been unoccupied and substantially unfurnished for at least two years.

- 3.1.5 The premium may be applied when a given property has been empty for two years, irrespective of how long its current owner has owned it. Therefore, it is possible for an individual to buy a property which has already been empty for two years and be liable for the premium immediately.

- 3.1.6 Occupancy of a long-term empty property for more than six weeks 'resets the clock' for this purpose.

- 3.1.7 Regulations specify that the premium cannot apply to:
- homes that are empty due to the occupant living in armed forces accommodation for job-related purposes; *or*
 - to annexes being used as part of a main property

3.2 Financial Issues

- 3.2.1 As set out in the report.

3.3 Impacts

- 3.3.1 The draft budget has been subject to public consultation and no issues have been raised through this process. Policy Review Committee was supportive of the proposals.

- 3.3.2 The proposed Council Tax increase will have an impact on taxpayers but exemptions and discounts are available to those that qualify.

- 3.3.3 The Empty Homes Premium impacts on home owners with properties that have been left empty for more than 2 years but this provides an incentive to bring back into use much needed homes within the district and in doing so improve the street scene and vitality of affected neighbourhoods.

4. Conclusions

- 4.1 The draft General Fund revenue budget for 2016/17 assumes a Council Tax increase of 1.99% and in total delivers a surplus of £181k for the year which will be transferred to General Fund Balances to mitigate future deficits.
- 4.2 The HRA budget presents a surplus of £1.52m for 2016/17 allowing for a 1% reduction in rents. This surplus will be transferred to the Major Repairs Reserve to fund the Housing Investment Programme.
- 4.2 The budget provides for a capital programme to meet General Fund and HRA needs and also includes a Programme of Growth to support the Council's new Corporate Plan.
- 4.3 Savings of £1.7m are in progress or planned with £1.1m of these still to be delivered in order to balance the budget over the next 3 years given our expectations of central Government funding.
- 4.4 The continuing risk to Local Government funding and future rising demand for services, mean that additional savings will be sought wherever possible. This will be vital to ensure that the Council maintains its financial resilience and continues to deliver or enable the essential services that people need.

Contact Details:

Karen Iveson, Executive Director (and s151)
kiveson@selby.gov.uk

Appendices:

- A – Council Tax Supporting Information
- B – Formal Council Tax Resolution
- C – Council Tax Schedule by Town and Parish Areas
- D – Town and Parish Precepts
- E – Revenue Budgets
- F – Savings
- G – Capital Programmes
- H – Programme for Growth
- I – Reserves

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 2016/17.

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 2016/17 are detailed in Appendix D and total **£1,621,391**. The increase in the average Band D Council Tax for Town and Parish Councils is **1.72%** and results in an average Band D Council Tax figure of **£53.77**

North Yorkshire County Council

5. North Yorkshire County Council met on **25th February 2016** and set their precept at **£33,828,824**. This results in a band D Council Tax of **£1,121.86**
- 5a. In addition the County Council also set a precept relating to Adult Social Care of **£663,393**. This results in an additional Band D charge of **£22.00**

North Yorkshire Police and Crime Commissioner

6. The North Yorkshire Police and Crime Commissioner held a meeting on **4th February 2016** and set their precept at **£6,543,468**. This results in a band D Council Tax of **£217.00**

North Yorkshire Fire & Rescue Authority

7. North Yorkshire Fire & Rescue Authority met on **19th February 2016** and set their precept at **£1,986,561**. This results in a band D Council Tax of **£65.88**

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:

	2015/16 £	2016/17 £	Increase %	
Selby District Council	162.00	165.22	1.99	
North Yorkshire County Council	1,099.98	1,121.86	1.99	Provisional
North Yorkshire County Council - Adult Social Care	0	22.00	-	Provisional
North Yorkshire Police and Crime Commissioner	212.77	217.00	1.99	
North Yorkshire Fire & Rescue Authority	64.59	65.88	1.99	Provisional
Sub Total	1,539.34	1,591.96	3.42	
Town & Parish Councils (Average)	52.86	53.77	1.72	
Total	1,592.20	1,645.73	3.36	

The Council is recommended to resolve as follows:

1. It be noted that the Council has calculated the Council Tax Base 2016/17
 - (a) for the whole Council area as 30,154.23 [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 2016/17 (excluding Parish Precepts) is **£4,982,040**

3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:
 - a) **£57,506,142** 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) **£50,902,711** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - c) **£6,603,431** 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) **£218.99** 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) **£1,621,391** 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) **£165.22** 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 2016/17 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	NYCC ASC £ p	NY Fire Authority £ p	NYPCC £ p	Aggregate £ p
A-	91.79	623.26	12.22	36.60	120.56	884.43
A	110.15	747.91	14.66	43.92	144.67	1,061.31
B	128.50	872.56	17.11	51.24	168.78	1,238.19
C	146.86	997.21	19.55	58.56	192.89	1,415.07
D	165.22	1,121.86	22.00	65.88	217.00	1,591.96
E	201.94	1,371.16	26.89	80.52	265.22	1,945.73
F	238.65	1,620.46	31.78	95.16	313.44	2,299.49
G	275.37	1,869.77	36.66	109.80	361.67	2,653.27
H	330.44	2,243.72	44.00	131.76	434.00	3,183.92

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 2016/17 is not excessive.

	2015/16	2016/17
Council Tax Requirement	£6,256,211	£6,603,431
less:- Parish Precepts	-£1,539,260	-£1,621,391
	£4,716,951	£4,982,040
Council Tax Base	29117.03	30154.23
Relevant Basic Amount*	£162.00	£165.22
Percentage Increase		1.99%

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2016/17	BANDS							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Selby District Council	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
North Yorkshire County Council	747.91	872.56	997.21	1121.86	1371.16	1620.46	1869.77	2243.72
North Yorkshire County Council - ASC	14.66	17.11	19.55	22.00	26.89	31.78	36.66	44.00
N Yorkshire Police & Crime Commissioner	144.67	168.78	192.89	217.00	265.22	313.44	361.67	434.00
North Yorkshire Fire & Rescue Authority	43.92	51.24	58.56	65.88	80.52	95.16	109.80	131.76
Town/Parish only (a)								
Parish/Town & District (b)								
Total including County, Police & Fire (c)								
Appleton Roebuck & Acaster Selby (a)	19.21	22.42	25.62	28.82	35.22	41.63	48.03	57.64
(b)	129.36	150.92	172.48	194.04	237.16	280.28	323.40	388.08
(c)	1080.52	1260.61	1440.69	1620.78	1980.95	2341.12	2701.30	3241.56
Balne (a)	20.85	24.33	27.80	31.28	38.23	45.18	52.13	62.56
(b)	131.00	152.83	174.66	196.50	240.17	283.83	327.50	393.00
(c)	1082.16	1262.52	1442.87	1623.24	1983.96	2344.67	2705.40	3246.48
Barkston Ash (a)	18.81	21.95	25.08	28.22	34.49	40.76	47.03	56.44
(b)	128.96	150.45	171.94	193.44	236.43	279.41	322.40	386.88
(c)	1080.12	1260.14	1440.15	1620.18	1980.22	2340.25	2700.30	3240.36
Barlby (a)	52.21	60.91	69.61	78.31	95.71	113.11	130.52	156.62
(b)	162.36	189.41	216.47	243.53	297.65	351.76	405.89	487.06
(c)	1113.52	1299.10	1484.68	1670.27	2041.44	2412.60	2783.79	3340.54
Barlow (a)	38.55	44.97	51.40	57.82	70.67	83.52	96.37	115.64
(b)	148.70	173.47	198.26	223.04	272.61	322.17	371.74	446.08
(c)	1099.86	1283.16	1466.47	1649.78	2016.40	2383.01	2749.64	3299.56
Beal (a)	47.90	55.88	63.87	71.85	87.82	103.78	119.75	143.70
(b)	158.05	184.38	210.73	237.07	289.76	342.43	395.12	474.14
(c)	1109.21	1294.07	1478.94	1663.81	2033.55	2403.27	2773.02	3327.62
Biggin (a)	13.57	15.83	18.09	20.35	24.87	29.39	33.92	40.70
(b)	123.72	144.33	164.95	185.57	226.81	268.04	309.29	371.14
(c)	1074.88	1254.02	1433.16	1612.31	1970.60	2328.88	2687.19	3224.62

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2016/17		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Bilbrough	(a)	21.52	25.11	28.69	32.28	39.45	46.63	53.80	64.56
	(b)	131.67	153.61	175.55	197.50	241.39	285.28	329.17	395.00
	(c)	1082.83	1263.30	1443.76	1624.24	1985.18	2346.12	2707.07	3248.48
Birkin	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
Bolton Percy, Colton & Steeton	(a)	14.13	16.48	18.84	21.19	25.90	30.61	35.32	42.38
	(b)	124.28	144.98	165.70	186.41	227.84	269.26	310.69	372.82
	(c)	1075.44	1254.67	1433.91	1613.15	1971.63	2330.10	2688.59	3226.30
Brayton	(a)	20.84	24.31	27.79	31.26	38.21	45.15	52.10	62.52
	(b)	130.99	152.81	174.65	196.48	240.15	283.80	327.47	392.96
	(c)	1082.15	1262.50	1442.86	1623.22	1983.94	2344.64	2705.37	3246.44
Brotherton	(a)	36.45	42.52	48.60	54.67	66.82	78.97	91.12	109.34
	(b)	146.60	171.02	195.46	219.89	268.76	317.62	366.49	439.78
	(c)	1097.76	1280.71	1463.67	1646.63	2012.55	2378.46	2744.39	3293.26
Burn	(a)	39.24	45.78	52.32	58.86	71.94	85.02	98.10	117.72
	(b)	149.39	174.28	199.18	224.08	273.88	323.67	373.47	448.16
	(c)	1100.55	1283.97	1467.39	1650.82	2017.67	2384.51	2751.37	3301.64
Burton Salmon	(a)	20.15	23.51	26.87	30.23	36.95	43.67	50.38	60.46
	(b)	130.30	152.01	173.73	195.45	238.89	282.32	325.75	390.90
	(c)	1081.46	1261.70	1441.94	1622.19	1982.68	2343.16	2703.65	3244.38
Byram cum Sutton	(a)	30.44	35.51	40.59	45.66	55.81	65.95	76.10	91.32
	(b)	140.59	164.01	187.45	210.88	257.75	304.60	351.47	421.76
	(c)	1091.75	1273.70	1455.66	1637.62	2001.54	2365.44	2729.37	3275.24
Camblesforth	(a)	25.80	30.10	34.40	38.70	47.30	55.90	64.50	77.40
	(b)	135.95	158.60	181.26	203.92	249.24	294.55	339.87	407.84
	(c)	1087.11	1268.29	1449.47	1630.66	1993.03	2355.39	2717.77	3261.32
Carlton	(a)	23.72	27.67	31.63	35.58	43.49	51.39	59.30	71.16
	(b)	133.87	156.17	178.49	200.80	245.43	290.04	334.67	401.60
	(c)	1085.03	1265.86	1446.70	1627.54	1989.22	2350.88	2712.57	3255.08

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APPENDIX C

2016/17		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Cawood	(a)	31.11	36.29	41.48	46.66	57.03	67.40	77.77	93.32
	(b)	141.26	164.79	188.34	211.88	258.97	306.05	353.14	423.76
	(c)	1092.42	1274.48	1456.55	1638.62	2002.76	2366.89	2731.04	3277.24
Chapel Haddlesey	(a)	38.45	44.86	51.27	57.68	70.50	83.32	96.13	115.36
	(b)	148.60	173.36	198.13	222.90	272.44	321.97	371.50	445.80
	(c)	1099.76	1283.05	1466.34	1649.64	2016.23	2382.81	2749.40	3299.28
Church Fenton	(a)	25.69	29.98	34.26	38.54	47.10	55.67	64.23	77.08
	(b)	135.84	158.48	181.12	203.76	249.04	294.32	339.60	407.52
	(c)	1087.00	1268.17	1449.33	1630.50	1992.83	2355.16	2717.50	3261.00
Cliffe	(a)	28.41	33.15	37.88	42.62	52.09	61.56	71.03	85.24
	(b)	138.56	161.65	184.74	207.84	254.03	300.21	346.40	415.68
	(c)	1089.72	1271.34	1452.95	1634.58	1997.82	2361.05	2724.30	3269.16
Cridling Stubbs	(a)	27.83	32.47	37.11	41.75	51.03	60.31	69.58	83.50
	(b)	137.98	160.97	183.97	206.97	252.97	298.96	344.95	413.94
	(c)	1089.14	1270.66	1452.18	1633.71	1996.76	2359.80	2722.85	3267.42
Drax	(a)	24.93	29.08	33.24	37.39	45.70	54.01	62.32	74.78
	(b)	135.08	157.58	180.10	202.61	247.64	292.66	337.69	405.22
	(c)	1086.24	1267.27	1448.31	1629.35	1991.43	2353.50	2715.59	3258.70
Eggborough	(a)	21.29	24.84	28.39	31.94	39.04	46.14	53.23	63.88
	(b)	131.44	153.34	175.25	197.16	240.98	284.79	328.60	394.32
	(c)	1082.60	1263.03	1443.46	1623.90	1984.77	2345.63	2706.50	3247.80
Escrick	(a)	19.81	23.12	26.42	29.72	36.32	42.93	49.53	59.44
	(b)	129.96	151.62	173.28	194.94	238.26	281.58	324.90	389.88
	(c)	1081.12	1261.31	1441.49	1621.68	1982.05	2342.42	2702.80	3243.36
Fairburn	(a)	23.11	26.97	30.82	34.67	42.37	50.08	57.78	69.34
	(b)	133.26	155.47	177.68	199.89	244.31	288.73	333.15	399.78
	(c)	1084.42	1265.16	1445.89	1626.63	1988.10	2349.57	2711.05	3253.26
Gateforth	(a)	26.69	31.13	35.58	40.03	48.93	57.82	66.72	80.06
	(b)	136.84	159.63	182.44	205.25	250.87	296.47	342.09	410.50
	(c)	1088.00	1269.32	1450.65	1631.99	1994.66	2357.31	2719.99	3263.98

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

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2016/17		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Hambleton	(a)	27.67	32.28	36.89	41.50	50.72	59.94	69.17	83.00
	(b)	137.82	160.78	183.75	206.72	252.66	298.59	344.54	413.44
	(c)	1088.98	1270.47	1451.96	1633.46	1996.45	2359.43	2722.44	3266.92
Healaugh & Catterton	(a)	3.29	3.83	4.38	4.93	6.03	7.12	8.22	9.86
	(b)	113.44	132.33	151.24	170.15	207.97	245.77	283.59	340.30
	(c)	1064.60	1242.02	1419.45	1596.89	1951.76	2306.61	2661.49	3193.78
Heck	(a)	29.59	34.52	39.45	44.38	54.24	64.10	73.97	88.76
	(b)	139.74	163.02	186.31	209.60	256.18	302.75	349.34	419.20
	(c)	1090.90	1272.71	1454.52	1636.34	1999.97	2363.59	2727.24	3272.68
Hemingbrough	(a)	21.10	24.62	28.13	31.65	38.68	45.72	52.75	63.30
	(b)	131.25	153.12	174.99	196.87	240.62	284.37	328.12	393.74
	(c)	1082.41	1262.81	1443.20	1623.61	1984.41	2345.21	2706.02	3247.22
Hensall	(a)	27.97	32.63	37.29	41.95	51.27	60.59	69.92	83.90
	(b)	138.12	161.13	184.15	207.17	253.21	299.24	345.29	414.34
	(c)	1089.28	1270.82	1452.36	1633.91	1997.00	2360.08	2723.19	3267.82
Hillam	(a)	23.51	27.42	31.34	35.26	43.10	50.93	58.77	70.52
	(b)	133.66	155.92	178.20	200.48	245.04	289.58	334.14	400.96
	(c)	1084.82	1265.61	1446.41	1627.22	1988.83	2350.42	2712.04	3254.44
Hirst Courtney	(a)	55.62	64.89	74.16	83.43	101.97	120.51	139.05	166.86
	(b)	165.77	193.39	221.02	248.65	303.91	359.16	414.42	497.30
	(c)	1116.93	1303.08	1489.23	1675.39	2047.70	2420.00	2792.32	3350.78
Huddleston with Newthorpe	(a)	3.73	4.36	4.98	5.60	6.84	8.09	9.33	11.20
	(b)	113.88	132.86	151.84	170.82	208.78	246.74	284.70	341.64
	(c)	1065.04	1242.55	1420.05	1597.56	1952.57	2307.58	2662.60	3195.12
Kelfield	(a)	16.81	19.62	22.42	25.22	30.82	36.43	42.03	50.44
	(b)	126.96	148.12	169.28	190.44	232.76	275.08	317.40	380.88
	(c)	1078.12	1257.81	1437.49	1617.18	1976.55	2335.92	2695.30	3234.36
Kellington	(a)	36.89	43.04	49.19	55.34	67.64	79.94	92.23	110.68
	(b)	147.04	171.54	196.05	220.56	269.58	318.59	367.60	441.12
	(c)	1098.20	1281.23	1464.26	1647.30	2013.37	2379.43	2745.50	3294.60

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

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2016/17		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Kirk Smeaton	(a)	26.28	30.66	35.04	39.42	48.18	56.94	65.70	78.84
	(b)	136.43	159.16	181.90	204.64	250.12	295.59	341.07	409.28
	(c)	1087.59	1268.85	1450.11	1631.38	1993.91	2356.43	2718.97	3262.76
Little Fenton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
Little Smeaton	(a)	14.47	16.88	19.29	21.70	26.52	31.34	36.17	43.40
	(b)	124.62	145.38	166.15	186.92	228.46	269.99	311.54	373.84
	(c)	1075.78	1255.07	1434.36	1613.66	1972.25	2330.83	2689.44	3227.32
Long Drax	(a)	14.27	16.65	19.03	21.41	26.17	30.93	35.68	42.82
	(b)	124.42	145.15	165.89	186.63	228.11	269.58	311.05	373.26
	(c)	1075.58	1254.84	1434.10	1613.37	1971.90	2330.42	2688.95	3226.74
Monk Fryston	(a)	28.31	33.03	37.75	42.47	51.91	61.35	70.78	84.94
	(b)	138.46	161.53	184.61	207.69	253.85	300.00	346.15	415.38
	(c)	1089.62	1271.22	1452.82	1634.43	1997.64	2360.84	2724.05	3268.86
Newland	(a)	19.98	23.31	26.64	29.97	36.63	43.29	49.95	59.94
	(b)	130.13	151.81	173.50	195.19	238.57	281.94	325.32	390.38
	(c)	1081.29	1261.50	1441.71	1621.93	1982.36	2342.78	2703.22	3243.86
Newton Kyme cum Toulston	(a)	8.85	10.33	11.80	13.28	16.23	19.18	22.13	26.56
	(b)	119.00	138.83	158.66	178.50	218.17	257.83	297.50	357.00
	(c)	1070.16	1248.52	1426.87	1605.24	1961.96	2318.67	2675.40	3210.48
North Duffield	(a)	20.99	24.48	27.98	31.48	38.48	45.47	52.47	62.96
	(b)	131.14	152.98	174.84	196.70	240.42	284.12	327.84	393.40
	(c)	1082.30	1262.67	1443.05	1623.44	1984.21	2344.96	2705.74	3246.88
Oxton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
Riccall	(a)	66.34	77.40	88.45	99.51	121.62	143.74	165.85	199.02
	(b)	176.49	205.90	235.31	264.73	323.56	382.39	441.22	529.46
	(c)	1127.65	1315.59	1503.52	1691.47	2067.35	2443.23	2819.12	3382.94

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2016/17		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Ryther cum Ossendyke	(a)	22.43	26.17	29.91	33.65	41.13	48.61	56.08	67.30
	(b)	132.58	154.67	176.77	198.87	243.07	287.26	331.45	397.74
	(c)	1083.74	1264.36	1444.98	1625.61	1986.86	2348.10	2709.35	3251.22
Saxton cum Scarthingwell & Lead	(a)	56.21	65.58	74.95	84.32	103.06	121.80	140.53	168.64
	(b)	166.36	194.08	221.81	249.54	305.00	360.45	415.90	499.08
	(c)	1117.52	1303.77	1490.02	1676.28	2048.79	2421.29	2793.80	3352.56
Selby	(a)	69.59	81.18	92.78	104.38	127.58	150.77	173.97	208.76
	(b)	179.74	209.68	239.64	269.60	329.52	389.42	449.34	539.20
	(c)	1130.90	1319.37	1507.85	1696.34	2073.31	2450.26	2827.24	3392.68
Sherburn in Elmet	(a)	44.79	52.25	59.72	67.18	82.11	97.04	111.97	134.36
	(b)	154.94	180.75	206.58	232.40	284.05	335.69	387.34	464.80
	(c)	1106.10	1290.44	1474.79	1659.14	2027.84	2396.53	2765.24	3318.28
Skipwith	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
South Milford	(a)	15.13	17.65	20.17	22.69	27.73	32.77	37.82	45.38
	(b)	125.28	146.15	167.03	187.91	229.67	271.42	313.19	375.82
	(c)	1076.44	1255.84	1435.24	1614.65	1973.46	2332.26	2691.09	3229.30
Stapleton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
Stillingfleet	(a)	14.65	17.10	19.54	21.98	26.86	31.75	36.63	43.96
	(b)	124.80	145.60	166.40	187.20	228.80	270.40	312.00	374.40
	(c)	1075.96	1255.29	1434.61	1613.94	1972.59	2331.24	2689.90	3227.88
Stutton with Hazlewood	(a)	14.95	17.45	19.94	22.43	27.41	32.40	37.38	44.86
	(b)	125.10	145.95	166.80	187.65	229.35	271.05	312.75	375.30
	(c)	1076.26	1255.64	1435.01	1614.39	1973.14	2331.89	2690.65	3228.78
Tadcaster	(a)	34.01	39.68	45.35	51.02	62.36	73.70	85.03	102.04
	(b)	144.16	168.18	192.21	216.24	264.30	312.35	360.40	432.48
	(c)	1095.32	1277.87	1460.42	1642.98	2008.09	2373.19	2738.30	3285.96

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2016/17		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)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
Thorganby	(a)	20.89	24.38	27.86	31.34	38.30	45.27	52.23	62.68
	(b)	131.04	152.88	174.72	196.56	240.24	283.92	327.60	393.12
	(c)	1082.20	1262.57	1442.93	1623.30	1984.03	2344.76	2705.50	3246.60
Thorpe Willoughby	(a)	29.67	34.61	39.56	44.50	54.39	64.28	74.17	89.00
	(b)	139.82	163.11	186.42	209.72	256.33	302.93	349.54	419.44
	(c)	1090.98	1272.80	1454.63	1636.46	2000.12	2363.77	2727.44	3272.92
Towton (with Grimston, Kirby Wharfe & North Milford)	(a)	8.57	10.00	11.43	12.86	15.72	18.58	21.43	25.72
	(b)	118.72	138.50	158.29	178.08	217.66	257.23	296.80	356.16
	(c)	1069.88	1248.19	1426.50	1604.82	1961.45	2318.07	2674.70	3209.64
Ulleskelf	(a)	37.55	43.80	50.06	56.32	68.84	81.35	93.87	112.64
	(b)	147.70	172.30	196.92	221.54	270.78	320.00	369.24	443.08
	(c)	1098.86	1281.99	1465.13	1648.28	2014.57	2380.84	2747.14	3296.56
Walden Stubbs	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
	(c)	1061.31	1238.19	1415.07	1591.96	1945.73	2299.49	2653.27	3183.92
West Haddlesey	(a)	25.45	29.69	33.93	38.17	46.65	55.13	63.62	76.34
	(b)	135.60	158.19	180.79	203.39	248.59	293.78	338.99	406.78
	(c)	1086.76	1267.88	1449.00	1630.13	1992.38	2354.62	2716.89	3260.26
Whitley	(a)	20.76	24.22	27.68	31.14	38.06	44.98	51.90	62.28
	(b)	130.91	152.72	174.54	196.36	240.00	283.63	327.27	392.72
	(c)	1082.07	1262.41	1442.75	1623.10	1983.79	2344.47	2705.17	3246.20
Wistow	(a)	15.87	18.51	21.16	23.80	29.09	34.38	39.67	47.60
	(b)	126.02	147.01	168.02	189.02	231.03	273.03	315.04	378.04
	(c)	1077.18	1256.70	1436.23	1615.76	1974.82	2333.87	2692.94	3231.52
Womersley	(a)	51.74	60.36	68.99	77.61	94.86	112.10	129.35	155.22
	(b)	161.89	188.86	215.85	242.83	296.80	350.75	404.72	485.66
	(c)	1113.05	1298.55	1484.06	1669.57	2040.59	2411.59	2782.62	3339.14

TOWN & PARISH COUNCIL PRECEPTS

APPENDIX D

Town / Parish Council	2015/16					2016/17					Council Tax Increase %
	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	
Appleton Roebuck & Acaster Selby	385.18	10,565.70	94.70	10,471.00	27.18	402.15	11,622.27	31.83	11,590.44	28.82	6.02
Balne	88.43	2,582.79	82.79	2,500.00	28.27	93.31	3,000.00	81.05	2,918.95	31.28	10.65
Barkston Ash	166.59	5,000.00	90.51	4,909.49	29.47	175.73	5,000.00	40.38	4,959.62	28.22	-4.23
Barlby	1,482.87	113,970.53	4,846.53	109,124.00	73.59	1,515.31	123,000.00	4,332.81	118,667.19	78.31	6.42
Barlow	272.94	15,611.45	290.41	15,321.04	56.13	279.79	16,322.07	145.35	16,176.72	57.82	3.00
Beal	253.72	19,031.75	801.57	18,230.18	71.85	258.75	19,319.55	727.80	18,591.75	71.85	0.00
Biggin	60.12	1,000.00	6.58	993.42	16.52	58.66	1,200.00	6.38	1,193.62	20.35	23.14
Billbrough	175.15	5,660.53	6.19	5,654.34	32.28	172.91	5,581.88	0.00	5,581.88	32.28	0.00
Birkin	54.48	0.00	0.00	0.00	0.00	57.68	0.00	0.00	0.00	0.00	0.00
Bolton Percy, Colton & Steeton	229.60	5,000.00	47.89	4,952.11	21.57	232.45	5,000.00	74.11	4,925.89	21.19	-1.75
Brayton	1,848.22	60,000.00	2,231.25	57,768.75	31.26	1,915.58	61,805.08	1,930.85	59,874.23	31.26	0.00
Brotherton	200.76	12,000.00	894.50	11,105.50	55.32	224.51	13,000.00	726.47	12,273.53	54.67	-1.17
Burn	183.28	10,949.11	280.23	10,668.88	58.21	186.88	11,250.00	250.85	10,999.15	58.86	1.11
Burton Salmon	186.74	5,629.00	120.20	5,508.80	29.50	195.54	5,980.00	68.85	5,911.15	30.23	2.47
Byram cum Sutton	429.02	20,918.16	1,540.77	19,377.39	45.17	424.57	20,918.16	1,530.42	19,387.74	45.66	1.10
Camblesforth	490.89	19,000.00	730.23	18,269.77	37.22	499.50	20,000.00	670.05	19,329.95	38.70	3.98
Carlton	605.56	22,702.34	1,156.92	21,545.42	35.58	620.48	23,015.67	939.17	22,076.50	35.58	0.00
Cawood	621.35	29,844.43	853.03	28,991.40	46.66	645.76	30,805.48	675.18	30,130.30	46.66	0.00
Chapel Haddlesey	85.49	4,677.65	118.11	4,559.54	53.33	86.69	5,074.57	74.57	5,000.00	57.68	8.14
Church Fenton	486.19	19,294.00	590.68	18,703.32	38.47	495.57	19,588.35	488.35	19,100.00	38.54	0.19
Cliffe	472.93	20,739.89	783.00	19,956.89	42.20	486.93	21,431.07	677.84	20,753.23	42.62	1.00
Cridling Stubbs	66.69	1,945.00	85.91	1,859.09	27.88	70.09	2,995.00	68.97	2,926.03	41.75	49.76
Drax	140.82	5,500.00	227.69	5,272.31	37.44	142.66	5,500.00	166.19	5,333.81	37.39	-0.14
Eggborough	605.20	20,000.00	672.75	19,327.25	31.94	673.32	22,092.38	589.79	21,502.59	31.94	0.00
Escrick	449.74	14,000.00	285.02	13,714.98	30.50	463.21	14,000.00	232.01	13,767.99	29.72	-2.53
Fairburn	353.58	12,306.12	438.15	11,867.97	33.57	358.22	12,833.21	413.58	12,419.63	34.67	3.29
Gateforth	107.41	4,300.00	0.00	4,300.00	40.03	115.51	4,624.00	0.00	4,624.00	40.03	-0.01
Hambleton	710.65	30,274.51	782.54	29,491.97	41.50	750.03	31,835.67	709.31	31,126.36	41.50	0.00
Healaugh & Catterton	97.86	500.00	5.08	494.92	5.06	100.09	500.00	6.75	493.25	4.93	-2.56
Heck	84.32	3,854.24	112.09	3,742.15	44.38	87.79	3,957.36	60.93	3,896.43	44.38	0.01
Hemingbrough	683.58	22,500.54	865.17	21,635.37	31.65	695.25	22,826.10	821.46	22,004.64	31.65	0.00
Hensall	298.68	11,250.00	340.84	10,909.16	36.52	302.50	13,000.00	309.07	12,690.93	41.95	14.86
Hillam	331.75	11,919.53	220.67	11,698.86	35.26	334.30	11,963.11	174.29	11,788.82	35.26	0.00
Hirst Courtney	106.46	9,078.78	196.54	8,882.24	83.43	110.98	9,444.45	185.61	9,258.84	83.43	-0.01
Huddleston with Newthorpe	33.17	200.00	12.01	187.99	5.67	33.95	200.00	9.72	190.28	5.60	-1.11
Kelfield	170.16	4,434.36	143.43	4,290.93	25.22	172.47	4,449.00	99.78	4,349.22	25.22	0.00
Kellington	285.06	16,824.97	1,049.73	15,775.24	55.34	288.49	16,958.48	993.33	15,965.15	55.34	0.00
Kirk Smeaton	195.25	6,000.00	42.82	5,957.18	30.51	201.99	8,000.00	37.91	7,962.09	39.42	29.20
Little Fenton	43.48	0.00	0.00	0.00	0.00	43.77	0.00	0.00	0.00	0.00	0.00
Little Smeaton	134.41	3,000.00	0.00	3,000.00	22.32	138.28	3,000.00	0.00	3,000.00	21.70	0.00
Long Drax	43.23	950.00	12.41	937.59	21.69	43.67	950.00	15.21	934.79	21.41	-1.30
Monk Fryston	420.31	18,101.18	594.97	17,506.21	41.65	436.02	19,000.00	481.58	18,518.42	42.47	1.97
Newland	81.45	1,500.00	0.00	1,500.00	18.42	83.41	2,500.00	0.00	2,500.00	29.97	62.75

TOWN & PARISH COUNCIL PRECEPTS

APPENDIX D

Town / Parish Council	2015/16					2016/17					Council Tax Increase %
	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	
Newton Kyme & Toulston	183.98	2,520.00	0.00	2,520.00	13.70	189.79	2,520.00	0.00	2,520.00	13.28	-3.06
North Duffield	478.51	16,000.00	478.51	15,521.49	32.44	494.89	16,000.00	418.39	15,581.61	31.48	-2.94
Oxton	10.49	0.00	0.00	0.00	0.00	10.99	0.00	0.00	0.00	0.00	0.00
Riccall	892.32	91,262.68	2,796.74	88,465.94	99.14	901.32	92,050.44	2,363.44	89,687.00	99.51	0.37
Ryther	103.54	3,500.00	16.10	3,483.90	33.65	106.25	3,587.17	12.09	3,575.08	33.65	0.00
Saxton & Lead	282.54	16,000.00	84.90	15,915.10	56.33	283.68	24,000.00	78.81	23,921.19	84.32	49.70
Selby	4,253.99	496,511.31	52,488.31	444,023.00	104.38	4,437.88	511,726.29	48,503.29	463,223.00	104.38	0.00
Sherburn in Elmet	2,120.43	150,000.00	7,550.12	142,449.88	67.18	2,272.92	159,096.65	6,402.13	152,694.52	67.18	0.00
Skipwith	121.77	0.00	0.00	0.00	0.00	127.03	0.00	0.00	0.00	0.00	0.00
South Milford	1,007.43	23,751.07	893.99	22,857.08	22.69	1,041.72	24,363.20	727.93	23,635.27	22.69	0.00
Stapleton	26.45	0.00	0.00	0.00	0.00	26.79	0.00	0.00	0.00	0.00	0.00
Stillingfleet	173.71	3,842.00	97.98	3,744.02	21.55	181.68	4,086.00	93.17	3,992.83	21.98	1.97
Stutton with Hazlewood	356.02	8,109.90	462.60	7,647.30	21.48	401.23	9,000.00	0.00	9,000.00	22.43	4.43
Tadcaster	2,084.33	112,147.94	5,805.37	106,342.57	51.02	2,100.92	112,652.63	5,463.54	107,189.09	51.02	0.00
Temple Hirst	41.54	0.00	0.00	0.00	0.00	43.94	0.00	0.00	0.00	0.00	0.00
Thorganby	143.14	4,500.00	101.69	4,398.31	30.73	148.94	4,752.58	84.80	4,667.78	31.34	1.99
Thorpe Willoughby	958.39	43,089.43	1,480.02	41,609.41	43.42	1,010.60	46,396.69	1,423.69	44,973.00	44.50	0.00
Towton (Grimston, Kirkby Wharfe & Towton)	174.54	2,300.00	52.15	2,247.85	12.88	175.62	2,300.00	41.89	2,258.11	12.86	-0.16
Ulleskelf	318.98	17,919.29	645.63	17,273.66	54.15	324.60	18,738.36	456.89	18,281.47	56.32	4.00
Walden Stubbs	31.30	0.00	0.00	0.00	0.00	31.81	0.00	0.00	0.00	0.00	0.00
West Haddlesey	87.37	3,275.92	75.92	3,200.00	36.63	93.70	3,600.00	23.38	3,576.62	38.17	4.22
Whitley	386.38	13,000.00	467.04	12,532.96	32.44	401.46	12,889.96	389.96	12,500.00	31.14	-4.01
Wistow	490.41	11,366.00	291.14	11,074.86	22.58	496.41	12,000.00	183.80	11,816.20	23.80	5.40
Womersley	166.70	13,536.86	546.88	12,989.98	77.92	175.28	14,000.00	396.63	13,603.37	77.61	-0.40
Total / Average	29,117.03	1,635,248.96	95,989.00	1,539,259.96	52.86	30,154.20	1,707,302.88	85,911.63	1,621,391.25	53.77	1.72

GENERAL FUND SUMMARY 2016/17 - 2018/19

	2016/17	2017/18	2018/19
	Original	Original	Original
	£	£	£
Net Service Budget	9,811,405	9,010,387	9,025,017
Investment Income	(240,000)	(280,000)	(300,000)
External Interest	112,100	129,260	109,910
Parish CTS Grant	86,000	77,000	70,000
Capital A/c Adjustment MRP Charge	383,162	384,287	385,609
Capital A/c Adjustment DFG & Conservation Grants	(155,000)	(155,000)	(155,000)
Capital A/c Adjustment Capital Chgs	(732,160)	(727,840)	(706,260)
Growth bids/Projects:			
Programme for Growth Projects	205,500	201,500	89,500
Building Repairs Projects	92,000	2,940	19,700
ICT Projects	262,500	192,500	32,500
Other Growth Projects	207,000	0	0
Impact of change to NI rates	112,910	114,700	116,280
Discretionary Rate Relief	100,000	100,000	0
Contingencies	300,000	300,000	300,000
Net Budget before contribution to/(from) Reserves*	10,545,417	9,349,734	8,987,256
Contribution To Reserves			
Building Repairs	148,560	152,270	152,570
ICT	150,000	150,000	150,000
PFI	387,400	394,410	401,330
Pension Equalisation Reserve	182,820	182,820	182,820
District Election	34,000	34,000	34,000
Special Projects (Programme for Growth)	6,289,264	1,630,000	1,130,000
Local Plan	145,000	50,000	50,000
Contribution From Reserves			
NYCC Collaboration Reserve	(100,000)	(50,000)	0
Building Repairs	(92,000)	(2,940)	(19,700)
ICT	(262,500)	(192,500)	(32,500)
PFI	(402,190)	(410,230)	(418,430)
Discretionary Rate Relief Fund	(100,000)	(100,000)	0
Special Projects / Programme for Growth	(412,500)	(201,500)	(89,500)
Contingency	(210,500)	0	0
NET REVENUE BUDGET	16,302,771	10,986,064	10,527,846
Grant RSG	(1,121,298)	(592,672)	(265,213)
NNDR	(2,250,194)	(2,294,452)	(2,362,140)
New Homes Bonus	(2,446,650)	(1,999,000)	(1,564,000)
Special and Specific Grants*	(145,687)	(119,789)	(83,386)
Amount to be met from Council Tax	10,338,942	5,980,151	6,253,107
Council Tax Requirement			
Council Tax to be Levied	(4,982,040)	(5,132,502)	(5,287,500)
Council Tax Collection Fund Deficit/(Surplus)	(129,000)	(62,000)	-
Business Rates Collection Fund Deficit/(Surplus)	(5,409,264)	(750,000)	(950,000)
Shortfall / (surplus)	(181,362)	35,649	15,606
C Tax Base	30,154	30,456	30,760
Council Tax Rate	165.22	168.52	171.89

HOUSING REVENUE ACCOUNT SUMMARY 2016/17 to 2018/19

	2016/17	2017/18	2018/19
	Original	Original	Original
	£	£	£
Net Service Budget	5,604,900	5,652,150	5,698,370
Investment Income	(48,000)	(57,000)	(61,000)
HRA Debt - Payment of Interest	2,637,930	2,637,930	2,637,930
Provision for Bad & Doubtful Debts	124,480	122,940	121,410
Pension - Past Service Costs	204,130	216,810	225,720
Net Budget before contribution to/(from) Reserves	8,523,440	8,572,830	8,622,430
Contribution To Reserves			
Comp Development Cont	50,000	50,000	50,000
Major Repairs Reserve			
Reversal of Depreciation Charges	(1,254,100)	(1,280,970)	(1,308,550)
Revenue Contribution - MRA re dwellings dep'n equivalent	1,254,100	1,280,970	1,308,550
Revenue Contribution to Capital Programme	845,400	629,030	761,450
HRA Debt - Voluntary MRP	1,260,000	1,260,000	1,260,000
NET REVENUE BUDGET	10,678,840	10,511,860	10,693,880
Dwelling Rents	(12,199,000)	(12,048,000)	(11,898,000)
Shortfall / (surplus)	(1,520,160)	(1,536,140)	(1,204,120)
Contribution To/ (From) HRA Reserves (MRR)	1,520,160	1,536,140	1,204,120

Access Selby - General Fund Savings

Proposed Savings	Status	2015/16	2016/17	2017/18	2018/19	Members' Update
		£	£	£		
IT & Transformation Workstream						
CRM Replacement	Red	8,980	66,252	66,252	66,252	Phase 1 saw CRM go live in July 2015. Phase 2 is currently being scoped.
Mobile Working	Red	-	41,728	41,728	41,728	Project currently under review by. Any changes will be reflected in the savings plan once the review is complete.
Review of planning advice and consultants	Amber	3,750	3,750	3,750	3,750	Savings achieved on experts but due to increased number of applications the overall spending might not be reduced.
Joint Business Support Manager Post	Green	3,632	-	-	-	Saving to be reviewed in conjunction with options for long term arrangements
Formal amalgamation of District newspaper and County Council publications	Red	3,000	3,000	3,000	3,000	Awaiting long term decision from NYCC
Opening of Civic Centre Better Together	Green	6,083	6,083	6,083	6,083	Completed
	Amber	75,000	150,000	150,000	150,000	Various projects including Finance, Business Support, Assets & Customer Services. First meeting held on 6th July to exchange information on land holdings.
Electronic Payments	Amber	0	25,000	25,000	25,000	Project linked to CRM and will follow in the later phases.
Improved Revs & Bens Value for Money	Amber	21,440	50,000	50,000	50,000	Competitive Dialogue process to commenced in July 2015. - £21k saving will be achieved in 2015/16 due to frozen post.
Further Internal Efficiencies (Outside of Better Together)	Red	21,350	50,000	50,000	50,000	Officers exploring internal efficiencies through improved processes and IT.
Access Selby Commercialisation	Amber	5,000	50,000	50,000	50,000	Officers working on commercialisation of repairs & maintenance.
Total Transformation		148,235	445,813	445,813	445,813	
Commissioning Workstream						
Printers	Green	18,811	18,811	18,811	18,811	Completed
Lifeline pendants	Green	-	67,576	69,000	69,000	Projected savings on track to be delivered
Postage and Mail	Amber	5,000	5,000	5,000	5,000	Further work required before savings can be confirmed
Supplier Engagement	Red	-	20,000	20,000	20,000	Options are limited in this area, officers will be seeking alternative savings.
Reduce Tail end spend	Amber	8,500	14,500	14,500	14,500	£8.5k realised already in relation to car park tickets & telephones - £6k additional savings still to be identified in 2016/17 onwards.
IT Service Contracts	Amber	7,500	7,500	7,500	7,500	Options currently under review.
External Audit - Grants Audit Fee	Green	8,130	8,130	8,130	8,130	Completed
Lexis Nexis Legal Library	Green	13,500	13,500	13,500	13,500	Completed
Community Support Vehicle lease	Green	3,940	3,940	3,940	3,940	Completed
Improved Waste / Recycling Value for Money	Red	-	-	100,000	100,000	Service under pressure due to growth in property numbers.
Maximise use of Civic Centre Office Space	Amber	22,500	45,000	45,000	45,000	Based on an additional 30 desks occupied by partners.
Total Commissioning		87,881	203,957	305,381	305,381	

Proposed Savings	Status	2015/16 £	2016/17 £	2017/18 £	2018/19	Members' Update
Income Generation Workstream						
Negotiation for share of out performance on Council Tax collection	Amber	3,961	3,961	3,961	3,961	Target under constant review and outcome is based on full year performance.
Land Charges Income - Search fees	Amber	48,000	21,000	21,000	21,000	In future years it is possible that some of this income may go direct to the Land registry - this will be kept under close review and updated once further information is received.
Legal Income	Green	32,750	8,750	8,750	8,750	On track to achieve savings from increase in fee-generating work.
Street Naming & Numbering	Green	30,000	18,000	18,000	18,000	Original target of £18k for 15/16 is expected to be exceeded with a revised estimate of £30k being set for the year.
Registrar Service	Green	10,994	10,994	10,994	10,994	Completed
Caravan inspection fee	Green	2,000	2,000	2,000	2,000	On track to achieve savings
Policy changes to introduce new income streams	Red	0	78,783	80,823	80,823	Commercialisation project established to identify further opportunities
Community Support Lifeline Income	Amber	20,000	20,000	20,000	20,000	Income growth has been achieved, however due to grant funding being reduced the additional income is only currently mitigating the loss.
Total Income Generation		147,705	163,488	165,528	165,528	
Other						
Agency Staff	Red	-	2,500	2,500	2,500	Savings opportunity identified for future years
NY regional strategy officer	Green	2,520	2,520	2,520	2,500	Completed
Community Support Office telephone savings	Green	9,600	9,600	9,600	9,600	Completed
Contracts General Office Expenses	Green	360	360	360	360	Completed
Contracts - Officer subsistence general saving	Green	200	200	200	200	Completed
Commercial Waste	Green	1,160	1,160	1,160	1,160	Completed
Environmental Health & Housing telephone savings	Green	430	430	430	430	Completed
Housing Benefits - Overpayments subsidy	Amber	32,520	33,980	35,480	35,480	Being monitored throughout the year
Total Other		46,790	50,750	52,250	52,230	
Total General Fund Savings in Progress		430,611	864,008	968,972	968,952	
Savings Target		549,920	747,221	950,790	950,790	
Headroom/Deficit (+/-)	** -	119,309	116,787	18,182	18,162	
Green Savings		144,110	172,054	173,478	173,458	
Amber Savings		253,171	429,691	431,191	431,191	
Red Savings**		33,330	262,263	364,303	364,303	
Total		430,611	864,008	968,972	968,952	

Core Savings Plan

Key:

Green: Savings likely to be achieved/low risk
Amber: Tentative savings - further work required/medium risk
Red: Requires a change in Council policy or significant change in service delivery/high risk

Proposed Savings	Status	2015/16 £	2016/17 £	2017/18 £	2018/19	Progress
Procurement Workstream						
Leisure Management Contract	Green	75,000	187,915	196,487	174,907	Completed
Community / Pooled Budgets	Red	5,000	10,000	10,000	10,000	-
Improved waste / recycling value for money	Red	-	-	100,000	100,000	The market price of recyclates is volatile. Being closely monitored, targets currently met.
Inflation Savings on Street Scene Contract	Green		99,110	99,110	99,110	Savings resulting from contract inflation
Banking tender	Green	10,000	10,000	8,400	8,400	Completed
Total Procurement		90,000	307,025	413,997	392,417	
Transformation Workstream						
Better Together - Finance	Green	44,000	43,800	44,240	44,240	Savings will be achieved in 2015/16 - Future years will be dependant on the success of the trial period.
Total Transformation		44,000	43,800	44,240	44,240	
Value for Money Workstream						
Internal Drainage Boards	Green	20,000	-	-	-	levies lower than budgeted for 2015/16
Ward Boundary Review	Green	41,430	41,430	41,430	41,430	Completed
Total Value for Money		61,430	41,430	41,430	41,430	
Base Budget Review Workstream						
NDR Base Budget Review - Various small sites	Green	14,390	14,390	14,390	14,390	Completed
Total Base Budget Review		14,390	14,390	14,390	14,390	
Discretionary Service Review Workstream						
Total Discretionary Service Review		0	0	0	0	
Income Generation Workstream						
Use of assets for advertising space	Amber	25,000	25,000	25,000	25,000	Negotiations ongoing with NYCC about income split in 15/16
General Fund Housing Development	Amber	25,000	25,000	50,000	50,000	Interest from loans to SDHT
Green Energy	Red	-	-	150,000	150,000	The feasibility report confirms that a ground and roof mounted schemes are possible but changes to government subsidies means that detailed business case will be deferred and therefore a scheme will not be delivered to achieve a saving in 16/17.
Total Income Generation		50,000	50,000	225,000	225,000	
Total General Fund Savings		259,820	456,645	739,057	717,477	
Savings Target		369,068	210,430	552,224	530,644	
Headroom/Deficit (+/-)	** -	109,248	246,215	186,833	186,833	
Green Savings		204,820	396,645	404,057	382,477	
Amber Savings		50,000	50,000	75,000	75,000	
Red Savings**		5,000	10,000	260,000	260,000	
Total		259,820	456,645	739,057	717,477	

Key: **HRA Savings Plan**

Green: Savings likely to be achieved/low risk

Amber: Tentative savings - further work required/medium risk

Red: Requires a change in Council policy or significant change in service delivery/high risk

Proposed Savings	Status	2015/16	2016/17	2017/18	2018/19	Progress
		£	£	£	£	
Review of Property Services unfilled posts	Green	50,000	50,000	50,000	50,000	Completed
Gas Servicing Contract	Green	20,000	20,000	20,000	20,000	Completed
Grassed Areas & Open Spaces base budget review	Green	29,000	29,000	29,000	29,000	Completed
Various Suppliers	Green	22,000	22,000	22,000	22,000	Completed
WTT - Savings	Green	129,591	129,591	129,591	129,591	Completed
2011/12 Pay Award	Green	27,000	27,000	27,000	27,000	Completed
Car Allowances	Green	5,600	5,600	5,600	5,600	Completed
Savings on Audit Fees and early Retirement Charges	Green	40,460	40,460	40,460	40,460	Completed
Ryecare Help-Line Telecom Saving	Green	700	700	700	700	Completed
Consolidation of IT Budgets	Green	23,685	23,685	23,685	23,685	Completed
Electrical Testing - R&M	Green	15,000	15,000	15,000	15,000	Completed
Vehicle Tracking System	Green	500	500	500	500	Completed
Direct Works - Phones	Green	2,000	2,000	2,000	2,000	Completed
Grants Audit Fees	Green	6,000	9,390	9,390	9,390	Completed
Clear Access Footways	Green	2,500	2,500	2,500	2,500	Completed
Footpaths	Green	10,000	10,000	10,000	10,000	Completed
Gutters & Fallpipes	Green	5,000	5,000	5,000	5,000	Completed
Tenants Participation - Housing Reports	Green	370	370	370	370	Completed
Energy Performance Certificates	Green	3,000	3,000	3,000	3,000	Completed
SDC Contract Hire Vehicles	Green	18,000	18,000	18,000	18,000	Completed
Asbestos Removal	Green	500	500	500	500	Completed
Solid Fuel Servicing	Green	12,470	12,470	12,470	12,470	Completed
Communal Lighting	Green	3,350	3,350	3,350	3,350	Completed
Pumping Stations	Green	3,210	3,210	3,210	3,210	Completed
Lift Maintenance	Green	1,300	1,300	1,300	1,300	Completed
Bank charges	Green	1,600	1,600	1,600	1,600	Completed
Debt collection costs	Green	1,300	1,300	1,300	1,300	Completed
Hostels	Green	5,230	5,230	5,230	5,230	Completed
HRA Investment Interest	Green	-	8,000	17,000	21,000	Completed
Van Fuel (oil price & fuel card savings)	Green	-	2,450	2,450	2,450	Completed
Resource Accounting	Green	-	4,000	4,000	4,000	Completed
Rent - Bank Charge Savings	Green	-	1,000	1,000	1,000	Completed
Use of Temporary Accommodation	Green	-	13,740	13,740	13,740	Completed
Community Centres	Green	-	9,600	9,600	9,600	Completed
Total Housing Revenue Account Savings		439,366	481,546	490,546	494,546	
Savings Target		360,000	360,000	360,000	360,000	
Headroom/Deficit (+/-)		79,366	121,546	130,546	134,546	
Green Savings		439,366	481,546	490,546	494,546	
Amber Savings		-	-	-	-	
Red Savings**		-	-	-	-	
Total		439,366	481,546	490,546	494,546	

2015/16 – 2018/19 GENERAL FUND CAPITAL PROGRAMME

	Current Programme 2015/16 £	Estimated Programme 2016/17 £	Estimated Programme 2017/18 £	Estimated Programme 2018/19 £
<u>PROJECTS</u>				
Asset Management Plan Leisure Centres & Park	3,350	40,000	2,940	19,700
Tadcaster Central Area	2,000			
Road Adoption - Industrial Units Sherburn	23,785			
Mast Relocation	139,060			
Tadcaster Bus Station refurbishment	25,000			
Replacement Car Park Ticket Machines		52,000		
Collapsed Culvert - Portholme Road	150,000	207,000		
Housing Development (Loans to SDHT)	1,550,000	1,250,000	1,250,000	1,250,000
<u>Grants</u>				
Disabled Facilities Grants	447,230	300,000	300,000	300,000
Repair Assistance Loans	37,200	30,000		
<u>ICT Hardware & Systems Within ICT Strategy</u>				
Implementation & Infrastructure Costs	240,120	245,000	175,000	222,000
Desktop Replacement Programme	35,840	17,500	17,500	17,500
CRM & Website	93,970			
Mobile Working Solution	249,800			
TOTAL	2,997,355	2,141,500	1,745,440	1,809,200
<u>SUMMARY OF FUNDING</u>				
Capital Receipts	329,430	175,000	145,000	145,000
Grants & Contributions	155,000	155,000	155,000	155,000
Reserves	962,925	561,500	195,440	259,200
Borrowing	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	2,997,355	2,141,500	1,745,440	1,809,200

2015/16 – 2018/19 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

PROJECTS	Current Programme 2015/16 £	Estimated Programme 2016/17 £	Estimated Programme 2017/18 £	Estimated Programme 2018/19 £
PROJECTS				
<u>Current Projects</u>				
Electrical Rewires	260,000	240,000	240,000	240,000
Central Heating - Gas	890,480	502,500	470,000	470,000
Central Heating - Solid Fuel		75,000	75,000	75,000
Roof Replacements	555,600			220,000
Damp Surveys & Works	250,000	230,000	220,000	220,000
Door & Window Replacements	134,000	140,000	130,000	120,000
Kitchen Replacements	421,900	237,000	140,000	130,000
Pre Paint & Cyclical Repairs	113,000	150,000	150,000	150,000
Void Property Repairs	53,500	60,000	65,000	65,000
Asbestos Condition Survey	30,000	30,000	30,000	
Fencing & Gates	40,000	40,000	40,000	40,000
Bathroom Replacements	180,000	30,000	30,000	30,000
Pointing Works	300,000	300,000	300,000	300,000
<u>New Projects</u>				
Fire Alarm System at St Wilfrids Court	25,000			
Laurie Backhouse Court Refurbishment	200,000			
Environmental Improvement Plan	160,000	160,000	160,000	
Garage Sites		50,000	20,000	10,000
Ousegate Fire Alarm System		15,000		
New Build Projects	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	5,163,480	3,509,500	3,320,000	3,320,000

SUMMARY OF FUNDING

Revenue Contributions	2,120,580	845,400	629,030	761,450
Major Repairs Reserve	1,332,900	1,254,100	1,280,970	1,308,550
Access Selby HRA Reserve	160,000	160,000	160,000	
Borrowing	1,550,000	1,250,000	1,250,000	1,250,000
TOTAL	5,163,480	3,509,500	3,320,000	3,320,000

Programme for Growth 15/16 to 19/20

Projects	Capital £	Revenue £	Estimate 15/16 £	Estimate 16/17 £	Estimate 17/18 £	Estimate 18/19 £	Estimate 19/20 £
Healthy living - concepts fund	-	175,000	35,000	35,000	35,000	35,000	35,000
Leisure Village	6,000,000	-	6,000,000	-	-	-	-
Selby Skate Park	75,000	-	75,000	-	-	-	-
Ready 4 Work	-	16,556	16,556	-	-	-	-
Growing enterprise	-	175,000	69,000	39,000	35,000	32,000	-
Market Selby's USP	-	62,664	22,664	20,000	20,000	-	-
Community skills/capacity building	-	100,000	100,000	-	-	-	-
Retail experience	-	351,576	351,576	-	-	-	-
Construction skills hub	-	20,000	20,000	-	-	-	-
Empty homes	100,000	15,475	52,475	31,500	31,500	-	-
Housing Trust	-	133,750	51,250	30,000	30,000	22,500	-
St Josephs St	-	31,000	31,000	-	-	-	-
Green energy	-	30,000	30,000	-	-	-	-
Strategic sites	-	285,000	185,000	50,000	50,000	-	-
Town masterplanning	-	250,000	250,000	-	-	-	-
Green infrastructure	-	20,000	20,000	-	-	-	-
Economic Development Projects arising from ERYC peer review	-	50,000	50,000	-	-	-	-
Improvements to gateways	-	3,639	3,639	-	-	-	-
Burn Airfield	1,790,400	-	1,790,400	-	-	-	-
Contingency	-	512,803	-	-	-	-	-
Total	7,965,400	2,232,463	9,153,560	205,500	201,500	89,500	35,000
Total Allocated to Projects		10,197,863					

Funding Sources	£	Estimate 15/16 £	Estimate 16/17 £	Estimate 17/18 £	Estimate 18/19 £	Estimate 19/20 £
Balance Brought Fwd	2,864,457	2,864,457	1,044,303	1,838,803	1,637,303	1,547,803
Special projects reserve *	6,161,406	5,161,406	1,000,000	-	-	-
Prudential Borrowing	2,172,000	2,172,000	-	-	-	-
Project Spend	- 10,197,863	- 9,153,560	- 205,500	- 201,500	- 89,500	- 35,000
Balance	1,000,000	1,044,303	1,838,803	1,637,303	1,547,803	1,512,803

*£1m resources in 2016/17 relates to capital receipts from land sales

Reserves										
Description	Estimated Balance 31 March 16	Use	Contribs	Estimated Balance 31 March 17	Use	Contribs	Estimated Balance 31 March 18	Use	Contribs	Estimated Balance 31 March 19
	£	£	£	£	£	£	£	£	£	£
Revenue Reserves										
General Fund										
Reserves to fund future commitments:										
PFI Scheme	2,364,764	- 402,190	387,400	2,349,974	- 410,230	394,410	2,334,154	- 418,430	401,330	2,317,054
ICT	646,740	- 262,500	200,000	584,240	- 192,500	200,000	591,740	- 32,500	200,000	759,240
Building Repairs & Projects	358,978	- 92,000	148,560	415,538	- 2,940	152,270	564,868	- 19,700	152,570	697,738
Election	76,954		34,000	110,954		34,000	144,954		34,000	178,954
Industrial Units	50,275			50,275			50,275			50,275
Open Space Maintenance	58,535			58,535			58,535			58,535
Affordable Housing **	120,568			120,568			120,568			120,568
	3,676,814	- 756,690	769,960	3,690,084	- 605,670	780,680	3,865,094	- 470,630	787,900	4,182,364
Reserves to fund growth and improvement:										
Special Projects / Programme for Growth **	2,121,718	- 412,500	6,289,264	7,998,482	- 201,500	1,630,000	9,426,982	- 89,500	1,130,000	10,467,482
Discretionary Rate Relief Fund	200,000	- 100,000		100,000	- 100,000		-			-
NYCC Collaboration	150,000	- 100,000		50,000	- 50,000		-			-
Spend To Save (Business Development)	492,543			492,543			492,543			492,543
	2,964,262	- 612,500	6,289,264	8,641,026	- 351,500	1,630,000	9,919,526	- 89,500	1,130,000	10,960,026
Reserves to mitigate financial risk:										
Pensions Equalisation Reserve	367,230		182,820	550,050		182,820	732,870		182,820	915,690
NDR Equalisation	1,257,318			1,257,318			1,257,318			1,257,318
Local Plan	355,231		145,000	500,231		50,000	550,231		50,000	600,231
Contingency	644,323	- 210,500		433,823			433,823			433,823
General Fund	1,499,872		181,362	1,681,234	- 35,649		1,645,585	- 15,606		1,629,979
	4,123,973	- 210,500	509,182	4,422,655	- 35,649	232,820	4,619,826	- 15,606	232,820	4,837,040
Total GF Revenue reserves	10,765,049	- 1,579,690	7,568,406	16,753,765	- 992,819	2,643,500	18,404,446	- 575,736	2,150,720	19,979,430
HRA										
HRA Unallocated Balance	2,050,671	- 160,000		1,890,671	- 160,000		1,730,671			1,730,671
Major Repairs Reserve - Capital Programme	2,143,157	- 2,099,500	3,619,660	3,663,317	- 1,910,000	3,446,140	5,199,457	- 2,070,000	3,274,120	6,403,577
Sub Total	4,193,828	- 2,259,500	3,619,660	5,553,988	- 2,070,000	3,446,140	6,930,128	- 2,070,000	3,274,120	8,134,248
Total Revenue Reserves	14,958,877	- 3,839,190	11,188,066	22,307,753	- 3,062,819	6,089,640	25,334,574	- 2,645,736	5,424,840	28,113,678
Capital Reserves										
General Capital Receipts*	2,372,335	- 175,000	1,065,020	3,262,355	- 145,000	1,096,060	4,213,415	- 145,000	1,096,060	5,164,475
Capital Receipts (Programme for Growth)	-		1,000,000	1,000,000			1,000,000			1,000,000
Capital Receipts (HRA Reserved)	152,850	- 152,850	197,780	197,780	- 197,780	225,870	225,870	- 197,780	225,870	253,960
Total GF Capital Receipts	2,525,185	- 327,850	2,262,800	4,460,135	- 342,780	1,321,930	5,439,285	- 342,780	1,321,930	6,418,435
* Capital receipts include assumptions on right to buy sales										
** Spending plan to be developed during 2016/17										
Note: Capital receipts subject to a review of requirements of council house 'one for one replacement'										



Public Session

Report Reference Number: C/15/15

Agenda Item No: 15

To: Council
Date: 25 February 2016
Author: John Raine - Head of Technical Finance
Lead Officer: Karen Iveson – Executive Director (s151)
Executive Lead: Councillor C Lunn – Lead Member for Finance and Resources

Title: Treasury Management – Treasury Management Strategy Statement 2016/17, Minimum Revenue Provision Policy Statement 2016/17, Annual Investment Strategy 2016/17 and Prudential Indicators 2016/17.

Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2016/17 and Prudential Indicators 2016/17 as required by the Department of Communities and Local Government and CIPFA.

Recommendations:

It is recommended to Council that:

- i. The Operational Borrowing Limit for 2016/17 is set at £74m;
- ii. The Authorised Borrowing Limit for 2016/17 is set at £79m;
- iii. Councillors delegate authority to the Executive Director (s151) to effect movement within the agreed authorised boundary limits for long-term borrowing for 2016/17 onwards;
- iv. Councillors delegate authority to the Executive Director (s151) to effect movement within the agreed operational boundary limits for long-term borrowing for 2016/17 onwards;
- v. The treasury management strategy statement 2016/17 be approved;

- vi. **The minimum revenue provision policy statement for 2016/17 be approved;**
- vii. **The treasury management investment strategy for 2016/17 be approved;**
- viii. **The prudential indicators for 2016/17 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 £79m for 2016/17, which is the maximum that can be borrowed in the year;
 - The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £74m in 2016/17, which includes £5m 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 £5m 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 31/12/15 is £60.333m at an average rate of 4.19%;
- Total investments are around £33.1m at an average rate of 0.68%.

Minimum Revenue Provision (MRP) Policy

- 2.2**
- MRP for new borrowing will be based on the asset life;
 - The MRP policy has been reviewed for 2016/17 and no changes are considered necessary;
 - Total MRP for 2016/17 is £1,818k (£268k for loans, £1,175k HRA and £375k for leases)

Annual Investment Strategy

- 2.3**
- The Council's day to day investments are now managed as part of an overall investment pool operated by North Yorkshire County Council (NYCC);
 - In order to facilitate the pooling of investments with NYCC, the Council's Annual Investment Strategy and Lending List has been aligned to that of NYCC;
 - While it is recognised that there is value in pooling investments, responsibility for risk management lies wholly with the Council and officers of the Council and NYCC are explicitly required to follow Treasury Management policies and procedures;
 - The priorities for investing the Council's cash reserves remain the security of capital and liquidity of funds;
 - Cash balances for investment are expected to range between £20m and £35m over the coming year dependent upon cashflows;
 - An average rate of return of 1.50% has been estimated for 2016/17.

Prudential Indicators

- 2.4**
- The Council plans to spend £5.7m on capital projects in 2016/17
 - This expenditure will be funded from major repairs reserve, capital receipts, grants or revenue resources & borrowing;
 - Principle (Minimum Revenue Provision or MRP) and interest repayments on current and proposed borrowing, less interest on investments, equate to 3.53% of the General Fund Budget and 28.79% of the HRA net budget in 2016/17;

- Taking into account all capital spending plans during 2016/17 there is a borrowing requirement of £1.25m for the General Fund and £1.25m for the HRA.

3 Legal/Financial Controls and other Policy matters

Legal Issues

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

Financial Issues

- 3.5 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 (Capita Asset 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

Finance treasury management files.

Contact Details

John Raine
Head of Technical Finance
North Yorkshire County Council
john.raine@northyorks.gov.uk

Appendices:

Appendix A – Treasury Management Strategy 2016/17
Appendix B – Minimum Revenue Provision Policy 2016/17
Appendix C – Capital Prudential Indicators 2016/17
Appendix D – Borrowing Strategy 2016/17
Appendix E – Annual Investment Strategy 2016/17

TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17

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 polices, estimates and actuals.

1.3 **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

1.4 **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. In addition the Executive will receive quarterly update reports.

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 **Scrutiny** – The above reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Executive.

1.7 The suggested Treasury Management Strategy for 2016/17 covers the two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

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

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

- 1.8 The CIPFA Code requires the Executive Director (s151) to ensure that members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management. Training has been provided to members by Capita Asset Services and further training will be arranged as required.
- 1.9 The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.
- 1.10 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)

MINIMUM REVENUE PROVISION POLICY STATEMENT 2016/17

1. Introduction

- 1.1 The statutory requirement for local authorities to charge the revenue account each year with a specific sum for debt repayment is governed by statutory guidance issued under the Local Government and Public Involvement in Health Act 2007 and Statutory instrument 2008 no 414. The statutory duty requires that the Council shall determine for the financial year an amount of minimum revenue provision (MRP) that it considers prudent, with responsibility being placed upon the Council to approve an annual MRP policy statement.

2. Minimum Revenue Provision Policy

- 2.1 In May 2008 the Council set its MRP policy. It is therefore appropriate that the annual review of the MRP policy is undertaken as part of this Annual Treasury Management Strategy.

- 2.2 The Council's MRP policy is based on the Governments Statutory Guidance and following a review no further changes are considered necessary and the policy for 2016/17 is therefore as follows:

- (a) For all **Capital expenditure incurred before 1 April 2008** which formed the General Fund Capital Financing Requirement (CFR) that is capital expenditure funded through borrowing will be charged at 4% of the outstanding balance each year.

The exception to this is for the 2006/07 Public Conveniences Capital Project. The public conveniences scheme is charged over 15 years, which was agreed as part of the funding for the refurbishment programme, in line with the asset life method.

- (b) For **locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008**, MRP will be calculated based either on equal annual instalments over the estimated useful life of the asset for which the borrowing is undertaken; or the annuity method where MRP is linked to the flow of benefits from an asset where the benefits are expected to increase in later years, Where additional voluntary provision is made in any year it may be matched by an appropriate reduction in a subsequent year's MRP.

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 organisation's 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.

However, in the case of long term debtors arising from loans or other types of capital expenditure incurred by the Council which

will be repaid under separate arrangements, there will be no MRP made. The Council is satisfied that a prudent provision will be achieved after exclusion of these capital expenditure items.

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.

- (c) 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. Repayments included in finance leases are applied as MRP.

2.3 In 2016/17 MRP chargeable to the General Fund will relate to historic debt liability of £1.6m, public conveniences of £0.1m, the new civic centre of £2.1m and an estimated £2.1m for the Leisure Village Development. This gives rise to an MRP liability of £0.3m for 2016/17 (£0.2m for 2015/16).

2.4 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.

THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19

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 is 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. Members are asked to approve the capital expenditure forecasts summarised in **Table 1**.

Table 1: Capital Expenditure

Capital Expenditure	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General Fund	6,593	10,900	2,173	1,777	1,809
HRA	2,967	5,163	3,510	3,320	3,320

- 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.

- 2.3 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. While these strategic initiatives have been included in the capital expenditure plans shown in **Table 1**, any changes may require the Council to reconsider its borrowing requirements, depending on the external resources it is able to lever towards the programme.
- 2.4 The Development Strategy for the Selby and District Housing Trust set out proposals on the funding of the Trust by the Council and HRA. The Housing Development scheme is also included in the capital expenditure programme shown in **Table 1**.

Table 2: Financing of Capital Expenditure

Capital Expenditure	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General Fund	6,593	10,900	2,173	1,777	1,809
HRA	2,967	5,163	3,510	3,320	3,320
Total	9,560	16,063	5,683	5,097	5,129
Financed By:					
Revenue & Reserves	4,678	8,974	1,599	1,016	1,020
Capital Receipts	2,913	329	175	145	145
Grants	568	155	155	155	155
Major Repairs Allowance / Reserve	1,401	1,333	1,254	1,281	1,309
Borrowing - Debt	0	5,272	2,500	2,500	2,500
Borrowing - Leases	0	0	0	0	0
Total	9,560	16,063	5,683	5,097	5,129

- 2.5 **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**.

3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

Table 3: Capital Financing Requirement

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
CFR General Fund	4,150	7,685	8,664	9,646	10,630
CFR GF Leases	737	681	656	430	205
Total CFR General Fund	4,887	8,366	9,320	10,076	10,385
CFR HRA	53,379	53,754	53,829	53,904	53,979
TOTAL CFR	58,266	62,120	63,149	63,980	64,814
Movement in CFR	-1,527	3,854	1,029	832	834
Movement in CFR represented by					
Net Financing need for the year	0	5,622	2,850	2,650	2,650
Less MRP & Other financing movements	-1,527	-1,768	-1,821	-1,819	-1,816
Movement in CFR	-1,527	3,854	1,029	831	834

3.3 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**.

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 4**. The estimates of financing costs include current commitments and the proposals in this report.

Table 4: Ratio of Financing Costs to Net Revenue Stream

	2014/15 Actual %	2015/16 Forecast %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
GF	3.32	6.01	3.53	4.72	4.14
HRA *	28.69	28.38	28.79	29.07	29.40

* 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.

- 4.3 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
- 4.4 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.
- 4.5 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 2016/17 budget setting round are shown in **Table 5**.

Table 5: Incremental Impact of Capital Investment Decisions

Capital Investment Impact Upon:	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Annual Band D Council Tax	0.00	2.88	2.85	2.82
Average Annual Housing Rent	0.00	2.14	4.36	2.28

- 4.6 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).
- 4.7 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.

BORROWING STRATEGY 2016/17

- 1.1 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 31/12/15

		Principal		Ave. rate
		£m	£m	%
Fixed rate funding	PWLB	53.833		
	Market	<u>6.500</u>	60.333	4.19
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	0.737	0.737	3.74
TOTAL DEBT			<u>61,070</u>	<u>4.18</u>
TOTAL INVESTMENTS			33,148	0.68

- 1.2 The Council's treasury portfolio position as at 31 December 2015 is shown in **Table 1** and the forecasted position at 31 March 2016, with forward projections 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

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
External borrowing					
Borrowing at 1 April	61,476	61,070	61,014	60,989	59,764
Expected Change in Borrowing	0	0	0	-1,000	0
Leases	-406	-56	-25	-225	-226
Actual borrowing at 31 March	61,070	61,104	60,989	59,764	59,538
CFR – the borrowing need *	58,266	62,120	63,149	63,980	64,814
Under / (over) borrowing	-2,804	1,106	2,160	4,216	5,276
Investments					
Total Investments at 31 March	29,514	30,000	27,000	25,000	22,500
Investment Change	7,264	486	-3,000	-2,000	-2,500
Net Borrowing	31,556	31,104	33,989	34,764	37,038

2. **Treasury Limits for 2016/17 to 2018/19**

- 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 (General Fund) had no difficulty meeting this requirement in 2014/15, nor are any difficulties envisaged for the current (2015/16) or future years (2016/17 – 2018/19). 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 the 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”, it incorporates 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

Authorised Limit for External Debt	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Borrowing	70,000	76,000	78,000	81,000	82,000
Other Long Term Liabilities	2,000	1,000	1,000	1,000	1,000
Total	72,000	77,000	79,000	82,000	83,000

- 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	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Borrowing	65,000	71,000	73,000	76,000	77,000
Other Long Term Liabilities	2,000	1,000	1,000	1,000	1,000
Operational Boundary Total	67,000	72,000	74,000	77,000	78,000

- 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 2014/15 and 2015/16 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 Capita Asset 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 Capita central view.

Table 5: Capita View interest rate forecast – January 2015

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2016	0.50	2.00	3.40	3.20
Jun 2016	0.50	2.10	3.40	3.20
Sep 2016	0.50	2.20	3.50	3.30
Dec 2016	0.75	2.30	3.60	3.40
Mar 2017	0.75	2.40	3.70	3.50
Jun 2017	1.00	2.50	3.70	3.60
Sep 2017	1.00	2.60	3.80	3.70
Dec 2017	1.25	2.70	3.90	3.80
Mar 2018	1.25	2.80	4.00	3.90
Jun 2018	1.50	2.90	4.00	3.90
Sep 2018	1.50	3.00	4.10	4.00
Dec 2018	1.75	3.10	4.10	4.00
Mar 2019	1.75	3.20	4.10	4.00

4

Borrowing Requirement

- 4.1 The Council is currently maintaining a marginally over-borrowed position in 2015/16. This means that the Council's capital borrowing is slightly higher than the underlying need to borrow. As a result of the capital expenditure plans set out in **Appendix C, Table 1** the Council is expected to be in an under-borrowed position from 2016/17 onwards as shown in **Table 6** below. This is a prudent strategy as investment returns are low and counterparty risk is relatively high – this approach will be carefully monitored during 2016/17.

Table 6: Borrowing Position

Under/(Over) Borrowing Position	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
General Fund	1,550	5,085	6,063	8,045	9,030
HRA	-4,354	-3,979	-3,903	-3,829	-3,754
Overall Position	-2,804	1,106	2,160	4,216	5,276

- 4.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Executive Director (s151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- 4.3 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.
- 4.4 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 the anticipated rate to US tapering of asset purchases, or 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 are still lower than they will be in the next few years..
- 4.5 Any decisions will be reported to the Executive at the next available opportunity.
- 4.6 The current capital programme funding forecasts for 2016/17 to 2018/19 shows that there is a borrowing requirement for both the General Fund and HRA. However there may be a further requirement to fund part of the potential Leisure Village project from borrowing and this will be confirmed once and if the project is approved. The borrowing needs for future years will be reviewed as the capital programmes are confirmed.
- 4.7 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 7 and 8** 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 7: Interest Rate Exposure

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

Table 8 : Maturity Structure Fixed Rate Borrowing 2016/17

Maturity Structure New Borrowing 2016/17	Upper Limit	Lower Limit
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%

- 4.8 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.
- 4.9 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.
- 4.10 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However,

these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

4.11 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).

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

Table 9: Maturity Structure

Maturity Structure New Borrowing 2016/17	Upper Limit	Lower Limit
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%

4.12 Any rescheduling of debt will be reported to Executive at the meeting following its action.

4.13 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.

4.14 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.

ANNUAL INVESTMENT STRATEGY STATEMENT 2016/17

1. Introduction

- 1.1 Under the Local Government Act 2003 the Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Council before the start of the financial year.
- 1.2 This Annual Investment Strategy must define the investments the Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non-specified investments**.
- 1.3 The Council's day to day investments are managed as part of the overall investment pool operated by North Yorkshire County Council (NYCC). In order to enable investments to be managed through the investment pool the Council is required to adopt an Annual Investment Strategy and Approved Lending List in line with that of NYCC.

2. Revisions to the Annual Investment Strategy

- 2.1 In addition to this **Investment Strategy**, which requires approval before the start of the financial year, a revised Strategy will be submitted to Council for consideration and approval under the following circumstances:
- (a) significant changes in the risk assessment of a significant proportion of the Council's investments;
 - (b) any other significant development(s) that might impact on the Council's investments and existing strategy for managing those investments during 2016/17.

3. Investment Policy

- 3.1 The parameters of the Policy are as follows:
- (a) the Council will have regard to the Government's Guidance on Local Government Investments as revised with effect from 1 April 2010, and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes;
 - (b) the Council's investment policy has two fundamental objectives;
 - the security of capital (protecting the capital sum from loss); and then

- the liquidity of its investments (keeping the money readily available for expenditure when needed)
- (c) the Council will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the Council is low in order to give priority to the security of its investments;
- (d) the borrowing of monies purely to invest or lend and make a return is unlawful and the Council will not engage in such activity;
- (e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories (see **paragraph 5.1**);

4. Policy regarding loans to organisations in which the Council has an interest

- 4.1 (a) the Council's general investment powers under this Annual Treasury Management and Investment Strategy come from the Local Government Act 2003 (Section 12). Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs
- (b) in addition to investment, the Council has the power to provide loans and financial assistance to organisations under the Localisation Act 2011 (and also formally under the general power of wellbeing in the Local Government Act 2000) which introduced a general power of competence for authorities (to be exercised in accordance with their general public law duties)
- (c) any such loans by the Council, will therefore be made under these powers. They will not however be classed as investments made by the Council and will not impact on this Investment Strategy. Instead they will be classed as capital expenditure by the Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003, and will be approved, financed and accounted for accordingly
- (d) at present the Council has not made any such loans to other organisations.

5. Specified and non-specified Investments

- 5.1 Based on Government Guidance as updated from 1 April 2010.
- (a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **specified** and **non-specified** Investment categories;

- (b) all **specified** Investments (see **Schedule A**) are defined by the Government as options with “relatively high security and high liquidity” requiring minimal reference in investment strategies. In this context, the Council has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;
- (c) **Non-specified** investments (see **Schedule B**) attract a greater potential of risk. As a result, a maximum local limit of 20% of “core cash” funds available for investment has been set which can be held in aggregate in such investments;
- (d) for both specified and non-specified investments, the attached Schedules indicate for each type of investment:-
- the investment category
 - minimum credit criteria
 - circumstances of use
 - why use the investment and associated risks
 - maximum % age of total investments
 - maximum maturity period
- } Non-Specified Only
- (e) there are other instruments available as Specified and Non-Specified investments which the Council will NOT currently use. Examples of such investments are:-

- | | |
|---------------------------|---|
| Specified Investments | <ul style="list-style-type: none"> - Commercial Paper - Gilt funds and other Bond Funds - Treasury Bills |
| Non-Specified Investments | <ul style="list-style-type: none"> - Sovereign Bond issues - Corporate Bonds - Floating Rate notes - Equities - Open Ended Investment Companies - Derivatives |

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy.

6. Creditworthiness Policy – Security of Capital and the use of credit ratings

- 6.1 The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention has been focused on credit standings of counterparties with whom the Council can invest funds. It is paramount that the Council’s money is managed in a way that balances risk with return, but with the overriding consideration being given to the security of

the invested capital sum followed by the liquidity of the investment. The Approved Lending List will therefore reflect a prudent attitude towards organisations with whom funds may be deposited.

6.2 The rationale and purpose of distinguishing specified and non-specified investments is detailed in **paragraph 5.1** above. Part of the definition for a Specified investment is that it is an investment made with a body which has been awarded a high credit rating with maturities of no longer than 364 days. It is, therefore, necessary to define what the Council considers to be a “high” credit rating in order to maintain the security of the invested capital sum.

6.3 The methodology and its application in practice will, therefore, be as follows:-

- (a) the Council will rely on credit ratings published by the three credit rating agencies (Fitch, Moody’s and Standard & Poor’s) to establish the credit quality (ability to meet financial commitments) of counterparties (to whom the Council lends) and investment schemes. Each agency has its own credit rating components to complete their rating assessments. These are as follows:

Fitch Ratings

- | | |
|------------|---|
| Long Term | - generally cover maturities of over five years and acts as a measure of the capacity to service and repay debt obligations punctually. Ratings range from AAA (highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations) |
| Short Term | - cover obligations which have an original maturity not exceeding one year and place greater emphasis on the liquidity necessary to meet financial commitments. The ratings range from F1+ (the highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations) |

Moody’s Ratings

- | | |
|-----------|--|
| Long Term | - an opinion of the relative credit risk of obligations with an original maturity of one year or more. They reflect both the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Ratings range from Aaa (highest quality, with minimal credit risk) to C (typically in default, with little prospect for recovery of principal or interest) |
|-----------|--|

Short Term - an opinion of the likelihood of a default on contractually promised payments with an original maturity of 13 months or less. Ratings range from P-1 (a superior ability to repay short-term debt obligations) to P-3 (an acceptable ability to repay short-term obligations)

Standard & Poor's Ratings

Long Term - considers the likelihood of payment. Ratings range from AAA (best quality borrowers, reliable and stable) to D (has defaulted on obligations)

Short Term - generally assigned to those obligations considered short-term in the relevant market. Ratings range from A-1 (capacity to meet financial commitment is strong) to D (used upon the filing of a bankruptcy petition).

In addition, all three credit rating agencies produce a Sovereign Rating which assesses a country's ability to support a financial institution should it get into difficulty. The ratings are the same as those used to measure long term credit.

- (b) the Council will review the "ratings watch" and "outlook" notices issued by all three credit rating agencies referred to above. An agency will issue a "watch", (notification of likely change), or "outlook", (notification of a possible longer term change), when it anticipates that a change to a credit rating may occur in the forthcoming 6 to 24 months. The "watch" or "outlook" could reflect either a positive (increase in credit rating), negative (decrease in credit rating) or developing (uncertain whether a rating may go up or down) outcome;
- (c) no combination of ratings can be viewed as entirely fail safe and all credit ratings, watches and outlooks are monitored on a daily basis. This is achieved through the use of Capita Asset Services creditworthiness service. This employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The credit ratings of counterparties are then supplemented with the following overlays;
- credit watches and credit outlooks from credit rating agencies
 - CDS spreads to give early warning of likely changes in credit ratings
 - sovereign ratings to select counterparties from only the most creditworthy countries

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 coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:-

Colour	Maximum Investment Duration
Yellow	5 Years
Purple	2 Years
Orange	1 Year
Blue	1 Year (UK nationalised / semi nationalised banks only)
Red	6 Months
Green	100 Days
No Colour	No investments to be made

- (d) given that a number of central banks/government have supported or are still supporting their banking industries in some way, the importance of the credit strength of the sovereign has become more important. The Council will therefore also take into account the Sovereign Rating for the country in which an organisation is domiciled. As a result, only an institution which is domiciled in a country with a minimum Sovereign Rating of AA- from Fitch or equivalent would be considered for inclusion on the Council's Approved Lending List (subject to them meeting the criteria above). Organisations which are domiciled in a Country whose Sovereign Rating has fallen below the minimum criteria will be suspended, regardless of their own individual score/colour. The list of countries that currently qualify using this credit criteria are shown in Schedule D. This list will be amended should ratings change, in accordance with this policy;
- (e) in order to reflect current market sentiment regarding the credit worthiness of an institution the Council will also take into account current trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market's current perception of an institution's credit quality, unlike credit ratings, which often focus on a longer term view. These trends will be monitored through the use of Capita Asset Services creditworthiness service which compares the CDS Market position for each institution to the benchmark CDS Index. Should the deviation be great, then market sentiment suggests that there is a fear that an institution's credit quality will fall. Organisations with such deviations will be monitored and their standing reduced by one colour band (paragraph 12.8 (c)) as a precaution. Where the deviation is great, the organisation will be awarded 'no colour' until

market sentiment improves. Where entities do not have an actively traded CDS spread, credit ratings are used in isolation;

- (f) fully and part nationalised banks within the UK currently have credit ratings which are not as high as other institutions. This is the result of the banks having to have to accept external support from the UK Government. However, due to this Central Government involvement, these institutions now effectively take on the credit worthiness of the Government itself (i.e. deposits made with them are effectively being made to the Government). This position is expected to take a number of years to unwind and would certainly not be done so without a considerable notice period. As a result, institutions which are significantly or fully owned by the UK Government will be assessed to have a high level of credit worthiness;
- (g) all of the above will be monitored on a weekly basis through Capita Asset Services creditworthiness service with additional information being received and monitored on a daily basis should credit ratings change and/or watch/outlook notices be issued. Sole reliance will not be placed on the information provided by Capita Asset Services however. In addition the Council will also use market data and information available from other sources such as the financial press and other agencies and organisations;
- (h) in addition, the Council will set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity). These limits are as follows:-

Maximum Investment Limit	Criteria
£85m	UK “nationalised / Part Nationalised” banks / UK banks with UK Central Government involvement
£20m to £75m	UK “Clearing Banks” and selected UK based Banks and Building Societies
£20m or £40m	High quality foreign banks

- (i) should a score/colour awarded to a counterparty or investment scheme be amended during the year due to rating changes, market sentiment etc., the Council will take the following action:-
- reduce or increase the maximum investment term for an organisation dependent on the revised score / colour awarded (in line with the boundaries and colours set in **paragraph 12.8(c)**)

- temporarily suspend the organisation from the Approved Lending List should their score fall outside boundary limits and not be awarded a colour
 - seek to withdraw an investment as soon as possible, within the terms and conditions of the investment made, should an organisation be suspended from the Approved Lending List
 - ensure all investments remain as liquid as possible, i.e. on instant access until sentiment improves.
- (j) if a counterparty / investment scheme, not currently included on the Approved Lending List is subsequently upgraded, (resulting in a score which would fulfil the Council's minimum criteria), the Executive Director (s151) has the delegated authority to include it on the Council's Approved Lending List with immediate effect;
- (k) a copy of the current Approved Lending List, showing maximum investment and time limits is attached at Schedule C. The Approved Lending List will be monitored on an on-going daily basis and changes made as appropriate. Given current market conditions, there continues to be a very limited number of organisations which fulfil the criteria for non specified investments. This situation will be monitored on an on-going basis with additional organisations added as appropriate with the approval of the Executive Director (s151).

7. Investment Strategy

- 7.1 Recognising the categories of investment available and the rating criteria detailed above
- (a) the Council's investments are managed as part of the overall investment pool operated by NYCC.;
 - (b) on-going discussions are held with the Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) – any decision to appoint an external fund manager will be subject to Member approval;
 - (c) the Council's cash balances consist of two basic elements. The first element is cash flow derived (debtors/creditors/timing of income compared to expenditure profile). The second, core element, relates to specific funds (reserves, provisions, balances, capital receipts etc.);
 - (d) having given due consideration to the Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £20m of the overall balances can be prudently

committed to longer term investments (e.g. between 1 and 3 years);

- (e) investments will accordingly be made with reference to this core element and the Council's on-going cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);
- (f) the Council currently has four existing non-specified investments over 364 days at present; two separate deposits with Lloyds Bank (UK "Nationalised" Bank) and a further two separate deposits with other local authorities.
- (g) bank rate has been unchanged at 0.5% since March 2009 and underpins investment returns. It is not expected to start increasing until about late 2015;

The Council will, therefore, avoid locking into long term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within a 'low risk' parameter. Thus no trigger rates will be set for longer term deposits (two or three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis.

Based on current bank rate forecasts, as outlined above, an overall investment return of about 1% is likely in 2015/16, 1.5% in 2016/17 and 2% in 2017/18.

- (h) for its cash flow generated balances the Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies), 15 and 30 day accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

8. Investment Report to Members

8.1 Reporting to Members on investment matters will be as follows:

- (a) in-year investment reports will be submitted to the Executive as part of the Quarterly Performance reports;
- (b) at the end of the financial year a comprehensive report on the Council's investment activity will be submitted to Executive;

9. Treasury Management Training

- 9.1 The training needs of the Council's staff and those of NYCC involved in investment management are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular on-going basis.
- 9.2 The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Executive). An in-house training course for Members was previously provided by Capita Asset Services – Treasury Solutions. Further training will be arranged as required.

10. Policy on the Use of External Service Providers

- 10.1 The Council uses Capita Asset Services – Treasury Solutions as its external treasury management adviser. Capita provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.
- 10.2 Whilst the Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon the advice of external service providers.
- 10.3 Following a quotation exercise Capita Asset Services were appointed in September 2015 as a single provider of Treasury Management consultancy services for both the Selby District Council and North Yorkshire County Council. The appointment is for three years, with the option for a further two year extension. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

11. The scheme of delegation and role of the Section 151 Officer in relation to Treasury Management

- 11.1 The Government's Investment Guidance (**paragraph 1.1**) requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer in the Annual Treasury Management/Investment Strategy.
- 11.2 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-
- (a) This Council has adopted CIPFA's Treasury Management Code of Practice 2009 and will adopt any amendments to that Code.

- (b) A Treasury Management Policy Statement shall be adopted by the Council and thereafter its implementation and monitoring shall be delegated to the Executive Director with s.151 responsibilities.
- (c) (i) All money in the hands of the Council shall be under the control of the Executive Director with s.151 responsibilities – the officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the Chief Finance Officer.
- (ii) The Executive Director with s.151 responsibilities shall report to the Executive not less than twice in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.
- (d) At or before the start of the financial year the Executive Director with s.151 responsibilities shall report to the Executive on the strategy for treasury management it is proposed to adopt for the coming financial year.
- (e) All Executive decisions on borrowing, investment or financing shall be delegated to the Executive Director with s.151 responsibilities who shall be required to act in accordance with CIPFA's Treasury

11.3 The Treasury Management reporting arrangements in relation to the above are covered in more detail in **section 12**.

11.4 In terms of the Treasury Management role of the Section 151 officer (the Corporate Director – Strategic Resources), the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports to Members
- submitting budgets and budget variations to Members
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers

12. Arrangements for Monitoring/Reporting to Members

12.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:

- (a) an annual report to Executive and Council as part of the Budget process that sets out the Council's Treasury Management Strategy and Policy for the forthcoming financial year;
- (b) an annual outturn report to the Executive for Treasury Management setting out full details of activities and performance during the preceding financial year.
- (c) a quarterly report on Treasury Matters to Executive as part of the Quarterly Performance and Budget Monitoring report;

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2016/17 – SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use
Term Deposits with the UK Government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
Term Deposits with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year	Organisations assessed as having “high credit quality” plus a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	In-house
Certificate of Deposits issued by credit rated deposit takers (Banks and Building Societies) up to 1 year		Fund Manager or In-house “buy and hold” after consultation with Treasury Management Advisor
Forward deals with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
Money Market Funds i.e. collective investment scheme as defined in SI2004 No 534 <i>(These funds have no maturity date)</i>	Funds must be AAA rated	In-house After consultation with Treasury Management Advisor Limited to £20m
Gilts (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months <i>(Custodial arrangements required prior to purchase)</i>		After consultation with Treasury Management Advisor

SCHEDULE B

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2016/17 – NON-SPECIFIED INVESTMENTS

investment	<p>A) Why use it? B) Associated Risks?</p>	<p>Security / Minimum Credit Rating</p>	<p>Circumstances of Use</p>	<p>Max % of overall investments or cash limits in cash category</p>	<p>Maximum investment with any one counterparty</p>	<p>Maximum Maturity Period</p>		
<p>Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year</p>	<p>A) Certainty of return over period invested which could be useful for budget purposes</p> <p>B) Not Liquid, cannot be traded or repaid prior to maturity</p> <p>Return will be lower if interest rates rise after making deposit</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	<p>Organisations assessed as having “high credit quality”</p> <p>Plus</p> <p>A minimum Sovereign rating of AA- for the country in which an organisation is domiciled</p>	<p>In-house</p>	<p>100% of agreed maximum proportion (20%) of core cash funds that can be invested for more than 1 year (estimated £20m)</p>	<p>£5m</p>	<p>2 years subject to potential future review with a maximum of no longer than 5 years</p>		
<p>Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year</p> <p><i>Custodial arrangements prior to purchase</i></p>	<p>A) Attractive rates of return over period invested and in theory tradable</p> <p>B) Interest rate risk; the yield is subject to movement during life of CD which could negatively impact on its price</p>			<p>Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor</p>	<p>25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)</p>		<p>£3m</p>	
<p>Callable Deposits with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year</p>	<p>A) Enhanced Income – potentially higher return than using a term deposit with a similar maturity</p> <p>B) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call</p> <p>Period over which the investment will actually be held is not known at outset</p> <p>Interest rate risk; borrower will not pay back deposit if interest rates rise after the</p>			<p>To be used in-house after consultation with Treasury Management Advisor</p>	<p>50% of agreed proportion (20%) of core cash balance that can be invested for more than 1 year (£12.5m)</p>		<p>£5m</p>	

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
	deposit is made					
Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	A) Known rate of return over the period the monies are invested – aids forward planning B) Credit risk is over the whole period, not just when monies are invested Cannot renege on making the investment if credit quality falls or interest rates rise in the interim period	Organisations assessed as having “high credit quality” Plus A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	To be used in-house after consultation with the Treasury Management Advisor		£3m	
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparisons to gilts B) Interest rate risk; yield subject to movement during life of bond which could impact on price	AA or Government backed	In-house on a “buy and hold” basis after consultation with Treasury Management Advisor or use by Fund Managers	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years
Bonds issued by Multilateral development banks (as defined in SI2004 No534) with maturities in excess of 1 year	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparison to gilts B) Interest rate risk; yield subject to				£3m	142

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Custodial arrangements required prior to purchase	movement during life off bond which could negatively impact on price					
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Liquid If held to maturity, yield is known in advance If traded, potential for capital appreciation B) Interest rate risk; yield subject to movement during life if the bond which could impact on price	Government backed	Fund Manager	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years
Collateralised Deposit	A) Excellent credit quality B) Not liquid, cannot be traded or repaid prior to maturity Credit risk as potential for greater deterioration of credit quality over a longer period	Backed by collateral of AAA rated Local Authority LOBO's	In-house via money market broker or direct	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	

APPROVED LENDING LIST 2016/17

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £20m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland	GBR	85.0	364 days	-	-
Natwest Bank	GBR				
Bank of Scotland	GBR				
Lloyds	GBR	85.0	6 months	-	-
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK plc (includes Cater Allen)	GBR	40.0	6 months	-	-
Barclays Bank	GBR	75.0	6 months	-	-
HSBC	GBR	30.0	364 days		
Clydesdale Bank (trading as Yorkshire Bank)	GBR	30.0 (Shared with NAB)	Temporarily suspended	-	-
Goldman Sachs International Bank	GBR	40.0	6 months		
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	6 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	30.0 (Shared with Clydesdale)	364 days	-	-
Commonwealth Bank of Australia	AUS	20.0	364 days		
Canadian Imperial Bank of Commerce	CAN	20.0	364 days	-	-
Deutsche Bank	DEU	20.0	Temporarily suspended	-	-
Nordea Bank Finland	FIN	20.0	364 days	-	-
Credit Industriel et Commercial	FRA	20.0	364 days	-	-
BNP Paribas Fortis	FRA	20.0	6 months	-	-
Nordea Bank AB	SWE	20.0	364 days	-	-
Svenska Handelsbanken	SWE	40.0	364 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	2 years
Police / Fire Authorities		20.0	364 days	5.0	2 years
National Park Authorities		20.0	364 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	2 years
UK Debt Management Account		100.0	364 days	5.0	2 years

* Based on data as 26 January 2016

APPROVED COUNTRIES FOR INVESTMENTS

Based on the lowest available rating

Sovereign Rating	Country
AAA	Australia Canada Denmark Germany Netherlands Singapore Sweden Switzerland
AA+	FinlandUK USA
AA	Abu Dhabi (UAE) France Qatar
AA-	Belgium



Public Session

Report Reference Number (C/15/16)

Agenda Item No: 16

To:	Council
Date:	25 February 2016
Author:	Mary Weastell Chief Executive
Executive Councillor:	Mark Crane, Leader of the Council

Title: Changes to the Functions and Structure of Selby District Council

Summary:

This report informs Council of changes to the operating model for Selby District Council, following completion of a comprehensive review of functions and structure by the Chief Executive at the request of the Leader of Council and following approval of the resultant recommendations by the Executive.

The purpose of the Review was to consider whether the current operating model was fit for purpose, and sufficiently aligned to the Council's ambitious and challenging agenda to deliver its vision and key priorities over the next five years and beyond as set out in the Council's Corporate Plan 2015-2020. The current operating model has been in place for over four years and although key elements of the model have been reviewed and improved it was timely to undertake a more fundamental route and branch review of the functions of both the Core and Access Selby, the structure and roles of key staff and ensuring the right capacity is in place to deliver services now and for the future.

As part of the review methodology there was a fact finding and listening stage whereby all members, staff and scrutiny were invited to put their views forward, as well as reviewing a wide range of data, benchmarking and discussion with key partners. Over 150 people took part in the fact finding stage and submitted their views to the Chief Executive which informed the changes to the model. Members were also given an opportunity to attend a briefing by the Chief Executive to provide the findings of the review and proposed way forward. The review builds upon the foundation of good success of the current model, however, the review did highlight some key areas where changes were needed to address strategic skill gaps,

realignment of functions, responsibilities and capacity to ensure the Council can deliver its vision and ambition over the next five years and beyond. To also take advantage of the potential economic growth opportunities for Selby and the role of the Council as a key partner in the devolution agenda, regional working and the emerging Northern Powerhouse for the benefit of the whole District.

Following an appropriate period of staff consultation and due process in line with the Council's processes for managing organisational change, existing Corporate Leadership roles and management roles were deleted from the existing structure and a new reduced senior management structure with new roles has been created with the realignment of service functions and responsibilities. Under delegated authority by the Executive to the Chief Executive a number of new roles were appointed with effect from 1 February 2016 and the recruitment to the remaining posts is progressing well, ensuring that the Council is well equipped to meet future challenges.

As a result of the changes Council is asked to designate the post of Solicitor to the Council as Monitoring Officer and to delegate authority to the Monitoring Officer to make amendments to Part 3 of the Constitution (delegation of functions) and other minor consequential changes.

Recommendations:

- i. To note the content of the report and changes to the operating model of the Council**
- ii. To designate the post of Solicitor to the Council as Monitoring Officer under s5 of the Local Government and Housing Act 1989.**
- iii. To delegate authority to the Monitoring Officer to make changes to the Constitution to reflect the new operating model and structure.**
- iv. £161k be drawn down from the Spend to Save (Business Development) Reserve to cover pension strain costs in 2016/17.**

Reasons for recommendation

To ensure the Council can deliver its ambition and priorities as set out in the Corporate Plan 2015-2020 to make Selby a great place to do business, to enjoy life and make a difference whilst delivering great value. To also meet the challenges of continued public sector austerity, take advantage of the potential economic growth investment opportunities, the changing nature of future public sector funding and the emerging Northern Powerhouse and devolution agenda.

1 Introduction and background

- 1.1 A review (the Review) was undertaken by the Selby District Council (SDC) Chief Executive, at the request of the Leader of the Council to ensure that the Council has the right delivery model in place and that the resources and skills across the workforce will meet its ambition, vision and priorities moving forward, as set out in the Council's Corporate Plan 2015-2020 and beyond.
- 1.2 This is an ambitious plan, based on extensive consultation with all key stakeholders, and which sets out how SDC will focus on key priorities now and over the coming years to deliver the right services and outcomes for the Selby District
- 1.3 Selby District Council is a very successful Council. Employing 219 FTE staff, and operating a successful mixed economy delivery model which includes joint posts Chief Executive/Assistant Chief Executive NYCC, S151 Officer (Pilot), a range of secondments, outsourced services such as Street Scene (Amey) and Leisure (Inspiring Healthy Lifestyles) and a collaboration partnership model with North Yorkshire County Council (Better Together).
- 1.4 In 2011 a commissioner model of service delivery was introduced (the Core/Access Selby), to pro-actively manage significant reductions in income in future years, and to introduce a more flexible model to generate income and ensure that Council services in the District were sustained, continued to improve and be transformed.
- 1.5 The review identified that the creation of Access Selby had been successful in delivering significant change across the organisation. It had supported the successful development of Better Together, delivered a generic working model which gives value, efficiency and sustainability to SDC, and provided a platform for the development of SDC as a Commissioning Council.
- 1.6 However the Review concluded that the current operating model would need to change to ensure it could meet the future ambition and needs of the Council, to deliver on the Council's Corporate Plan 2015-2020 and beyond. Also the challenges posed by continued austerity measures and the evolving economic growth and devolution agenda.

2. The Report

- 2.1 The Review highlighted some key areas: duplication in decision making, strategic skills gaps and capacity, some loss of specialist skills and the need to progress towards a more commercial approach to service delivery for the future and the need to change the model to face the challenges ahead.

2.2 The Chief Executive recommended that changes were required to the overall operating model including roles and the realignment of functions as a result of the findings and these were considered by the Executive in November 2015. The recommendations were approved and the Chief Executive was authorised to consult staff and to make the necessary decisions to implement the recommendations. A formal decision to move ahead with the new model was made following a period of formal staff consultation in January 2016 and, in line with recruitment processes, a number of key new appointments have been made with effect from 1 February 2016 and the recruitment to the remaining posts is progressing well, ensuring that the Council is well equipped to meet future challenges.

2.3 The changes built on the foundation of significant success, including:

- A robust MTFP/ budget and Investment Programme – despite the financial challenges facing all Local Government in recent years.
- A new Corporate Plan 2015-2020, which is ambitious and clearly sets out its aims and priorities, with a very effective needs analysis, engagement programme with residents, partners and staff in understanding our priorities, what to expect from us and how decisions are made.
- Seizing new opportunities e.g. a new (award winning!) leisure facility, and playing a key role in making Tour de Yorkshire an enormous success for the District.
- A robust approach to strategic planning and implementation of 'PLAN Selby' in line with our Core Strategy outlining our development needs up to 2027.
- Strengthened focus on partnership working, helping us to work effectively with key National bodies, regional and key stakeholders to bring investment and funding into the District.
- Strengthened connections with local businesses and community leaders, to support new investment e.g. Tour de Yorkshire, District Partnership Breakfast summits and business enterprise days.
- A strengthened and developed Better Together collaboration programme through the appointment of a joint CX/ACX role, gaining Government recognition through a transformational fund award and successful achievements to date.

2.4 The review scope included:

- The functions and delivery of services both in the Core/Access Selby
- The commissioning arrangements
- Better Together collaboration with NYCC
- Propose any changes to the realignment of functions
- Propose changes to any staffing structure and job roles
- Propose any redistribution of resources

2.5 As part of the review methodology there was a fact finding and listening stage in which all members, staff and scrutiny were invited to put their views forward, as well as reviewing a wide range of data, benchmarking and discussion with key partners. Over 150 people took part in the fact finding stage and submitted their views to the Chief Executive which informed the changes to the model.

Members were also given an opportunity to attend a briefing by the Chief Executive to provide the findings of the review and proposed way forward.

2.6 The review identified 6 key themes that were significant to the Council's ability to deliver the best possible services across the District which were:

i. Governance and Decision Making

The review found some complexity in key governance areas between The Core and Access Selby. It recommended that the decision making structure should be rationalised to enable the organisation to make more timely, good quality decisions for future service development and improvement. A reduction in management layers in Access Selby would release resources to reinvest in increased capacity in front line services.

ii. Structure

The review found that Selby has been innovative and bold in adopting less traditional roles, which are working well, improve resilience and promote cross-team working across the Council. Shared posts and secondments are an effective and affordable way to bring skills into the organisation, and to build effective relationships with key partner organisations. However, certain skills could be strengthened and investment made in specialist areas of knowledge and the realignment of some service functions. The shared CX/ACX arrangement with NYCC is innovative and has been successful in building collaborative working models and the success of the Better Together partnership.

This should continue but with changes to the role giving more flexibility to the CX to lead the change required at Selby.

iii. Better Together (BT)

The Better Together Model is a significant success for both SDC and NYCC, with a number of services currently being delivered collaboratively. However, the review reaffirmed that the Better Together collaboration with NYCC should not be an exclusive arrangement. Where appropriate and in the best interest for the Council, other provider options should be considered alongside the Better Together solution, each should be measured on their merits and regularly reviewed supporting the current Council's mixed economy arrangements.

iv. Access Selby Commissioning Model

There is broad recognition across the Council that offering services on a commercial basis is a positive way to increase income and to transform delivery of services. Good progress has been made in preparing and launching Repairs and Maintenance and Lifeline as commercial services. An open book commissioning model should be considered as an alternative model to the current Access Selby model. This is a model based on a partnership approach, used successfully in the retail and the logistics sectors, and fosters joint working, service development, trust and transparency – all of which are aligned to SDC values. It moves away from the fixed cost envelope approach to a more flexible, agreed budget approach.

v. Culture

SDC has a committed workforce, which feels loyal to their teams and take pride in the services they provide and want to improve them. Some roles do require realignment and a robust communication and engagement plan is needed to support any changes.

Strong and skilful leadership will be a critical element in the successful delivery of the Council's Corporate Plan priorities and organisational development for staff will need to be a top priority to support the management of further change.

vi. Performance Management

The new outcome based performance framework has now been implemented and is designed to promote a learning and transparent approach but must include a mechanism for sharing customer feedback and performance data to inform service improvement and recognise achievement. Robust performance management must cascade through every level of the organisation, promoting a coaching leadership style and clear accountability at every level of the organisation. This style of leadership will be essential throughout the organisation to meet the future challenges.

- 2.7 These findings were the basis for the recommendations made by the Chief Executive and approved by the Executive in November 2015.
- 2.8 The Chief Executive has now made the recommended changes to the operating model and structure of the Council as detailed in paragraphs 2.8.1 to 2.8.3 below. The revised operational structure is shown at Appendix A.
 - 2.8.1 Two new Director Roles have been created. These will strengthen strategic capacity in the senior leadership team and both roles will cover for the Chief Executive as and when necessary within their respective remits. This will provide a much stronger resilience model at the leadership level of the Council and strong succession planning.

Director of Regeneration and Place will bring leadership and expert skills in economic regeneration, inward investment, strategic development, policy and planning, housing, culture, partnership, working, business engagement, and community and customer engagement. This will equip the Council to deliver the ambitious Corporate Plan priorities and to become a key influencer across the District and the Region and beyond to promote the Council and the District.

Director of Corporate Services and Commissioning will meet the need for a stronger Commissioning and Business Development approach to ensure value for money and efficiency is driven across all services whether externally provided or in-house. It will operate the client role managing the strategic relationship with third party providers, including the Councils operational services (which will still be delivered under the brand name of Access Selby). It will strengthen capacity in commissioning, marketing and communications, contracting & procurement, trading services and performance management as core functions – better placed to meet the future needs of the Council.

Access Selby will become a much more focused operational provider of frontline services within an 'open book' service arrangement, with a Head of Operational Services leading this function. The 'Access Selby' brand will be retained, providing services to the Council and have the resource to continue to develop traded services, but will operate as an internal provider, reporting into the Director of Corporate Services & Commissioning, without the need for a separate management structure/board. The current Access Selby Board will cease and there will be a review of scrutiny arrangements with a refocus on scrutinising service delivery reviews and VFM.

The grouping of the corporate functions under the new Directors will bring a clearer distinction between strategic/corporate functions and operational functions.

It is anticipated that the **Finance/Section 151 function** will be a joint role with NYCC, following an evaluation of the current pilot which has been in place for a year. This role will be included in the Senior Management Team (SMT) and will report to the Chief Executive, although for the purposes of this corporate review this post has been included in the new structure without major change pending a decision on the future joint arrangement, which will conclude in March.

A new Solicitor to the Council role will include a range of new services – Legal, Democratic Services, Licensing, Member Development, Elections (Deputy RO role) and Governance and, subject to approval by Council, will discharge the statutory Monitoring Officer duties. The role will include a remit for the development of shared legal services with other authorities. This role will be included in the Senior Management Team (SMT) and will report to the Chief Executive.

- 2.8.2 Management layers and the number of decision making forums have been reduced, with two key Director posts (Regeneration & Place and Corporate Services & Commissioning), making decision making simpler and more timely and responsibilities and accountability clearer.
- 2.8.3 The Deputy Chief Executive role, Executive Director role, Director roles and Business Manager roles and previous Solicitor to the Council roles have been removed from the structure although the post of Executive Director (s151) remains in the structure pending a decision on future arrangements. Resources will be re-invested in key specialist and technical skills and knowledge at a new Head of Service level and in front line service delivery such as planning, housing, licensing and enforcement. There will also be increased capacity in corporate

functions e.g. strategic planning, commissioning, and business development.

- 2.9 The new senior team will lead on a subsequent realignment of Lead Officers with clearer roles and responsibilities and these will be development roles, with a commitment that post holders will be developed into their new / refreshed roles with the support of their Directors and Heads of Service. This will bring further changes to the organisation, which will be supported by a comprehensive consultation, communication and engagement process, and by the SDC Organisational Development Strategy, to ensure that individuals are supported through the change and that the full benefits of the changes can be achieved promptly.
- 2.10 The new structure will strengthen and endorse the flexible working models which are currently in place such as shared posts, generic posts, collaboration (BT) and commissioned services that have been so successful to date.
- 2.11 Adopting the proposed structure has required significant change to a number of senior roles in the organisation. This was carried out via a robust consultation process with post holders whose jobs had changed or did not exist at all in the new structure, with the broader workforce, and with key partners. There was a broad level of support for the changes across the organisation at all levels. A number of suggestions were made in respect of clarity of responsibilities around emergency planning, health and safety and strategic housing which were reflected in the final versions of the job descriptions.
- 2.12 After the revised structure was finalised an independent assimilation panel met to consider whether staff in existing posts should be matched to the new roles on the basis that the job descriptions were the same or substantially similar. No staff were assimilated during this process in view of the substantial change in job roles and responsibilities. All affected staff were then given 'prior consideration' status in a ring fencing assessment and interview process for recruitment to the new posts. Through this process appointments were made to the Solicitor to the Council post, the Head of Operations and the Head of Community, Partnerships and Customers. The Director roles were not filled and are now the subject of external recruitment. The 3 remaining Heads of Service posts are being advertised internally. Five members of staff selected not to go through the ring-fencing process and will be leaving the authority by the 18th April 2016.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The Council is required to designate one of its officers as the officer responsible for performing the duties of Monitoring Officer imposed by Section 5 of the Local Government and Housing Act 1989. This role was previously held by the Deputy Chief Executive, a post which has not been retained in the revised structure.

Whilst there is no statutory requirement for the post holder to be legally qualified, the designated officer should be in a position to know what the various parts of the authority are proposing to do, to be able to advise and resolve issues that may arise, and have sufficient independence and budget to procure legal advice whenever appropriate. The new post of Solicitor to the Council, as a member of the Corporate Management Team, is felt to be the most appropriate officer to undertake that role and it is recommended that Council designate that post as the Monitoring Officer.

These changes to the senior management structure must be reflected within the Council's constitution and particularly in the scheme of delegation to ensure that decisions are made lawfully. It is therefore recommended that the Monitoring Officer be given delegated authority after consultation with the Leader of Council to amend Part 3 of the Constitution (responsibility for functions) and to make other consequential changes to the Constitution. Other than the removal of provisions relating to Access Selby Board no changes will be made in respect of functions delegated to Councillors or Committees under this delegation.

3.2 Financial Issues

The new senior management structure will deliver on-going base budget annual savings of **£82k** (full year effect) although it is anticipated that this saving will ultimately be reinvested into additional capacity in front line services.

Further savings may also be achieved from the financial management service, which includes the potential joint role of SDC Executive Director (s151) and NYCC Assistant Director Strategic Resources. This service is subject to a review in March 2016 of the current Better Together Finance pilot but estimated annual savings of **£67k** could also be achieved from this arrangement.

As highlighted in paragraph 2.12, some senior officers will be leaving the authority following the restructure. The associated redundancy costs, one off

costs of £136k, can be accommodated within existing budgets i.e. the Year 1 savings and the 2016/17 operational contingency budget.

The age profile of two officers mean that their pension becomes payable and as such there is a strain on the pension fund that must be borne by the Council. The pension strain cost will be £161k and it is proposed that this be met from the Spend to Save (Business Development) Reserve. This reserve has been established to meet such one-off costs associated with service transformation and has an available balance of £434k as at 1 April 2016.

Under the terms of the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 an employee who is under notice of redundancy but receives an offer of employment from another relevant body (as listed in the Order) and takes up employment with that body within 4 weeks of the end of employment will not have been dismissed for redundancy payment purposes. In such circumstances redundancy and pension entitlement will not be payable.

3.3 Impact Assessment

These changes have been made to ensure the Council's structure and operating model are fit for purpose for the future. No changes are proposed to service delivery and any savings will be reinvested in deliver capacity.

4. Conclusion

- 4.1 That the model introduced in 2011 delivered a range of successful outcomes, however, changing the delivery structure for the future is essential to meet the oncoming challenges and to deliver the Council's ambition and priorities for the future. The changes ensure that the Council can deliver on the Corporate Plan 2015-2020 to make Selby a great place to do business, enjoy life and make a difference whilst delivering great value. It will also meet the challenges of public sector austerity, take advantage of the potential economic growth opportunities, address the changing nature of public sector funding and the emerging Northern Powerhouse and devolution agenda.

5. Background Documents

None

Contact Officer:

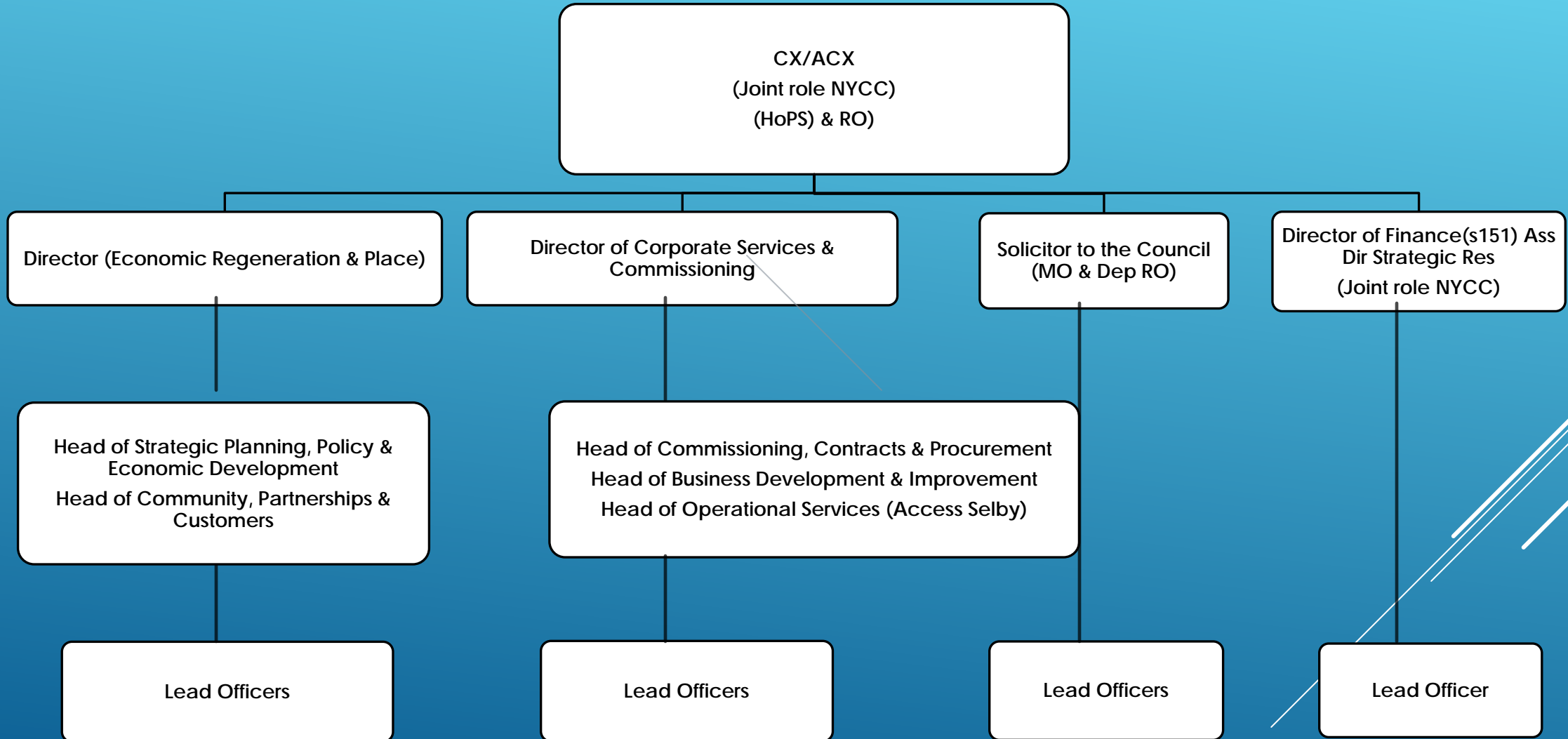
Mary Weastell

Chief Executive of Selby District Council and Assistant Chief Executive of North Yorkshire County Council

mweastell@selby.gov.uk

Appendices:

Appendix A – Revised Senior Management Structure



Report Reference Number (C/15/17) Agenda Item No: 17

To: Council
Date: 25 February 2015
Author: Jackie Humphries – Lead Officer Human Resources
Lead Officer: Mary Weastell – Chief Executive
Executive Member Councillor M Crane

Title: Pay Policy Statement

Summary:

The purpose of this report is to seek approval of the Council’s Pay Policy Statement 2016/17 in accordance with section 38 of the Localism Act 2011.

Recommendations:

- i. That Council approve the Pay Policy Statement for 2016/17 (Appendix A)**

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 A). The Statement must articulate the Council’s policy towards the pay of the workforce, particularly senior staff and lowest paid employees.

- 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 the Local Government Transparency Code 2015 and 'Openness and accountability in local pay. Guidance under section 40 the Localism Act 2012'.
- 2.3 A table detailing the Terms and Conditions relating to pay can be found within the Pay Policy Statement.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The Localism Act 2011, Chapter 8 refers to 'Pay Accountability' and sets out the requirements for councils to determine and publish annual pay policy statements.

The pay policy statement must be approved before the start of each financial year and 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.

3.2 Financial Issues

Pay offers of a 1% increase have been made to local government employees, Chief Officers and Chief Executives. If agreed they will be implemented on 1 April 2016.

4. 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.

5. Background Documents

None

Contact Officer: Jackie Humphries - Lead Officer HR

Appendices:

Appendix A : Statement of Pay Policy

APPENDIX A

SELBY DISTRICT COUNCIL/ACCESS SELBY **STATEMENT OF PAY POLICY FOR THE PERIOD** **1 APRIL 2016 TO 31 MARCH 2017**

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 25 February 2016.

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 Solicitor to the Council (Monitoring Officer) and Director of Finance & Assistant Director Strategic Resource (dual role with NYCC)(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 Director of Economic Regeneration & Place and Director of Corporate Services & Commissioning

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, currently £13,500 per annum, thus becoming an hourly rate of pay of £7.00 per hour. This pay point 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 £ 94,709 which is paid to the Chief Executive. The average median salary is £22,212. The ratio between the two salaries, the 'pay multiple' is 4.30:1.

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 2016 – end March 2017). 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.

Data requirements of the Code of Practice and the Accounts and Audit Regulations

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 current 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

SCHEDULE OF REMUNERATION OF CHIEF OFFICERS

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£94709 As part of the Better Together collaborative arrangement between Selby DC and North Yorkshire CC, there is a joint role of Chief Executive of Selby and Asst C Ex of NYCC Selby's contribution is £56825 and NYCC contribution is £37884	Travel and other expenses are reimbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	N/A	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.
Director (Economic Regeneration and Place)	£73452 plus supplement of £1548	Travel and other expenses are reimbursed through normal authority	The terms of the contract of employment do not provide for the payment of bonuses	N/A	The terms of the contract of employment do not provide for an element of base salary to be held back related to	Honoraria payments for any increased duties and responsibilities are reimbursed through	There are no plans for 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.

		procedures			performance	normal authority procedures				
Director of Corporate Services and Commissioning	£73452 plus supplement of £1548	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	N/A	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 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.
Solicitor to the Council (Monitoring Officer)	£57,327 plus supplement of £2673 for Monitoring Officer Duties	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	N/A	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.
Executive Director (Section 151 Officer)	£57327	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	N/A	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	There are no plans for the postholder to receive any ex-gratia payments	N/A	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder.

						procedures				
Head of Business Development & Improvement	£54020	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contracts of employment do not provide for the payment of bonuses	N/A	The terms of the contracts 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.
Head of Commissioning, Contracts & Procurement	£54020	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contracts of employment do not provide for the payment of bonuses	N/A	The terms of the contracts 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.
Head of Community, Partnerships & Customers	£54020	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contracts of employment do not provide for the payment of bonuses	N/A	The terms of the contracts 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.

Head of Operational Services	£54020	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contracts of employment do not provide for the payment of bonuses	N/A	The terms of the contracts 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.
Head of Strategic Planning, Policy & Economic Development	£54020	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contracts of employment do not provide for the payment of bonuses	N/A	The terms of the contracts 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
Democratic Services Manager	£34746	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	N/A	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	N/A	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder.

Aspect of Chief Officer Remuneration	Authority Policy
Recruitment	These posts will be advertised and appointed at the appropriate approved salary for the post in question 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/15/18

Agenda Item No: 18

To:	Council
Date:	25 February 2016
Author:	Palbinder Mann, Democratic Services Manager
Lead Officer:	Gillian Marshall, Solicitor to the Council
Executive Lead:	Mark Crane, Leader of the Council

Title: Committee Membership

Summary:

In May 2015, Council approved the membership for the Committees of the Council. Two changes are now proposed to the membership and Council is asked to formally approve these changes.

Recommendations:

To approve the following Committee membership changes:

- **Councillor Cattanach to replace Councillor Ellis on the Policy Review Committee.**
- **Councillor Welch to be added to the list of substitutes for the Planning Committee.**

Reasons for recommendation

To meet legislative requirements and to enable the proper functioning of the Council in the 2015/16 municipal year.

1. The Report

- 1.1 Each year Annual Council receives Group Leaders' nominations for appointments to Chairs and Vice Chairs and for the membership of Council committees.
- 1.2 Since the approval at Annual Council in some changes to the Committee membership are now proposed by the Group Leaders and these need to be formally approved by Council.

- 1.3 Councillor Ellis has resigned from the Policy Review Committee and the Conservative Group has proposed that Councillor Cattnach replace him on the Committee.
- 1.4 The Labour Group have also proposed adding Councillor Welch to the list of substitutes on the Planning Committee to allow him to replace any of his group members should they be unavailable for any Planning Committee meetings.
- 1.5 The proposed Committee membership list is attached at Appendix A.

2 Legal/Financial Controls and other Policy matters

2.1 Legal Issues

Section 15 of the Local Government and Housing Act 1989 places a duty on the Council to allocate seats on Ordinary Committees of the Council between the political groups in accordance with the following principles :-

- a) That not all the seats on the body to which appointments are being made are allocated to the same political group;
- b) That the majority of seats on each committee are allocated to a particular political group if the number of persons belonging to that group is a majority of the authority's membership;
- c) That subject to (a) and (b), when allocating seats to a political group, the total number of their seats across all the ordinary committees of the Council, must reflect their proportion of the authority's membership; and
- d) Subject to (a) to (c), that the number of seats on each committee is as far as possible in proportion to the group's membership of the authority.

The Local Government and Housing Act 1989 requires that, once the Council has determined the allocation of committee places between the political groups, the Council must then appoint the nominees of the political groups to the committees.

For the purpose of this process there are two political groups making up the Council; the Conservation Group and the Labour Group. A group consists of two or more members of Council who have indicated that they wish to be treated as a group. Councillors that are not members of political groups have no entitlement to an allocation of seats on Committees. Political groups are entitled to their proportion of seats and once their entitlement has been reached, any remaining seats may be filled by Councillors not belonging to a political group. Such Councillors are called 'non-aligned'.

These rules apply to the Planning Committee, Overview and Scrutiny Committee and Policy Review Committee. They do not apply Licensing Committee which is a statutory committee. Nonetheless nominations for seats

on that Committee have been received in line with the general principles outlined above and are included in the Appendices.

3.2 Financial Issues

There may be occasion for the Councillors to attend external meetings which may incur travel expenses.

4. Conclusion

4.1 The Council is asked to approve the proposed membership changes.

5. Background Documents

None

Contact Officer:

Palbinder Mann
Democratic Services Manager
pmann@selby.gov.uk
ext 42207

Appendices:

Appendix A – Proposed list Appointments of Committee Chairs/Vice Chairs and Committee Members for 2015/16

Planning Committee

Chair (Conservative)	Cattanach
Vice Chair (Conservative)	Musgrave
Councillor (Conservative)	Casling
Councillor (Conservative)	I Chilvers
Councillor (Conservative)	Deans
Councillor (Conservative)	Mackay
Councillor (Conservative)	Pearson
Councillor (Labour)	Crawford
Councillor (Labour)	Marshall
Substitute (Conservative)	Sweeting
Substitute (Conservative)	Reynolds
Substitute (Conservative)	White
Substitute (Conservative)	Jordan
Substitute (Conservative)	Hutchinson
Substitute (Conservative)	Buckle
Substitute (Labour)	Packham
Substitute (Labour)	Duckett
<i>Substitute (Labour)</i>	<i>Welch</i>

Licensing Committee

Chair (Conservative)	Pearson
Vice Chair (Conservative)	Ellis
Councillor (Conservative)	J Chilvers
Councillor (Conservative)	Hobson
Councillor (Conservative)	Jordan
Councillor (Conservative)	Sweeting
Councillor (Conservative)	White
Councillor (Labour)	Marshall
Councillor (Labour)	Thurlow
Councillor (Labour)	Duckett
Substitute (Conservative)	Deans
Substitute (Conservative)	Buckle
Substitute (Conservative)	Mackay
Substitute (Conservative)	I Chilvers
Substitute (Conservative)	Peart
Substitute (Labour)	Shaw-Wright
Substitute (Labour)	Welsh

Overview and Scrutiny Committee

Chair (Labour)	Crawford
Vice Chair (Labour)	Nichols
Councillor (Conservative)	Buckle
Councillor (Conservative)	Casling
Councillor (Conservative)	I Chilvers
Councillor (Conservative)	Mackay
Councillor (Conservative)	White
Substitute (Conservative)	Sweeting
Substitute (Conservative)	J Chilvers
Substitute (Conservative)	Jordan
Substitute (Labour)	Marshall
Substitute (Labour)	Packham
Substitute (Labour)	Duckett

Policy Review Committee

Chair (Conservative)	Deans
Vice Chair (Conservative)	Hobson
Councillor (Conservative)	Arthur
Councillor (Conservative)	<i>Ellis Cattanach</i>
Councillor (Conservative)	Hutchinson
Councillor (Labour)	Packham
Councillor (Labour)	Shaw-Wright
Substitute (Conservative)	Pearson
Substitute (Conservative)	Reynolds
Substitute (Conservative)	Casling
Substitute (Labour)	Welsh
Substitute (Labour)	Thurlow

Audit and Governance Committee

Chair (Conservative)	Jordan
Vice Chair (Conservative)	Reynolds
Councillor (Conservative)	Arthur
Councillor (Conservative)	Buckle
Councillor (Conservative)	J Chilvers
Councillor (Labour)	Thurlow

Councillor (Labour)	Welsh
Substitute (Conservative)	White
Substitute (Conservative)	Musgrave
Substitute (Conservative)	Cattanach
Substitute (Labour)	Marshall
Substitute (Labour)	Duckett