

# Selby District Council



## Agenda

Meeting: **Executive**  
Date: **6 October 2011**  
Time: **4.00pm**  
Venue: **Committee Room**  
To: Councillor Mark Crane, Councillor Mrs Gillian Ivey, Councillor Cliff Lunn, Councillor John Mackman and Councillor Chris Metcalfe

### 1. Apologies for absence

### 2. Minutes

The Executive is asked to approve the minutes of the meeting held on 1 September 2011. Pages 4 to 13.

### 3. Disclosures of Interest

Members of the Executive should disclose personal or prejudicial interest(s) in any item on this agenda.

### 4. Medium Term Financial Strategy – Key Decision

Report E/11/26 asks the Executive to consider the draft Medium Term Financial Strategy. Pages 14 to 60.

### 5. Future Provision of Internal Audit

Report E/11/27 asks the Executive to consider the future provision of Internal Audit at Selby District Council. Pages 61 to 76.

### 6. Leisure Planned Maintenance Programme – Key Decision

Report E/11/28 provides the Executive with an update on the proposal for the three year maintenance programme and asks the Executive to consider bringing forward items from Year five. Pages 77 to 111.

## **7. Review of Car Parking Fees**

Report E/11/29 provides the responses received on the six week consultation and asks the Executive to consider the proposed increases to car parking fees. Pages 112 to 119.

## **8. Private Session**

**That in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted, the meeting be not open to the Press and public during discussion of the following item as there will be disclosure of exempt information as defined in Section 100(1) of the Act as described in paragraphs 4 and 2 of Part 1 of Schedule 12(A) of the Act.**

## **9. Request for Write-Off Industrial Unit Rent, Over £5000**

Report E/11/30 asks the Executive to consider the offer to write off the balance of a debt outstanding for rental of an industrial unit. Pages 120 to 126.

## **10. CCTV Provision**

Report E/11/31 provides the Executive with an update on the future provision of CCTV across Selby District. Page 127 to 133.

## **11. Land at Portholme Road, Selby – Key Decision**

Report E/11/32 provides the Executive with an update on the land at Portholme Road, Selby. Pages 134 to 148.

**Jonathan Lund  
Deputy Chief Executive**

<b>Dates of next meetings</b>
<b>Executive Briefing 20 October 2011</b>
<b>Executive 3 November 2011</b>

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# Selby District Council



## Minutes

### Executive

Venue:	Committee Room, Civic Centre, Selby
Date:	1 September 2011
Present:	Councillor M Crane (Chair), Mrs G Ivey C Lunn, C Metcalfe and J Mackman
Apologies for Absence:	None
Officers present:	Chief Executive, Deputy Chief Executive, Director (S151), Managing Director, Director of Business Services, Director of Community Services, Policy Officer, Policy Officer, Lead Officer – Community Support Teams and Democratic Services Manager.
Public:	9
Press:	1

NOTE: Only minute numbers 29, 30, 32, 33 and 34 are subject to call in. The deadline for call-in is 5pm 13 September 2011. Decisions not called in may be implemented on 14 September 2011.

#### **26. Minutes**

The minutes of the meeting on 28 July 2011 were submitted and agreed as a correct record and signed by the Chair.

#### **27. Disclosures of Interest**

There were no disclosures of interest.

#### **28. Site Allocations Development Plan Document – Preferred Sites Version and associated LDF Documents – Key Decision**

Councillor Mackman presented report E/11/18 outlining the Council's response to the recent public consultation exercise regarding the Site Allocations Development Plan Document (SADPD) as part of the Local Development Framework.

Councillor Mackman outlined the history of the document and stated that there were still several rounds of consultation to take place before it was finalised. He acknowledged the hard work that had gone in to preparing the document and restated its importance to the District. He provided the Executive with details of potential changes to national planning policy and also highlighted the possibility of amendments to the Core Strategy following the Examination in Public to be held later in the month.

It was reported that the SADPD had been submitted to the Policy Review Committee for consideration on 9 August 2011 and the recommendations of that Committee were set out in the papers. The Executive considered each of the recommendations of Policy Review Committee.

**(1) To recommend the Executive to adopt the new housing distribution proposals set out on page 29 of the draft Preferred Options SADPD, instead of the revised version which proposes additions and deletions in respect of South Milford, Fairburn, Monk Fryston, North Duffield, Brotherton, Byram and Cawood.**

and

**(2) To ask the Executive to adopt a more proactive approach to identifying suitable development sites, particularly in areas like Appleton Roebuck.**

The Executive agreed to reconsider the redistribution of housing arising from implementing SADPD methodology in Issue D. It was agreed that finding additional sites in each of the constrained villages is preferable to moving housing numbers between settlements. However it also noted that extensive work had already gone in to finding suitable sites. Given the current range of available land, the method presented in the Preferred Options to redistributing houses was the realistic solution.

The Executive felt that officers should work with the Ward and Parish Councillors in Brotherton & Byram and Cawood to find further potential development sites to remove the need to redistribute housing. As such, the Preferred Options would be redrafted to introduce a "housing pool" that acknowledges there are constraints on some villages; that temporarily accommodates those housing numbers and which emphasises the need for additional sites, but which clearly sets out where housing numbers will be redistributed if no further suitable sites are submitted in a "mini call for sites exercise".

The Policy Review Committee requested this additional search for sites in Appleton Roebuck, but the Ward Member had already done such work

and so it was considered that the search in Appleton Roebuck is no longer required. Councillor Mackman noted that an Appleton Roebuck chapter had been redrafted with minor consequential amendments to other text in the Preferred Options, clearly setting out the preferred and rejected sites in Appleton Roebuck.

**(3) To recommend the Executive to look again at the question of suitable sites for gypsies and travellers;**

**(4) To appoint a working group of Councillors and representatives of gypsy and traveller communities to identify suitable sites, looking first at the potential development of land adjacent to existing sites.**

The Executive acknowledged the debate on the Gypsy and Traveller sites, but also that a decision must be made. Councillor Mackman reiterated the need to continue with the Preferred site as the Council has already undertaken several attempts to find a suitable site. He stated that a fifth site (Land at the junction of A63/A1(M)) had been submitted and added to the list in the Preferred Options. He confirmed that the methodology used for finding a site had evolved from extensive consultation at the Issues and Options stage, and that with five sites, Brotherton remained the Preferred location.

Councillor Mackman highlighted that the proposed site at Brotherton is for the whole of the available land, not just part within development limits, although any allocation would seek to limit the extent of encroachment into the Green Belt. He also confirmed that there was no objection in principle to the site in national planning policy in terms of the pylon on the site.

The Executive agreed that Policy Review Committee should form a working group to readdress the range of potential Gypsy and Traveller sites, and presented draft terms of reference. The findings of the working group would be reported back through the normal Preferred Options consultation process.

**(5) To recommend the Executive to identify a suitable form of words which does not allocate the site at Burn Airfield but which indicates that the Council would welcome comprehensive proposals for a significant or specialist development at that location.**

The Executive agreed that it was not necessary or desirable to single out Burn Airfield for a potential development. The employment land allocations meet the identified need as set out in the Core Strategy, so there was no need for further land at Burn Airfield. The existing text would not prejudice any windfall application, so no change was necessary.

**(6) To recommend the Executive to review and clarify the proposed definitions, industry sector classifications and criteria used to identify major sites in the Green Belt.**

The Executive heard that there was need for greater clarity in what could qualify as a major developed site in the Green Belt as there was no explicit definition. Councillor Mackman explained that such designations were made possible through Annexe C of national Planning Policy Guidance 2 (PPG2). PPG2 contains no explicit definition, but the non-exhaustive schedule of potential uses is consistent with those identified in the Preferred Options. It was agreed to insert references to PPG2 in to the Preferred Options to assist the identification of Major Developer Sites through the consultation.

**(7) To recommend the Executive to make highway impact a material consideration in allocating sites, particularly in urban areas and particularly in respect of the cumulative impact of development.**

Councillor Mackman noted that highway issues would still be a material consideration in any planning application on the allocated sites. However, the criterion was removed from the methodology in Issue D due to there being no evidence of discernable differences between sites that could be used to compare them for the purpose of SADPD.

However, the Executive agreed that the criterion could be reinserted in Issue D as new evidence may come forward through the consultation.

**(8) To recommend the Executive to allocate sites SELB002, SELGB004, SELB005 and SELB003, SELB006, SELB031 as recreational open space.**

The Executive noted that some of the sites are already designated Recreation Open Space (ROS), and that there is additional ROS adjacent and in the vicinity. It could not be argued that there was a shortage in that area to justify additional allocations. When future house building occurs, additional ROS would be sought on the site so there would be no additional pressure on those existing sites. The Council is working on a PPG17 compliant study of leisure, open space and recreation and although the report is not complete, early indications are that there is no deficiency to use as evidence. As such the Executive felt it could not defend such an allocation and therefore it would not make one.

**(9) To recommend the Executive to reconsider the proposed allocation of existing car parking for redevelopment and in particular to:**

- (a) safeguard existing car parking provision by requiring any development to take place above lower level car parking and/or**
- (b) ensure adequate provision for vans, including those used in connection with Selby Market.**

The Executive agree to the principle of the recommendation as the Minutes of the Executive of 28<sup>th</sup> July show this issue was discussed and an agreement made to amend the text.

**(10) To recommend the Executive to reconsider the proposed allocation of site SHER015.**

The Executive noted that the map numbering on SHER015 and SHER016 had changed due to a drafting error. Councillors resolved to make no change to the proposed allocation of site SHER015.

**(11) To recognise that proposals in respect of Sherburn had been amended within the 24 hours prior to the Policy Review meeting the Committee had asked Councillors Jordan and Packham to consider and submit any views in relation to the revised proposals directly to the Executive, in advance of the Executive Briefing on 22 August 2011.**

Councillor Mackman stated that Councillor Jordan had confirmed in an e-mail that he had no further comments to make, therefore, the Executive agreed to the revised Sherburn-in-Elmet chapter.

**(12) To recommend the Executive to remove all of the words after “No allocation” in respect of the response on the former Papyrus Works (Site X 010) set out in the “Other Discounted Sites” table on page 110**

The executive agreed to delete existing text and add the words *“Site has Planning Permission (subject to S106 agreement)”*

Councillor Mackman also noted that some minor typographical errors had also been attended to and that he would inform Officers of further minor amendments as required.

Councillor Mackman then set out the Council’s position regarding the supply of housing land in the District. He explained that it fell short of the 5 years supply required. The Council was vulnerable to inappropriate windfall applications if the supply was not boosted through the release of Local Plan Phase 2 sites to meet the need until the SADPD was adopted.

Councillor Mackman considered it inappropriate to prevent the release of the Sherburn-in-Elmet site when there is a shortage of housing and housing land, but also considered that to prevent harm to the Core Strategy it should be released for 282 units in line with the SADPD. Similarly the other Phase 2 site yields should be amended to reflect the SADPD numbers.

The Executive agreed that the release was necessary to retain control over development and also agreed with Councillor Mackman’s suggestion for amending the yield in line with the SADPD to protect the Core Strategy and SADPD.



**Resolved:**

**SADPD**

- (i) To submit to Full Council the Site Allocations DPD draft Preferred Options Document, as amended above, to proceed to the next stage;**
- (ii) To recommend to Full Council that a 10-week Public Consultation process be undertaken to commence on 22 September 2011;**
- (iii) To delegate authority to the Managing Director of Access Selby after consultation with the Lead Executive Member for Place Shaping to deal with any minor amendments to the document prior to consultation.**

**5 Year Supply**

- (iv) To receive and note the Draft Technical Report at Appendix 4;**
- (v) To recommend Full Council to release the Phase 2 residential allocations;**
- (vi) To approve appropriate publicity and notification of Landowners**

**Legal Representation at Core Strategy Examination in Public**

- (vii) To approve the appointment of Counsel on the behalf of the Council.**

Reasons for decisions:

**SADPD**

- (i) Following consideration of the consultation exercise, the Council has proposed its Preferred Options.

**5 Year Supply**

- (ii) To ensure clarity in the decision making process.

**Legal Representation on the Core Strategy Examination in Public**

- (iii) Officers recognise this is a significant matter for the Council and having regard to some parties to the process employing Counsel at the hearing, it is considered advisable that the Council is able to respond at a similar level.

## 29. Affordable Housing SPD – Key Decision

Councillor Ivey presented report E/11/19 updating the Executive on the progress of the Draft Affordable Housing Supplementary Planning Document (SPD) following a public consultation in February 2011.

The Executive heard that the Affordable Housing SPD was closely linked to the Core Strategy and was consulted on throughout January and February 2011. A number of events had been organised to publicise the SPD and to obtain comments from key stakeholders and the local community.

Councillor Metcalfe raised the issue of Extra Care Housing and its importance to the district. The Executive agreed that this issue should be covered more robustly in subsequent amendments to the document.

### **Resolved:**

- (i) Subject to a more detailed inclusion of Extra Care Housing, to approve the progress and the next stages of development on the Affordable Housing SPD;**
- (ii) To agree officers' approach to the consultation and response to the comments received.**

Reasons for decisions:

Following consideration of the consultation exercise and amendments to Planning Policy Statement 3; Housing, the Council have proposed a further work programme to take the draft Affordable Housing SPD forward in preparation for the adoption of the Core Strategy later this year.

## 30. 1<sup>st</sup> Interim Budget Exceptions Report – Key Decision

Councillor Lunn presented report E/11/20 updating the Executive on details of major variations between budgeted and actual expenditure and income for the 2011/12 financial year to 30 June 2011.

The Executive discussed a number of the exceptions highlighted in the report. The Chief Executive provided an update on partnership working with Harrogate and Craven Councils.

The Executive commented upon the Council's successful homelessness policy and, as a consequence, the need to look at potential uses for Edgerton Lodge.

The Deputy Chief Executive gave an update on the latest position in respect of the relocation of the Telecommunications Mast.

### **Resolved:**

- (i) To receive and note Report E/11/20 and endorse the actions of officers set out in the report;**
- (ii) To adjust the budgets to reflect the savings expected to be achieved this year as per Appendix B, and that the Council's Medium Term Financial Plan be amended to take account of projected savings in 2012/12 and 2013/14 where these are not currently allowed for in the budget.**

Reasons for decisions:

To ensure that budget exceptions are brought to the attention of the Executive and to approve remedial action as necessary.

### **31. 1<sup>st</sup> Interim Treasury Management Progress Report**

Councillor Lunn presented report E/11/21 which reviewed the Council's borrowing and investment activity (Treasury Management) for the first three months of 2011/12 and presented performance against the Prudential Indicators.

Councillor Lunn highlighted the continuing economic conditions in which the Council's Treasury Management activities were set.

The Executive discussed the continuing need for an appropriate balance between long and short term investments.

#### **Resolved:**

**To receive and approve Report E/11/20 and endorse the actions of officers.**

Reasons for decision:

To comply with the Treasury Management Code of Practice, the Executive is required to receive and review regular Treasury Management monitoring reports.

### **32. Corporate Plan – Key Decision**

Councillor Crane presented report E/11/22 detailing the outcome of the consultation on the Draft Corporate Plan for 2012-2016. The report presented the final plan for submission to Full Council for approval.

Councillors discussed the Corporate Plan which had been created in a new format. The Chief Executive outlined that a more traditional action plan would sit below this document.

Councillor Mackman suggested a minor amendment to the wording of the Plan regarding site provision for the Travelling Community. This was supported by the Executive.

**Resolved:**

**Subject to the above amendment, the Corporate Plan for 2012 – 2016 is submitted to Council for approval.**

Reason for decision:

To finalise the Corporate Plan which sets the Council's objectives and priorities for the next 4 years.

**33. 1<sup>st</sup> Interim Corporate Plan Progress Report**

Councillor Crane presented report E/11/23 which detailed Access Selby Key Performance Indicators following the 1<sup>st</sup> quarter of reporting for the financial year 2011/12.

Councillor Crane highlighted the positive performance indicators identified in the reports.

However, the Executive expressed concern over the average time taken to re-let local authority housing. The average was now 47 days. The Director of Community Services stated that action was being taken to reduce this time period. The Executive asked that representatives from Access Selby address a future Executive Briefing Session to explain the fall in performance.

**Resolved:**

**To approve officers to take the necessary action to ensure the performance meets the targets set.**

Reason for decision:

The ongoing management of performance and improvement data assists Access Selby in achieving its priorities for 2011/12.

**34. North Yorkshire Housing Investment Plan 2011 – 2021**

Councillor Ivey presented report E/11/24 seeking endorsement of the North Yorkshire Local Investment Plan 2011-2021. This report set out the way in which North Yorkshire authorities will work together to bring investment into the development of new affordable housing across the county.

Councillors heard that the local authorities of North Yorkshire, with the exception of City of York, had agreed to develop a sub regional Local Investment Plan. Through the Local Investment Plan, for the period 2011-15 the North Yorkshire region is seeking to deliver approximately 2,500 additional affordable homes.

**Resolved:**

**To endorse the North Yorkshire Local Investment Plan 2011-2021.**

Reason for decision:

To enable North Yorkshire authorities to move forward together in delivering approximately 2,500 additional affordable homes the county over the next 4 years.

**35. North Yorkshire Housing Strategy Local Action Plan**

Councillor Ivey presented report E/11/25 which identified actions within the North Yorkshire Housing Strategy Action Plan that were relevant to Selby District Council. The report required approval of these actions and the monitoring, reporting and scrutiny associated with them.

Councillor Ivey identified the need for revised wording at point 3.4 in the Action Plan, relating to the Council's acceptance of the North Yorkshire Gypsy and Traveller accommodation assessment as it relates to Selby District.

Councillor Ivey suggested the revised wording as:

“Selby District Council believes that the figures from the Board are based on desirability. Based on need, Selby District Council has agreed a figure of 10 pitches, which is being considered through the SADPD.”

This was accepted by the Executive.

**Resolved:**

- (i) Subject to the above wording, to approve the list of actions to comprise the Selby District Local Action Plan as set out in Appendix 1.**
- (ii) To agree that a separate document is unnecessary and that monitoring/ reporting arrangements for the North Yorkshire Housing Strategy Selby District Local Action Plan are carried out in line with other District Councils, that being that identified actions are monitored, reported and scrutinised through the existing service action plans which contain them.**

Reason for decision:

To ensure that Selby District Council contributes to the delivery of the North Yorkshire Housing Strategy Action Plan in an appropriate and business like manner.

The meeting concluded at 6.52pm.

# Selby District Council

## REPORT

Reference: E/11/26

Public – Item 4



**To:** Executive  
**Date:** 6 October 2011  
**Status:** Key Decision  
**Published:** 28 September 2011  
**Author:** Karen Iveson  
**Executive Member:** Cllr Cliff Lunn - Finance  
**Lead Director:** Karen Iveson

### **Title: MEDIUM TERM FINANCIAL STRATEGY**

**Summary:** This report presents a draft Medium Term Financial Strategy to support delivery of the Council's objectives and priorities over the next four years.

### **Recommendations:**

- i. It is recommended that the Medium Term Financial Strategy be approved.**

### **Reasons for recommendation**

To set the framework for the 2012/13 budget and 2012 – 2014/15 Medium Term Financial Plan.

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

- 1.1 This report presents a draft financial strategy drawing on the output from a workshop with the Executive, held in early August. It considers the requirements of a refreshed financial strategy in light of the cuts to public sector funding and the on-going turmoil in the wider economy.

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

- 2.1 The 10 year financial planning model has been updated using a variety of assumptions which are explained in section 4 of the strategy. Overall

the strategy takes a cautious view of resources, given the uncertainty of the Government's resource review.

- 2.2 Since the strategy assumptions were last updated inflation forecasts have been revised upwards and medium term investment rates have been brought down:

**Investment interest** - In order to bring some stability to the budget the strategy proposes that investment returns to support revenue spending are capped at £300k – with any excess receipts being transferred to earmarked reserves.

**Inflation** - Average inflation forecasts have been increased by 1% each year (so from 2.5% to 3.5% for 2012/13 and from 2% to 3% thereafter.

Together these adjustments have widened the gap between spending and resources by some £500k by 2014/15.

- 2.3 Formula Grant is extremely difficult to predict given the proposals for business rates and the impact of top slicing to fund the new homes bonus as well as the cuts previously announced. The strategy assumes inflation on 'grant' at 2% p.a. after the cuts in 2014/15. Any potential growth in business rate income will be treated as a 'one-off' resource and set aside to fund future losses or be allocated to project resources should sufficient funds be available.
- 2.4 The strategy proposes that Council Tax Freeze Grant be treated as a one-off resource and is transferred to the Spend to Save Reserve.
- 2.5 The strategy also assumes an inflationary increase on Council Tax – i.e. 3.5% for 2012/13.
- 2.6 At this stage no new reserves are proposed and the planned level of reserves is considered reasonable.
- 2.7 Fees and charges are generally expected to keep pace with inflation. A new system for planning fees is expected for April 2012 but we still awaiting final details. Legal challenges to Land Charges income mean that this business area is at risk.
- 2.8 There are further legislative changes that may have financial implications but at this stage it is not possible to quantify these – we will keep a watching brief and refresh the strategy assumptions as necessary.
- 2.9 The 10 year model has been updated using assumptions explained within the strategy. Resources are estimated at between £10m and £11m over the next 3 years and beyond – some £500k short of the forecasted net revenue budget.

- 2.10 It is assumed that General Balances will be used to support the revenue budget for 2012/13 but not thereafter.
- 2.11 The £500k gap between revenue spending and resources by 2014/15 will require additional savings.
- 2.12 Capital receipts are looking promising with some movement on land sales at Riccall and Portholme Road – taking account of current commitments we should have between £2.6m and £2m over the life of the strategy.
- 2.13 Project Reserves are planned to be sustained through Council Tax Freeze Grant and New Homes Bonus – subject to assumptions there may be £2.8m available over the life of the strategy.
- 2.14 The strategy does not revisit the budgeted cost envelopes for Access Selby etc but reiterates the approach. Cost envelopes will be refined as part of the 2012/13 budget process.
- 2.15 We are on track to achieve our savings target in 2011/12 although still have savings to identify for 2012/13 onwards. This is largely due to the planned new income generation through Access Selby. As part of the next business planning cycle opportunities for income generation will be explored and initiatives added to the plan.
- 2.16 In addition to the current plan a further £500k is proposed to be added to the savings target.

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

#### **3.1 Legal Issues**

None arising from the report.

#### **3.2 Financial Issues**

As set out in the report and the strategy.

### **4. Conclusion**

- 4.1 The draft Medium Term Financial Strategy identifies the major financial issues the Council is facing and presents a framework which aims to ensure the Council can cover its commitments now and into the future. It also aims to provide resources for future investment in the district, whilst taking a measured and responsible approach to local taxation and charges for services.



**5. Background documents**

5.1 None

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**Appendices:**

**Appendix A - Draft Medium Term Financial Strategy**

# Selby District Council

## Medium Term Financial Strategy

1. Introduction
2. Strategic Context
3. Financial Strategy Objectives
4. Budget Pressures and Issues
5. 2012/13 – 2014/15 and 10 Year Financial Outlook
6. Service Delivery Budget Envelopes
7. Savings and Efficiencies

### Appendices:

- A Progress report
- B Inflation – consolidated rate
- C PFI cash flows
- D Fees and charges
- E 10 year financial forecast (mid case)
- F Savings action plan

# 1 INTRODUCTION

- 1.1 This document sets out the Council's financial strategy for the three years 2012/13 to 2014/15 within the context of the Council's longer term financial position. It provides the strategic framework for medium term financial planning and annual budget setting.
- 1.2 This strategy covers the Council's General Fund activities only. The Housing Revenue Account and Housing Investment Programme are covered separately in the Housing Business Plan which will be refreshed as the details of the reform of the HRA subsidy system become clearer.
- 1.3 Equally this strategy does not cover treasury management activity, although the financial consequences of such activity are contained within the financial projections. The Council's approach to treasury management is contained within the Treasury Management Strategy and Policy Statement which are approved by the Executive each year.
- 1.4 The overall aims of this financial strategy are to deliver a balanced and sustainable budget over the medium term planning period, to support delivery of the Council's corporate objectives and ensure future financial resilience.
- 1.5 In order to achieve these aims this document:
- Identifies the financial challenges faced by the Council
  - Identifies the base position for 2011/12 and includes a forecast of the Council's financial position for 2012/13 to 2014/15
  - Models the financial outlook out to 2020/21
  - Sets out clear actions for dealing with the challenges identified
- 1.6 In looking ahead, a number of key assumptions need to be made and these are highlighted and explained. Inevitably things will change over the life of the strategy – the economic climate continues to be uncertain and forecasts of interest rates and inflation are particularly difficult to predict.
- 1.7 Furthermore the pace of legislative change following the election of the coalition government is likely to bring about changes which will have significant impacts upon the Council's services and financial position. Therefore this strategy will be kept under close review and will be refreshed at least annually in advance of the budget setting process.

## 2 STRATEGIC CONTEXT

- 2.1 This Strategy supports delivery of Selby District Council's Corporate Plan – it provides the financial context within which the Council is operating, identifies the financial challenges the Council is facing over the coming three years and beyond, and sets out how these challenges and their associated risks will be mitigated.
- 2.2 The Financial Strategy is part of a suite of strategy and policy documents (including the Sustainable Community Strategy and Local Development Framework) that set out the Council's aims and objectives for the Selby District and the services the Council provides, which together, work towards a '**Stronger Selby District**'.
- 2.3 The Council's vision for a 'Stronger Selby District' is set out new Corporate Plan. The plan identifies 5 'Big Things' that the Council will work on over the next 4 to 5 years:-
- Tough times call for a **stronger council** fighting your corner and getting everyone working together
  - it's all about **changing places** and helping others to see our district through new eyes
  - we want to work with others to make this a great place with people **living well** and leading happy and healthy lives
  - and we won't be afraid of **tackling the tough stuff** - that might otherwise knock us off course
  - which means being **switched on** to what's happening around us, knowing what's important and being fit for the job.
- 2.4 The Corporate Plan has been developed against a backdrop of severe economic constraints following the financial crisis of 2008 and ensuing economic recession, as well as major policy and legislative change following the change in Central Government control in May 2010.
- 2.5 There are a number of legislative and policy changes currently under consideration which have the potential for far reaching financial implications for the Council – examples include: the Localism Bill; open public services; localisation of Council Tax Benefit. At the time of writing this strategy it is not possible to be specific about the impact that these changes may have, but the emerging financial implications will be kept under close review.
- 2.6 The Council has and continues to undergo major change, having introduced new executive arrangements and implemented a radical response to the cuts to public sector funding. Our new organisational model separates commissioning from service delivery and is currently 'testing' an arms length 'contractual' relationship between a small support core and Access Selby (the new service delivery arm of the Council).

- 2.7 These changes are designed to make the Council more efficient and more readily able to cope with volatility and uncertainty by enabling flexible resources to be deployed where they are needed most, whilst keeping costs down.

Draft

### 3 FINANCIAL STRATEGY OBJECTIVES

3.1 As highlighted in the introduction, the overall aims of this Financial Strategy are to deliver a balanced and sustainable budget over the medium term planning period, to support delivery of the Council's corporate objectives and ensure future financial resilience.

3.2 In order to achieve these broad aims a number of critical objectives have been identified:

- I To enable the Council to understand its medium to longer term financial position
- II To provide clarity over the revenue and capital resources available
- III To inform decision making on the distribution of resources to deliver the Council's corporate objectives
- IV To ensure the Council can set a Council Tax that avoids central Government intervention
- V To enable the Council to plan and manage its day to day spending within affordable limits without undue reliance on balances and reserves
- VI To identify future budget 'pressure points' in order to plan accordingly and avoid unnecessary remedial action
- VII To strengthen the Council's balance sheet position
- VIII To support a prudent, affordable and sustainable level of both revenue and capital investment
- IX To create financial capacity to deal with uncertain, volatile and unforeseen cost pressures
- X To contribute to longer term planning and delivery of the Council's strategic vision

3.3 Progress towards achieving these objectives will be monitored and reported to councillors in accordance with the monitoring report template set out at Appendix A.

## 4 BUDGET PRESSURES AND ISSUES

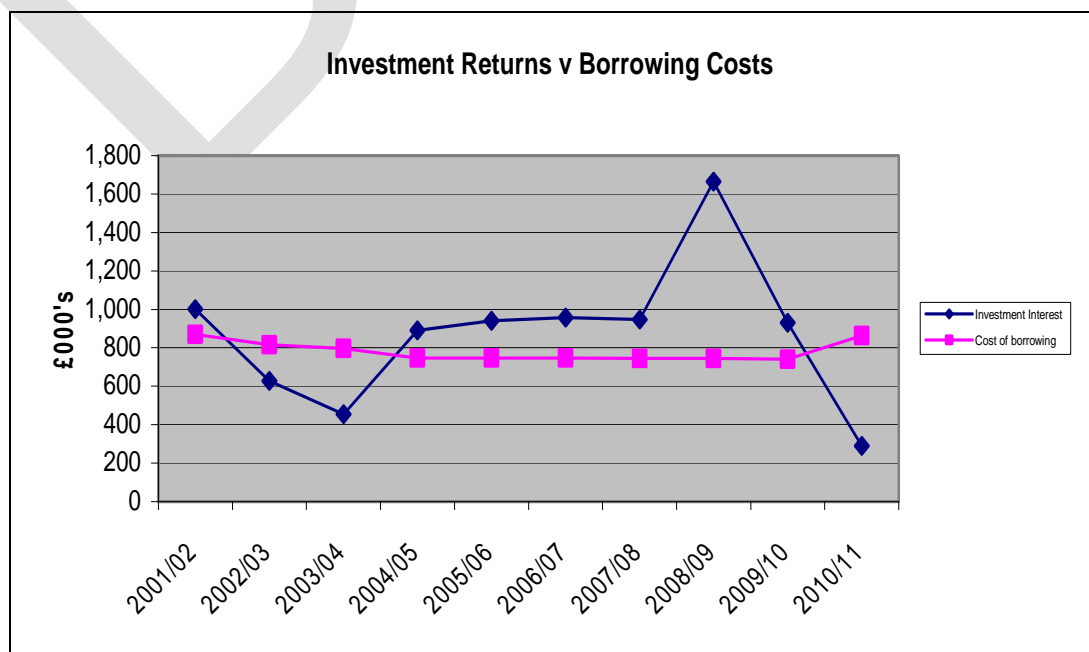
### ECONOMIC CLIMATE

#### General

- 4.1 The on-going fragility of the UK economy (and that of the Eurozone and wider global economy) continue to give cause for concern. Gross domestic product has remained weak and subsequent data releases are pointing to a less than optimistic outlook for a pick up in the short term. All this is happening with the full impact of austerity measures still to be felt. Confidence levels remain depressed, employment prospects do not appear to be improving and real incomes are being squeezed by high levels of inflation, taxation and utility bills are due to rise at the end of September. Some economists believe that a double dip recession is now possible. It is difficult to see where growth is coming from with the wider global concerns impacting on business and offering no great incentive to increase production or invest in capital goods or staffing levels. The Treasury has factored reasonable growth forecasts to support their deficit reduction programme and slowing growth and activity levels will cause concern.

#### Interest rates

- 4.2 Interest rates have been at an historic low for 30 months, which has had a devastating impact on the Council's investment returns, whilst the cost of borrowing has remained relatively high. This strategy does not cover Treasury Management activity but out of necessity attempts to forecast investment returns and the cost of borrowing, based on the information available at the time writing. The following chart illustrates the decline in investment returns against the cost of funding the Council's debt.



- 4.3 Over the last 10 years we have achieved investment returns of £8.7m against borrowing costs of £7.8m.
- 4.4 The approved Medium Term Financial Plan is based upon rates of 1.25% for 2011/12, 2% for 2012/13 and 3% for 2013/14. We are currently achieving just over 1% in 2011/12 and our treasury management advisors are now forecasting average rates of between 0.75% and 1.5% for 2012/13, and between 2.00% and 2.5% for 2013/14, which could cost the Council £300k by March 2014.
- 4.5 Changes to the Housing Subsidy system are expected to have major Treasury Management implications which will impact on the General Fund as well as the HRA. These will be factored into the strategy once the details are known.

### **Key assumptions**

***At this stage it is not possible to predict the full implications for the General Fund of the reform of the HRA subsidy system with any certainty and therefore this strategy assumes status quo with regards to the level and profile of borrowing. Any new borrowing will be subject to prudential limits and affordability tests.***

***Treasury Management activity will be undertaken in accordance with the Council's Treasury Management Strategy and savings in fixed rate borrowings will be used support the annual revenue budget.***

***Growth in investment interest beyond a cap of £300k will be removed from the base revenue budget and used to support future spending plans.***

### **Inflation**

- 4.6 Inflation is a key issue for the Council, particularly when rates are high relative to income growth. This strategy uses a consolidated rate of inflation to project spending and income. The rate is derived from a high level analysis of income and expenditure and a forecast of inflation rates for each subsequent category. Appendix B shows the detail of this calculation.
- 4.7 The Local Government pay freeze over the last 2 years has helped to mitigate the impact of RPI running at around 5% - 35% of the Council's expenditure (excluding benefit payments) is staff related. However the Council is also locked in to a number of contracts which use RPI for annual uplifts (e.g. the street scene contract at £3.7m p.a.). We will always endeavour to negotiate more favourable terms with our contractors but this strategy assumes that contractual terms will apply.



## RESOURCES

### Formula grant

#### Formula Grant Cuts

- 4.8 The October 2010 Comprehensive Spending Review announced cuts in formula grant of around 30% (front loaded in 2011/12 and 2012/13) for local government over the 4 years to 2015 and also signalled a complete review of local government funding to reduce (or eliminate) the reliance on general taxation to fund local government services.
- 4.9 The local government finance settlement in December 2010 confirmed the cuts for 2011/12 and gave a provisional settlement for 2012/13. The impact on Selby is therefore estimated as follows:

#### **Projected Grant Settlement for Selby**

Year	£000's	Formula Grant £000's	Change %
Settlement 11/12		5,252	-14.41
- RSG	1,240		
- NNDR	4,012		
Provisional 12/13		4,677	-10.94
CSR 13/14		4,635	-0.90
CSR 14/15		4,376	-5.60

- 4.10 The Government's 'Resource Review' is expected to significantly change the way that local government is funded. At the time of writing this strategy, proposals for changes to the Business Rates system are open to consultation.
- 4.11 Furthermore the on-going impact on Formula Grant of the Government's New Homes Bonus, is not clear. The Government have committed additional resources of up to £250m per annum to 2014/15. From the year 1 allocations, it is expected that these resources will only be sufficient to cover year 1 tax base growth. The Government have stated that bonus awarded beyond the additional resources earmarked, will be top sliced from Formula Grant and at this stage it is not known how this top slicing will impact on individual councils.

#### Business Rates

- 4.12 The complexities of any proposed change to this system mean that at this stage it is not possible to say with any certainty, what the final scheme design will be. However from the details of the consultation it is expected that current levels of business rate funding will form the basis of any future level of funding, along with a system for subsequent growth

or decline in business rate yield. It is not expected that councils will be free to set their own rate.

- 4.13 Historically Selby has seen some significant fluctuations in business rate yield. Furthermore the power stations within Selby district account for around 29% of total business rate yield. Changes in operations which lead to reduced rateable values can have a significant impact on the overall business rate yield for the Council – for example a refund of £1.6m was made in 2011/12 (relating to 2006/07 and 2007/08) to one of the power stations. In future such reductions could cost the Council – based on current NNDR Pool receipt this would equate to an income loss of around £200k. Clearly such fluctuations (up or down) will make financial planning difficult.

#### Business Rate Yield – Selby District

	2007/08 £m's	2008/09 £m's	2009/10 £m's	2010/11 £m's	2011/12 £m's
Net Yield	36.1	35.5	27.5	27.2	31.1*
% Change		-1.7%	-22.5%	-1.1%	+14.3%

\*Estimate

- 4.14 The application of such a system in two tier areas is unclear and the potential for pooling adds even more complexity, therefore it can only be assumed that any growth or reductions would be shared proportionate to the current levels of funding.
- 4.15 There are many issues for the Government to consider in relation to the proposals and it is too soon to speculate on the outcome of the consultation however for the purposes of this strategy the potential risks and rewards can be modelled to some extent.

#### NNDR Pool Potential Fluctuations

NNDR Pool level 2011/12 (£000's)	4,012
Rate of change	Increase/Decrease £000's (+/-)
5%	201
10%	401
15%	602
20%	802
25%	1,003

- 4.16 The Government's intention to incentivise housing and economic growth whilst reducing the reliance on central government funding is clear, however it is also clear that such change brings increased and significant financial risk for councils.

**Key assumptions:**

**Until the outcome of the resource review is known it is assumed that Central Government grant funding will be in line with the CSR announcement in October 2010 and thereafter funding through formula grant will keep pace with the Government's target for inflation (2%).**

**In the first instance, any additional income from Business Rates will be treated as a 'one-off' resource and allocated to an earmarked reserve to off-set future losses.**

**This arrangement will be kept under review to avoid unnecessary accumulation of reserves.**

**The optimum level of such a reserve will be assessed once the details of the final scheme are known and any excess resources will be available for allocation to spending priorities.**


**Should the Council suffer early losses then this will impact on the level of savings required or use of General Balances.**

**New Homes Bonus**

- 4.17 2011/12 is the first year of the Government's New Homes Bonus scheme. The scheme incentivises housing growth by rewarding councils with the equivalent of the national average Council Tax for each additional Band D equivalent achieved in its Council Tax base. There is also an additional award for 'affordable homes'. The bonus is awarded for 6 consecutive years.
- 4.18 Using the information from the Council Tax Base forms (373 dwellings) the first six years bonus has been calculated at £2.3m. Future years have been calculated assuming that there will be 300 new homes per year (45 of which will be affordable), 25 empty homes brought back into use and a 2% increase per year in Band D Council Tax average.

**Projected New Homes Bonus for Selby**

Yr	11/12 £000's	12/13 £000's	13/14 £000's	14/15 £000's	15/16 £000's	16/17 £000's
1	445	458	458	458	458	458
2		350	363	363	363	363
3			358	371	371	371
4				365	378	378
5					372	385
6						380
<b>Total</b>	<b>445</b>	<b>808</b>	<b>1,179</b>	<b>1,557</b>	<b>1,942</b>	<b>2,335</b>

 NHB covered by additional Government resources

- 4.19 However as highlighted in paragraph 4. above, the Government has only allocated additional resources to cover the year 1 growth up to 2014/15, with any further bonus being top sliced from formula grant.
- 4.20 There is a risk that achieved Tax Base increases will not be sufficient to cover any reductions in grant from top slicing. Conversely the bonus awarded may out strip top slicing, bringing additional resources to the Council.

**Key assumption:**

**At this stage it is assumed that any further increases in Tax Base will be off set by reductions in Formula Grant.**

**Key assumption:**

**Year 1 bonus of £445k plus £13k for affordable homes, will continue up to and including 2014/15 and these resources will be transferred to the Special Projects Reserve for allocation in accordance with the Council's wider aims and objectives.**

**Council Tax Freeze Grant**

- 4.21 As part of the Comprehensive Spending Review, the Government pledged the equivalent of a 2% increase in Council Tax for the life of the current Parliament, for any Council that did not increase its Council Tax for 2011/12. For Selby this Council Tax Freeze grant is £119k.

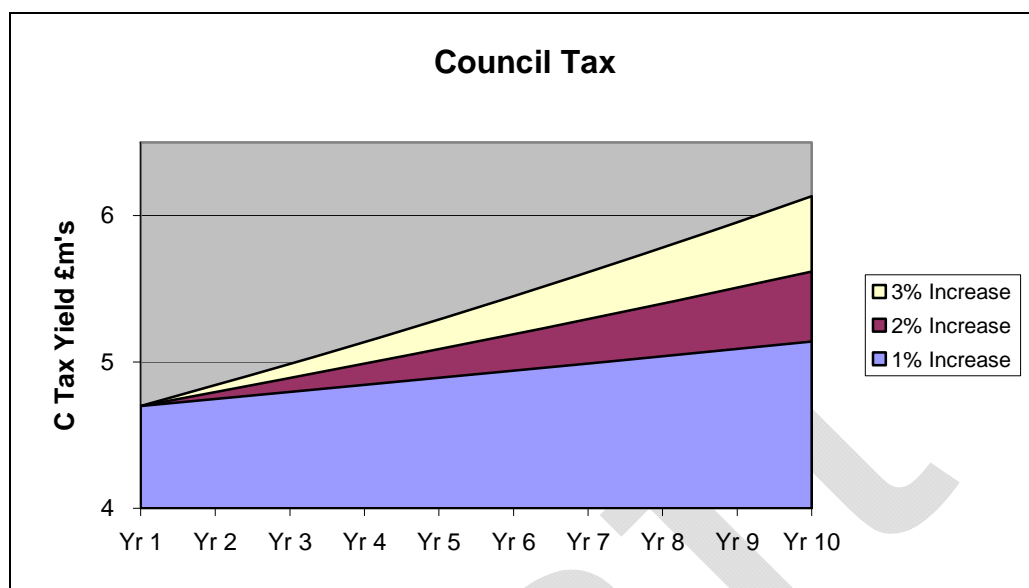
**Key assumption:**

**Council Tax Freeze Grant of £119k p.a. will be received up to and including 2014/15 and these resources will be transferred to the Spend to Save Reserve for allocation in accordance with the Council's wider aims and objectives.**

**Council Tax**

- 4.22 The Council's Conservative administration has prided itself in its track record of levying Council Tax rises below the rate of inflation. However given the sustained pressure on budgets it is unlikely that this 'policy' can continue indefinitely unless additional savings can be made to accommodate the reduced income from Council Tax.
- 4.23 And even then, short term suppression of Council Tax levels will only serve to increase any gap between funding and spending in the longer term and given the likelihood that reserve powers to cap excessive increases will remain, it is unlikely that any such gap will be bridged by future increases.

- 4.24 The following chart illustrates the impact of different rates of increase over a 10 year period – a 1% suppression represents around £0.5m by year 10 (or £2.3m less resources over the 10 years) and a 2% suppression represents £1m by year 10 (or £4.7m less resources over the 10 years).



**Key assumption:**

***Council tax rises will be in line with the assumed average rate of inflation.***

- 4.25 Council Tax income is also dependent upon the level of Tax Base. The Council's long-term spatial direction to accommodate new homes within the district is expressed in the Local Development Framework Core Strategy (up to an additional 4684 dwellings over the next 15 years beyond those where planning permission is already granted) therefore it would not be unreasonable to assume a level of Tax Base growth.

**Key assumption:**

***Council Tax Base is assumed to grow by 1% per annum (the equivalent of around 300 Band D properties).***

**Reserves**

- 4.26 The Council uses reserves to ensure it has sufficient resources to cope with a reasonable level of financial risk, to meet its long term spending commitments, to manage spending and avoid significant fluctuations in the resources needed to cover in-year spending and also to provide financial capacity for future investment in projects or services.
- 4.27 In determining an appropriate level of reserves we have to balance the need for financial resilience against the desire for investment in services.

4.28 As at 1 April 2011 the Council has £9.5m in General Fund revenue reserves analysed as follows:

**General Fund Revenue Reserves at 1 April 2011**

Reserve	Amount £000's	Purpose
<b>Core reserves</b>		
General Fund Working Balance	2,835	Unallocated balance to cover budget risks
Operational Contingency	150	To cover unforeseen items
Building Repairs/Replacements	345	To cover irregular property r & m
ICT Replacement	415	To cover ICT infrastructure, hardware and software
Planning Inquiry	100	To cover costs associated with planning inquiries
Vehicle Replacement	158	To cover replacement vehicles
District Elections	70	To cover the costs of the district elections
Pensions	0	To dampen the impact of future years employers' pension cost increases
Industrial Units	42	Tenant contributions to cover maintenance costs
Carry fwd budgets	947	Approved carry forward budgets
PFI	2,427	To fund the revenue costs of the PFI scheme
<b>Project reserves</b>		
Spend to save	553	For up front investment that will generate on-going revenue savings
Special projects	967	One-off capital or revenue projects
Tadcaster Central Area Project	483	To cover project costs
<b>Other Earmarked Reserves</b>	39	Open spaces, Sherburn amenity land, wheeled bin hardship
<b>Total</b>	<b>9,531</b>	

## Core Reserves

- 4.29 Core reserves are used to provide long term sustainable funding. Some are used to provide financial resilience to cope with unforeseen or uncertain financial risks. This covers things such as general spending and resource pressures arising from price rises, changes in demand for services, litigations, changes in legislation etc. Beyond in year budget virement, the **Operational Contingency** is the primary source of funding for such issues although the **Planning Inquiry Reserve** provides specific resources for planning related litigations etc. The **General Fund Working Balance** is effectively the Council's 'rainy day' fund and has a set minimum level of £1.5m to provide emergency funds should contingencies be insufficient.
- 4.30 The level of the General Fund Working Balance is determined through a budget risk assessment, which is reviewed annually as part of the budget setting process. At times of financial uncertainty and volatility it is prudent to reserve additional resources to mitigate increased financial risk.

### **Key assumptions:**

***Given the increased financial risk associated with the Government's Resource Review and the continuing volatile economic climate it is recommended that the General Fund Working Balance is not used to support general revenue spending after 2012/13.***

***Should there be a need to draw down funds from this balance then the 1<sup>st</sup> call on any subsequent savings or underspends will be to 'top-up' the balance to the minimum requirement.***

***There is a continuing risk of planning related litigations which can have significant cost implications for the Council. The current balance of £100k on the Planning Inquiry reserve is unlikely to be sufficient to cover these costs and therefore General Balances will be have to be used.***

- 4.31 Some core reserves are for commitments which do not occur evenly every year – commitments such as building maintenance; ICT infrastructure, hardware and software; district council elections. By setting aside funds every year we can smooth out any peaks and troughs in spending and avoid the need to raise additional funds in any particular year, through Council Tax rises or increased fees and charges. Or avoid deferring spending, which may mean the Council is unable to fulfil its landlord responsibilities, leading to contractual disputes or backlog repairs, or it may mean outdated ICT equipment and systems. All of which in turn have the potential for increased costs in the long run and/or adverse impacts on service delivery.

- 4.32 Regular contributions to core reserves are included within the Council's annual revenue budget, based upon the expected level and profile of spend. Their adequacy is reviewed as part of the budget setting process each year.

**General Fund Revenue Contributions to Earmarked Reserves**

Core Reserve	Annual Contribution £000's
General Fund Working Balance	0
Operational Contingency	0
Building Maintenance	130
ICT Replacement	150
Planning Inquiry	0
Vehicle Replacement	3
District Elections	30
Pensions	200

**Key assumption:**

***Sufficient funds are set aside from the annual revenue budget to cover the Council's long term spending commitments.***

- 4.33 Over the life of the strategy and based upon current spending commitments, core reserves (excluding PFI reserve) are expected to average £4.3m.

**PFI Reserve**

- 4.34 The Council's PFI Reserve holds the resources required to fulfil our contractual obligations to South Yorkshire Housing under the terms of a Private Finance Initiative project to build new homes in the district. The project achieved its total number of new homes in 2010 (153) and the contract runs to (2035). The reserve receives £278k p.a. in Government Grant with the remainder coming from the Council through investment interest and revenue contributions.
- 4.35 Revenue account payments to South Yorkshire Housing represent a weekly 'unitary charge' per home, which is uplifted in line with inflation each year. The reserve is designed to cover these payments and run down to zero as the contract reaches its end date.
- 4.36 With inflation currently running at around 5% and investments achieving around 1% there will be a requirement to bridge any gap between resources and spending through additional revenue contributions. Appendix C presents a forecast of cash flows for the project and based upon the latest projections for inflation and interest rates, the annual revenue contribution needs to increase from £34k to £54k (index linked).



### ***Key Assumption:***

***Revenue contributions to support the Council's PFI project will be sufficient to cover our long term commitments to South Yorkshire Housing.***

#### Project Reserves

- 4.37 Project reserves have been set aside for particular purposes and are not sustained through regular contributions from the revenue budget, although in the case of the **Spend to Save Reserve** they may benefit from top-up from in-year budget savings or like the **Special Projects Reserve** from one-off resource allocations (such as New Homes Bonus).
- 4.38 Such reserves provide financial capacity for investment in services, be they to secure on-going revenue savings, service improvements, new services, specific initiatives or to support the capital programme.
- 4.39 Project reserves are important because they facilitate delivery of corporate objectives beyond the Council's statutory responsibilities or provide additional financial capacity beyond the base budget.
- 4.40 Given the assumptions on funding contained within this strategy, over the next 10 years, project reserves are expected to total £2.8m, giving an average of £280k p.a. for allocation to revenue or capital projects and initiatives.

### **Fees and Charges**

#### General

- 4.41 The Council generates around £3.3m in income from levying fees and charges for the provision of certain services. An analysis of the 2011/12 budgets for fees and charges is provided at Appendix D.
- 4.42 Under the Council's new organisational model, fees and charges income from services forms part of Access Selby's resources although responsibility for approving annual increases remains with the Executive.
- 4.43 In determining fees and charges we will also explore opportunities to introduce discretionary charges as a means of either:-
- i. optimising income to the Council;
  - ii. generating additional income to the Council to recover the costs of service delivery;
  - iii. utilising spare capacity within existing Council services.

***Key assumption:***

***Fees and charges will be set to recover the full cost of services unless there is a specific decision to subsidise a service.***

***As a minimum, fees and charges will be increased by RPI as at September each year unless there is a clear business case for a lesser increase.***

Income Generation

- 4.44 The Council's service delivery model is designed to encourage Access Selby to trade externally to help meet the Council's longer term savings requirements. Whilst part of the Council there are restrictions on trading activity and therefore it is expected that such activity will be limited to public sector partners.
- 4.45 Income generation from external trading is an important element of the Council's saving and efficiency strategy, with an initial target of £500k additional income by 2014/15. This new area of business for the Council, and in particular Access Selby, comes with major risk but is a crucial part of the Council's long term vision.

***Key assumption:***

***Charges for services to other local authorities (and/or partners etc) will be set to recover marginal costs and contribute to organisational overheads – the level of contribution (in part or full recovery) will be determined on a case by case basis.***

Planning Fees

- 4.46 There are proposals to decentralise planning fees and allow local authorities to set their own charges in order to recover the cost of the service. Again final details are awaited but it is anticipated that the new arrangements will apply from 1 April 2012.
- 4.47 It is estimated that this change will bring in an additional £250k p.a. for the Council (subject to demand for the service).

Land Charges

- 4.48 Recent decisions issued by the Information Commissioner may have an impact on future income. The Council currently receives £128k p.a. from search fees.

## SPENDING PRESSURES AND ISSUES

### Pension Costs

- 4.49 Staffing costs are the single largest item of expenditure for the Council - our basic salary bill is around £5.1m p.a.
- 4.50 The Council is a member of the North Yorkshire Pension Fund, administered by North Yorkshire County Council. The fund is valued every 3 years by the appointed actuaries, at which point there is an assessment of the value of the fund's assets and liabilities taking into account anticipated investment returns and future pension payments using a variety of factors and assumptions.
- 4.51 Following the last valuation (at March 2010) Selby District Council's Employer's 'future service' pension contribution rate was set at 11.4% (£0.5m) along with approximately £0.7m p.a. towards the deficit on the fund (equivalent to a combined contribution rate of 22.4% - an increase of 0.6% over the rate for the previous year).
- 4.52 Changes to the pension scheme following the Hutton review, involving future benefits payable and employee contribution rates, as well as a volatile investment markets, mean that predicting future contribution rates is extremely difficult.
- 4.53 In order to provide some level of mitigation against future potential pension cost rises, the Council is currently setting aside £200k p.a. into a pension equalisation reserve. This allows the Council to set aside resources that can be used to reduce any future deficit on the fund (and hence reduce future pension contribution rates) or should this not be required, these resources can then be released for alternative use.
- 4.54 As the Council's new model for service delivery is developed alternative options for future pension scheme will be explored.

#### **Key assumption:**

***£200k p.a. will continue to be set aside in the Pension Equalisation Reserve. The necessity and adequacy of this reserve will be reassessed following the next triennial valuation, due March 2013.***

## LEGISLATIVE AND POLICY DEVELOPMENTS

### National Planning Policy Framework

- 4.55 There are a number of clauses that will have a financial impact on local authorities including changing the definition of Community Infrastructure Levy; giving residents the power to instigate local referendums on any local issue and the power to veto excessive council tax increases; allowing councils more discretion over business rate relief; provide for a

new form of flexible tenure for social housing tenants; allow local authorities to discharge their duties to homeless people by using private rented accommodation.

### **Localism Bill**

- 4.56 The Bill has significant implications for the Council including the proposal to abolish of the HRA subsidy system with a self financing system and discretion over business rates. In addition it may have financial impact if control of certain budgets is delegated to communities to deliver services rather than the council.

### **Individual Electoral Registration**

- 4.57 Until more information is available the financial implications are unknown but moving from household to individual registration is anticipated to have start up costs and increase the annual revenue and staffing costs.

### **Open Public Services**

- 4.58 The white paper signals a far greater choice and decentralisation of power to neighbourhoods and individuals. It is anticipated that there will be financial implications in changing the way that services are delivered and in times of transition, where groups and individuals will need education, assistance and facilitation from the Council. Again - the full scale will not be known until Government departments release more detailed implementation plans.

### **Localisation of Council Tax Benefit**

- 4.59 DCLG have issued a consultation paper outlining their plans for a scheme to be administered by billing authorities to replace the current Council Tax Benefit scheme from April 13 with the aim of reducing expenditure by 10%. In summary, the main potential effects are:
- We would have to devise a local Council Tax Rebate scheme and design and develop software either on our own or in partnership with York and the other North Yorkshire District Councils
  - The Government intends that people of pension age will not have their benefit reduced
  - The net losers will be people of working age who will see significant reductions in their benefit entitlement
  - There is expected be an increased amount of people with Council Tax arrears
  - This represents a large financial risk to the Council as we may have to use Council funds to pay benefit.

## 5 2012/13 – 2014/15 AND 10 YEAR FINANCIAL OUTLOOK

5.1 Using the combined assumptions set out in this strategy, our 10 year financial planning model has been refreshed. The 'mid-case' scenario is set out at Appendix E. The model forecasts:

- Revenue resources
- Revenue spending
- Savings requirements
- Capital receipts
- Capital spending
- Reserves

5.2 Whilst the model forecasts the Council's finances out 10 years, predicting long term assumptions can only provide an indication of the future financial position.

5.3 Taking a 10 year view allows the longer term impact of decisions on spending and funding to be considered to ensure that services delivered to our citizens can, where desired, continue into the future without the need for significant rises in Council Tax or 'knee-jerk' service cuts. It also allows reserve balances to be forecast to ensure future spending commitments are covered and enables resources available for investment in services or projects, to be identified.

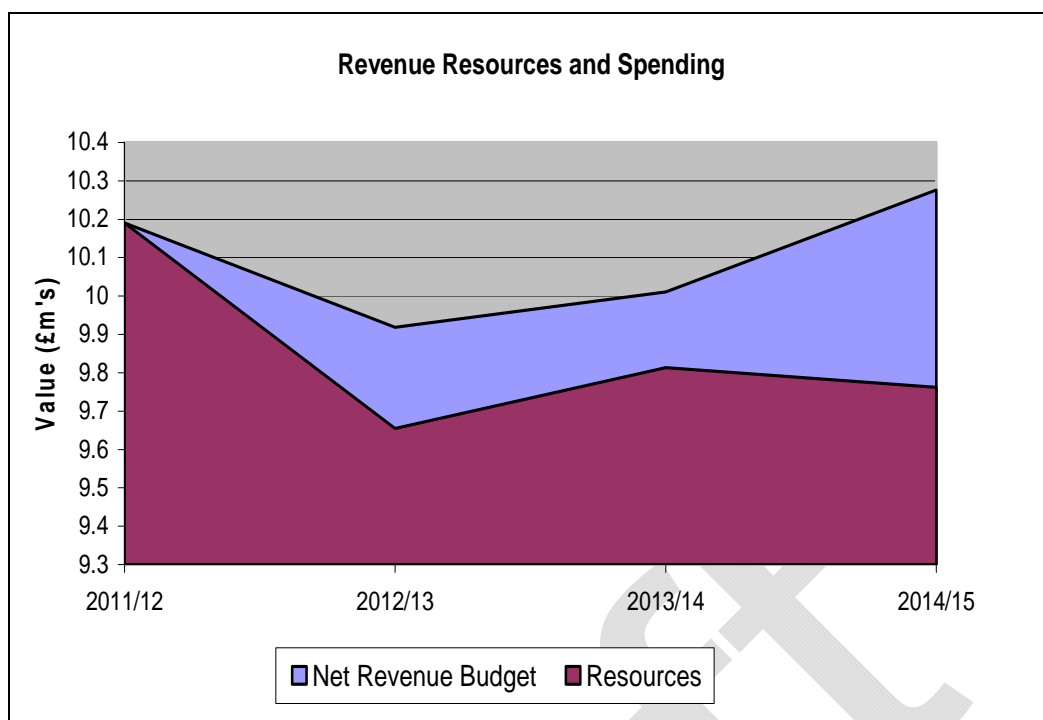
5.4 The model provides an updated baseline position from which to develop the Council's General Fund financial planning framework in advance of the budget round for 2012/13. It includes current policy budgets along with known commitments (based on available data which may be subject to change) which are not currently included within the Council's base budget.

5.5 The model is sensitive to changes in assumptions and given the volatility within the economy and uncertain local government funding system, reality is likely to be different, however as the factors which impact upon the Council's financial position change, the model can and will be refreshed.

### Revenue Resources, Spending and Savings

5.6 In summary, the model shows that **over the next medium term planning period, the Council's external revenue resources will drop from £10.2m in 2011/12 to £9.8m in 2014/15 and net spending will increase from £10.2m in 2011/12 to £10.3m – giving a gap of around £500k.**

5.7 This gap is the impact of higher than anticipated inflation (around £300k) and reduced assumptions on investment returns (around £200k) as a result of the continuing economic turmoil.



- 5.8 Clearly this position may be subject to change as the impact of the resource review becomes clearer, but at this stage it would be prudent to plan for this savings requirement.

**Key assumption:**

***The Council's savings target is increased by £500k by 2014/15.***

- 5.9 Within the strategy there are available resources to subsidise base revenue spending in the medium term (Council Tax Freeze Grant and New Homes Bonus) but these are finite resources and therefore it is proposed that these resources be earmarked for investment in services and allocated to help deliver the Council's Corporate Plan.

**Capital Receipts and Spending**

- 5.10 The Council has a number of land holdings which are expected to be sold within the next 2 years. **Taking into account forecasted commitments to 2014/15, it is estimated that available capital receipts will be in the region of £2.6m, reducing to just under £2m over the 10 years to 2020/21.**
- 5.11 The Council's current capital programme was approved as part of the budget for 2011/12, with spend expected to total £2.95m. The programme includes the closing stages of the Selby Community Project; Tadcaster Central Area Project; the all weather pitch refurbishment; mast relocation; ICT replacements and building repairs/renewals etc.

- 5.12 Resources to finance the capital programme come from available capital receipts, earmarked reserves, external grants, borrowing and revenue. And decisions on capital spending must be taken with regard to the prudential code, ensuring that commitments are sustainable, affordable and prudent.
- 5.13 In determining a prudent capital programme we must also have regard to the associated revenue consequences of any potential scheme, ensuring that any resulting liabilities can be covered over the life of the assets where applicable.
- 5.14 For future financial resilience and to create on-going investment capacity it is important to carefully consider how available resources can be spent to achieve the greatest impact – not just for now but also into the future.

### **Reserves**

- 5.15 As outlined in section 4, reserves are an important part of the Council's financial planning framework – allowing annual peaks and troughs in spend to be smoothed, saving for larger projects or to provide financial capacity and resilience to deal with the unforeseen as in recent years with a volatile economic climate.
- 5.16 On the assumption that 'core' reserves are adequate to meet the Council's operational needs over the longer term, this leaves project reserves available for allocation to help the Council achieve its Corporate plan objectives. **Taking the Spend to Save and Special Projects reserves together, and based on the assumptions within this strategy, resources of £2.8m are forecast over the 10 years.**
- 5.17 This strategy does not cover the potential investment opportunities that may be available but it does highlight the importance of making the Council's scarce resources work for the benefit of on-going investment in services and the district.

## 6 SERVICE DELIVERY BUDGET ENVELOPES

6.1 Introduction of the Council's new service delivery model to separate strategic commissioning from service delivery, has required clear separation of resources and budgets for the three elements of the model:

- Core Selby
- Access Selby District Council
- Communities Selby

### **Core Budget**

6.2 The Council's small support core covers strategic, corporate management and the democratic process (including elections) along with statutory responsibilities covered by the Monitoring and Section 151 officers, high level commissioning and performance management.

6.3 For simplicity during the first year, all of the 'corporate' costs and income have been retained by the core – including Internal Drainage Board Levies, investment interest, loan interest payments; reserve contributions and other accounting adjustments (for capital charges and FRS17 pension costs etc); Formula Grant and Council Tax. However, over time and as the 'arms length' nature of Access Selby and Communities Selby develop, it is expected that this will become more sophisticated.

6.4 There are contingencies within the core budget as follows:

- £100k – operational contingency for unforeseen cost/income pressures – use delegated to S151 Officer
- £25k – Local development Scheme contingency – use delegated to S151 Officer
- £100k – commissioning contingency for 'contract' variations with Access Selby/Communities Selby – use delegated to S151 Officer in consultation with the Leader of the Council

### **Access Selby Budget**

6.5 Access Selby's cost envelope contains all of the Council's revenue costs and income related to service delivery. The cost envelope is sub-divided into General Fund and Housing Revenue Account to fulfil our statutory obligations (for a ring fenced HRA).

6.6 It is expected that Access Selby will operate within these cost envelopes unless additional work or variations to the performance specification are requested – with such variations being covered by the commissioning contingency held by the Core.



- 6.7 For prudence a £100k operational contingency for Access Selby is included within the cost envelope.
- 6.8 The cost envelopes are further subdivided into expenditure and income, with an expectation that net costs are contained within the overall envelope but any surpluses or additional income achieved above an agreed threshold will be subject to sharing between the Core and Access Selby.
- 6.9 Such an arrangement allows cost control whilst incentivising Access Selby to out perform on income generation. However, in the first year of operation and given the considerable financial risk the Council is facing, any surplus will be returned to the Core (earmarked as Access Selby reserve) for ultimate allocation by the Executive.
- 6.10 Future proposals for surplus or income sharing will be subject to review and the 'contract' between the Core and Access Selby is refined.
- 6.11 Whilst it is expected that Access Selby will operate within its cost envelope the Core will need to understand the costs of the services provided by Access Selby on behalf of the Council in order to demonstrate value for money from the arrangements in place, for its own financial reporting needs and for reporting to stakeholders, and to satisfy any requirements of central government.

#### **Communities Selby Budget**

- 6.12 Communities Selby's cost envelope largely covers the funding allocated to the Community Engagement Forums and any community grants that the Council awards to external organisations.
- 6.13 Over time it is expected that this area of the Council's business will grow as capacity is developed within the community and voluntary sector and the Council's approach to participatory budgeting evolves.
- 6.14 The summary cost envelopes for 2011/12 are as follow:

	General Fund £000's
Core	3,555
Access Selby	6,365
Communities Selby	270
<b>Total</b>	<b>10,190</b>

- 6.15 The summary cost envelopes for the General Fund agree to the Council's Net Budget to be met from Formula Grant and Council Tax (£10.2m). These will be reviewed as part of the 2012/13 budget.

## 7 SAVINGS AND EFFICIENCIES

### Background

- 7.1 To date the Council has responded well to the savings and efficiency agenda and sees this as an important element in its drive to reduce costs, improve value for money across all services and help towards the SWITCHED ON 'Big Thing'. As at 31 August 2011 the Council has delivered over £2.3m in savings across a range of activities, against a target of £3m.
- 7.2 However as highlighted in the previous section, the cuts in public sector expenditure and continuing budget pressures arising from the economic recession mean that further cash releasing efficiencies and savings will be needed to sustain the essential services our communities rely on.
- 7.3 There is still much uncertainty over the impact of the Government's Resource Review on Local Government funding and until such time as the position is clear this strategy maintains a cautious approach.
- 7.4 Using the assumptions outlined in previous section and the savings yet to be achieved from the current action plan, the table below shows the revised savings targets required over the next 3 years:

#### **Refreshed Targets to March 2015**

Year	Green & Amber Savings £000's	Red Savings £000's	To be identified within plan*	New Savings £000's	New Savings Targets £000's
2012/13	2,186	294	114	264	2,858
2013/14	2,261	300	445	264	3,270
2014/15	2,261	300	445	500	<b>3,506</b>

*\*The savings still to be identified within the current savings plan essentially relate to new income generation by Access Selby, which was included with their initial business plan but has yet to be identified.*

- 7.5 In order to achieve these challenging targets it will continue to be necessary to adopt a range of approaches, therefore we will continue to:
- Build our capacity to deliver value for money through **commissioning and the procurement** process including partnering and collaboration where appropriate.
  - **Transform** service delivery through redefining our core services, improving our business processes and adopting new technologies to deliver 'lean', customer focussed services.
  - Work with partners to ensure that our arrangements for improved **Asset Management** provide buildings which are fit for purpose, energy efficient and help us to share resources to reduce our need for office accommodation.

- Improve **value for money** by reducing waste and conserving our resources through actions which will support our climate change agenda and by challenging our actions to ensure spending adds value.
- **Review our priorities** for service delivery and adjusting our resources accordingly.
- **Review all major income streams** assess the potential for price increases as a way of increasing income to the Council.
- **Develop new markets and introduce new charges** – services will be reviewed to determine the potential for generating new income streams.

7.6 Appendix F presents the latest savings action plan progress report, incorporating the additional £500k target.

## APPENDIX A

### Financial Strategy – How the achievement of the Strategy Objectives will be measured

#### Progress Report

	Financial Strategy Objective	How will achievement be measured ?	Progress in 2011/12
1	To enable the Council to understand its medium term financial position	<ul style="list-style-type: none"> <li>▪ Approval of the Council's Medium Term Financial Plan (and the underlying assumptions)</li> </ul>	▪
2	To provide clarity over the revenue and capital resources available	<ul style="list-style-type: none"> <li>▪ Approval of the Council's Medium Term Financial Plan (and the underlying assumptions)</li> </ul>	▪
3	To inform decision making on the distribution of resources to deliver the Council's corporate objectives	<ul style="list-style-type: none"> <li>▪ Allocation of resources to achieve Corporate Plan objectives</li> </ul>	▪
4	To ensure that the Council can set a Council Tax level that avoids Central Government intervention	<ul style="list-style-type: none"> <li>▪ Approval of the Council's Medium Term Financial Plan (and the underlying assumptions)</li> <li>▪ Approval of an annual Council Tax increase that avoids intervention by Central Government</li> </ul>	▪
5	To enable the Council to plan and manage its spending within affordable net expenditure levels without undue reliance on balances and reserves to fund ongoing commitments	<ul style="list-style-type: none"> <li>▪ Approval of the Medium Term Financial Plan (and underlying assumptions)</li> <li>▪ Approval of the annual report to Council on</li> </ul>	▪

	Financial Strategy Objective	How will achievement be measured ?	Progress in 2011/12
		the robustness of the Council's Estimates and Balances/Reserves	
6	To identify future budget 'pressure points' in order to plan accordingly and avoid unnecessary remedial action	<ul style="list-style-type: none"> <li>▪ Variance against planned budget</li> </ul>	
7	To strengthen the Council's balance sheet position	<ul style="list-style-type: none"> <li>▪ Approval of the annual report to Council on the robustness of the Council's Estimates and Balances/Reserves</li> <li>▪ A year on year reduction in arrears (Council Tax, NNDR, Rents and Sundry Debts) with a consequent reduction in Provision for Doubtful Debts</li> </ul>	
8	To support a prudent, affordable and sustainable level of capital expenditure	<ul style="list-style-type: none"> <li>▪ Approval of a Medium Term Capital Programme (with expenditure commitments linked directly to the Capital Strategy and Asset Management Plan)</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
9	To create a corporate financial capacity to deal with unforeseen cost pressures	<ul style="list-style-type: none"> <li>▪ Maintenance of a minimum working balance of £1.5m</li> <li>▪ Approval of the annual report to Council on the robustness of the Council's Estimates and Balances/Reserves</li> </ul>	
10	To contribute to longer term planning of the delivery of the Council's strategic vision	<ul style="list-style-type: none"> <li>▪ Achievement of Corporate Plan objectives</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>

APPENDIX B

**Inflation**

<b>Expenditure</b>	<b>2011/12 Budget £</b>	<b>Inflation £</b>	<b>Average Inflation %</b>
Direct Employee Expenses	5,472,789	136,820	2.50
Energy Costs	117,830	17,675	15.00
Expenses	2,296,850	68,906	3.00
General Insurances	284,950	14,248	5.00
Grounds Maintenance Contract	185,450	9,273	5.00
Housing Benefits	20,737,600	1,036,880	5.00
Indirect Employee Exp	561,160	28,058	5.00
Leisure Contract	298,260	14,913	5.00
NNDR	188,590	9,430	5.00
Other	42,240	2,112	5.00
Other Contracts	358,230	17,912	5.00
Street Scene Contract	3,707,770	185,389	5.00
Rents	66,610	3,331	5.00
Repairs & Maintenance Bldngs	144,730	7,237	5.00
Services	760,810	38,041	5.00
Supplies	248,480	12,424	5.00
Transport	121,760	6,088	5.00
Transport Insurance	1,300	65	5.00
Water Services	19,610	981	5.00
<b>Grand Total Expenditure</b>	<b>35,615,019</b>	<b>1,609,777</b>	<b>4.52</b>

### Inflation Continued

<b>Income</b>	<b>2011/12 Budget £</b>	<b>Inflation £</b>	<b>Average Inflation %</b>
Benefits Subsidy	(21,089,000)	(1,054,450)	5.00
Fees And Charges	(3,025,800)	(151,290)	5.00
Government Grants	(337,910)	(16,896)	5.00
Interest	(251,240)	-	-
Rents	(320,030)	(16,002)	5.00
<b>Grand Total Income</b>	<b>(25,023,980)</b>	<b>(1,238,637)</b>	<b>4.95</b>
<b>Net Total</b>	<b>10,591,039</b>	<b>371,140</b>	<b>3.50</b>

PFI Scheme Expenditure and Income Profile													Total Reserve Contributions			
ACTUALS																
Year	Expenditure				Income			Cumulative Year End Balance Excluding Interest	Interest	Cumulative Year End Balance Including Interest	SDC Contribution	Grant	Trf to reserve			
	Units	No of Weeks	RPI	Weekly Charge £	Annual Charge £	SDC Contribution £	Grant £							Income £	Balance £	£
2004/05	11			35.42	1,301	(248,354)	(154,164)	(402,518)	(401,218)	(401,218)	3.94%	(14,236)	(415,453)	(262,590)	(154,164)	(416,754)
2005/06	11			36.54	22,859	4,761	(536,720)	(531,959)	(509,099)	(924,552)	4.00%	(26,800)	(951,352)	(22,038)	(536,720)	(558,758)
2006/07	119			37.38	126,665		(536,720)	(536,720)	(410,055)	(1,361,407)	4.61%	(53,295)	(1,414,702)	(53,295)	(536,720)	(590,015)
2007/08	137			38.92	260,043		(536,720)	(536,720)	(276,677)	(1,691,378)	5.49%	(85,331)	(1,776,709)	(85,331)	(536,720)	(622,051)
2008/09	149			40.53	298,012		(536,720)	(536,720)	(238,708)	(2,015,417)	5.76%	(109,208)	(2,124,625)	(109,208)	(536,720)	(645,928)
2009/10	153			40.60	314,517		(536,720)	(536,720)	(222,203)	(2,346,828)	3.53%	(78,870)	(2,425,698)	(78,870)	(536,720)	(615,590)
2010/11	153			41.86	332,751	(26,000)	(277,911)	(303,911)	28,840	(2,396,858)	1.26%	(30,310)	(2,427,168)	(56,310)	(277,911)	(334,221)
2011/12	153	52	5.00%	43.95	349,690	(33,500)	(277,911)	(311,411)	38,279	(2,388,889)	1.25%	(30,100)	(2,418,989)	(63,600)	(277,911)	(341,511)
2012/13	153	52	4.00%	45.71	363,678	(54,000)	(277,911)	(331,911)	31,767	(2,387,222)	1.25%	(30,039)	(2,417,261)	(84,039)	(277,911)	(361,950)
2013/14	153	52	3.00%	47.08	374,588	(55,620)	(277,911)	(333,531)	41,057	(2,376,204)	1.75%	(41,943)	(2,418,147)	(97,563)	(277,911)	(375,474)
2014/15	153	52	3.00%	48.49	385,826	(57,289)	(277,911)	(335,200)	50,626	(2,367,521)	2.50%	(59,821)	(2,427,342)	(117,109)	(277,911)	(395,020)
2015/16	153	52	3.00%	49.95	397,400	(59,007)	(277,911)	(336,918)	60,482	(2,366,860)	3.00%	(71,913)	(2,438,773)	(130,920)	(277,911)	(408,831)
2016/17	153	52	3.00%	51.45	409,322	(60,777)	(277,911)	(338,688)	70,634	(2,368,139)	4.00%	(96,138)	(2,464,277)	(156,916)	(277,911)	(434,827)
2017/18	153	52	3.00%	52.99	421,602	(62,601)	(277,911)	(340,512)	81,090	(2,383,187)	4.00%	(96,949)	(2,480,136)	(159,550)	(277,911)	(437,461)
2018/19	153	52	3.00%	54.58	434,250	(64,479)	(277,911)	(342,390)	91,860	(2,388,276)	4.00%	(97,368)	(2,485,644)	(161,847)	(277,911)	(439,758)
2019/20	153	52	3.00%	56.22	447,278	(66,413)	(277,911)	(344,324)	102,953	(2,382,690)	4.00%	(97,367)	(2,480,057)	(163,780)	(277,911)	(441,691)
2020/21	153	52	3.00%	57.91	460,696	(68,406)	(277,911)	(346,317)	114,379	(2,365,678)	4.00%	(96,915)	(2,462,592)	(165,320)	(277,911)	(443,231)
2021/22	153	52	3.00%	59.64	474,517	(70,458)	(277,911)	(348,369)	126,148	(2,336,444)	4.00%	(95,981)	(2,432,425)	(166,438)	(277,911)	(444,349)
2022/23	153	52	3.00%	61.43	488,752	(72,571)	(277,911)	(350,482)	138,270	(2,294,155)	4.00%	(94,532)	(2,388,687)	(167,103)	(277,911)	(445,014)
2023/24	153	52	3.00%	63.27	503,415	(74,749)	(277,911)	(352,660)	150,755	(2,237,931)	4.00%	(92,532)	(2,330,464)	(167,281)	(277,911)	(445,192)
2024/25	153	52	3.00%	65.17	518,517	(76,991)	(277,911)	(354,902)	163,615	(2,166,848)	4.00%	(89,946)	(2,256,795)	(166,937)	(277,911)	(444,848)
2025/26	153	52	3.00%	67.13	534,073	(79,301)	(277,911)	(357,212)	176,861	(2,079,934)	4.00%	(86,735)	(2,166,668)	(166,035)	(277,911)	(443,946)
2026/27	153	52	3.00%	69.14	550,095	(81,680)	(277,911)	(359,591)	190,504	(1,976,164)	4.00%	(82,857)	(2,059,021)	(164,536)	(277,911)	(442,447)
2027/28	153	52	3.00%	71.22	566,598	(84,130)	(277,911)	(362,041)	204,557	(1,854,464)	4.00%	(78,270)	(1,932,734)	(162,400)	(277,911)	(440,311)
2028/29	153	52	3.00%	73.35	583,596	(86,654)	(277,911)	(364,565)	219,031	(1,713,703)	4.00%	(72,929)	(1,786,632)	(159,583)	(277,911)	(437,494)
2029/30	153	52	3.00%	75.55	601,104	(89,254)	(277,911)	(367,165)	233,939	(1,552,693)	4.00%	(66,786)	(1,619,479)	(156,040)	(277,911)	(433,951)
2030/31	153	52	3.00%	77.82	619,137	(91,931)	(277,911)	(369,842)	249,295	(1,370,185)	4.00%	(59,793)	(1,429,978)	(151,725)	(277,911)	(429,636)
2031/32	153	52	3.00%	80.15	637,711	(94,689)	(277,911)	(372,600)	265,111	(1,164,867)	4.00%	(51,897)	(1,216,764)	(146,586)	(277,911)	(424,497)
2032/33	153	52	3.00%	82.56	656,842	(97,530)	(277,911)	(375,441)	281,401	(935,363)	4.00%	(43,043)	(978,405)	(140,573)	(277,911)	(418,484)
2033/34	153	52	3.00%	85.04	676,548	(100,456)	(277,911)	(378,367)	298,181	(680,225)	4.00%	(33,173)	(713,397)	(133,629)	(277,911)	(411,540)
2034/35	153	52	3.00%	87.59	696,844	(103,470)	(277,911)	(381,381)	315,463	(397,934)	4.00%	(22,227)	(420,160)	(125,696)	(277,911)	(403,607)
2035/36	153	52	3.00%	90.21	717,749	(106,574)	(197,761)	(304,335)	413,415	(6,746)	4.00%	(8,538)	(15,284)	(115,112)	(197,761)	(312,873)
					<b>14,225,977</b>		<b>(9,983,300)</b>		<b>2,080,555</b>			<b>(2,095,838)</b>				
										<b>Projected Surplus</b>		<b>(15,284)</b>				



<b>FEES AND CHARGES</b>	<b>2011/12 BUDGET</b>
	£
Council Tax Collection - Court Fees	-141,780
Non Domestic Rates - Court Fees	-8,320
Non Domestic Rates - Collection Allowance	-117,260
Register of Electors	-2,500
Elections	-6,270
Land Charges Fees & Charges	-127,980
Community Parks & Open Spaces	-1,200
Groundwork - Selby	-109,710
Environmental Health Licences	-15,300
Taxi & Hire Licenses - Vehicle Plates	-1,730
Taxi & Hire Licenses	-42,720
Licensing Act 2003	-60,000
Licenses-Betting Gaming Machines	-3,340
Private Drainage Service Recoverable Charges	-1,000
Dog Warden	-220
Local Air Pollution Control PPCA2 & B Income	-18,000
Water Sampling Fees	-11,710
Street Cleansing Fines	-500
Litter Bins Fees & Charges	-5,810
Refuse Collection General	-15,300
Refuse Collection General Income	-10,160
Clinical Waste	-10,450
Recycling Sale of Goods	-280,000
Recycling Credits	-491,000
Street Nameplates Income	-2,000
Development Management Advice & Other Charges	-33,000
Development Management	-561,580
Property Management Rents	-60,740
Car Parks Pay & Display Fines	-5,500
Car Parks Pay & Dis.	-292,000
Concessionary Fares Income	-26,440
Bus Station Fees & Charges	-4,660
Housing Advances Insurance	-1,900
Private Leasing Scheme	-11,000
Benefits - North Yorks Training Group Income	-10,500
Supporting People Rent Income	-72,000
Committee Rooms Fees & Charges	-2,030
Democratic Core Fees & Charges	-3,140
Legal Services	-16,730
Civic Centre Room Hire	-13,500
Policy Strategy	-380
Commercial Waste Fees & Charges	-554,670
Industrial Units Ground Rents	-144,690
Industrial Units Maintenance Rents	-29,100
Industrial Units Management Fee	-9,840
<b>TOTAL</b>	<b>-3,337,660</b>

**SELBY DISTRICT COUNCIL - 10 YEAR FINANCIAL PLAN V1 (September 2011)**

**APPENDIX E**

	Base	← Medium Term Financial Plan →				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	2011/12	2012/13	2013/14	2014/15							
<b>KEY ASSUMPTIONS</b>											
Inflation	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Rates	1.25%	1.25%	1.75%	2.50%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Tax Base Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Government Grant Increase	-14.41%	-10.94%	-0.90%	-5.60%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase	0.00%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>COUNCIL TAX</b>											
Tax Base (Number of Band D Equivalents)	29.970	30.270	30.572	30.878	31.187	31.499	31.814	32.132	32.453	32.778	
Council Tax @ Band D (£)	158.88	164.44	169.37	174.46	179.69	185.08	190.63	196.35	202.24	208.31	
Council Tax Income (£)	4,763	4,978	5,178	5,387	5,604	5,830	6,065	6,309	6,563	6,828	
% Increase in Council Tax	-	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>REVENUE FINANCING</b>											
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	4,763	4,978	5,178	5,387	5,604	5,830	6,065	6,309	6,563	6,828	
Government Grant	5,252	4,677	4,635	4,375	4,463	4,552	4,643	4,736	4,831	4,928	
Council Tax Freeze Grant	119	119	119	119	119						
New Homes Bonus	445	458	458	458							
Collection Fund Surplus/Deficit (+/-)	57										
<b>TOTAL EXTERNAL RESOURCES</b>	<b>10,635</b>	<b>10,232</b>	<b>10,390</b>	<b>10,339</b>	<b>10,186</b>	<b>10,382</b>	<b>10,708</b>	<b>11,045</b>	<b>11,394</b>	<b>11,755</b>	
<b>Transfer to reserves</b>											
- Spend to Save (C.Tax Freeze Grant)		- 119	- 119	- 119	- 119						
- Special Projects (New Homes Bonus)	- 445	- 458	- 458	- 458							
<b>RESOURCES TO FUND REVENUE BUDGET (a)</b>	<b>10,190</b>	<b>9,655</b>	<b>9,813</b>	<b>9,762</b>	<b>10,067</b>	<b>10,382</b>	<b>10,708</b>	<b>11,045</b>	<b>11,394</b>	<b>11,755</b>	

	Base	← Medium Term Financial Plan →				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	2011/12	2012/13	2013/14	2014/15	£000's						
<b>REVENUE BUDGET</b>											
Operational Budget	9,293	8,606	8,418	8,670	9,050	9,198	9,474	9,758	10,187	10,353	
Capital Projects (funded from revenue reserves)	759	431	150	818	110	342	85	99	211	175	
Revenue Growth/Projects	111	200	134	138	142	146	151	155	160	165	
Investment Income	- 215	- 200	- 300	- 300	- 300	- 300	- 300	- 300	- 300	- 300	
External Interest Payments	770	776	778	778	778	778	778	778	778	778	
Capital Adj (MRP only)	96	196	193	193	193	193	193	193	193	193	
Contingencies	275	275	275	275	275	275	275	275	275	275	
Contributions to Reserves:											
PFI Scheme (Updated - ncl SDC's contribution & interest)	342	362	375	395	409	435	437	440	442	443	
Building Repairs	130	130	130	130	130	130	130	130	130	130	
Computer Development	150	150	150	150	150	150	150	150	150	150	
Vehicles	3	3	3	3	3	3	3	3	3	3	
District Election	36	30	30	30	30	30	30	30	30	30	
Pension Equalisation	200	200	200	200	200	200	200	200	200	200	
Contributions from Reserves:											
ICT Replacement	- 118	- 265	- 125	- 219	- 85	- 313	- 60	- 66	- 150	- 150	
Buildings	- 3	- 147	- 25	- 599	- 25	- 29	- 25	- 33	- 61	- 25	
Vehicles		- 19						- 18			
PFI (Updated)	- 350	- 364	- 375	- 386	- 397	- 409	- 422	- 434	- 447	- 461	
Special projects	- 155										
Tadcaster Central Area Project	- 483										
District Election	- 106				- 120				- 136		
Balances	- 545	- 445									
<b>Forecast Net Revenue Budget (b)</b>	<b>10,190</b>	<b>9,919</b>	<b>10,011</b>	<b>10,276</b>	<b>10,544</b>	<b>10,830</b>	<b>11,099</b>	<b>11,361</b>	<b>11,665</b>	<b>11,959</b>	
<b>Difference between resources and forecast budget (a - b)</b>	<b>0</b>	<b>- 264</b>	<b>- 197</b>	<b>- 514</b>	<b>- 477</b>	<b>- 448</b>	<b>- 391</b>	<b>- 316</b>	<b>- 271</b>	<b>- 203</b>	
<b>Estimated Headroom/Shortfall in savings as at September 2011 - per Savings Action Plan (+/-)</b>	<b>101</b>	<b>- 114</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	<b>- 445</b>	
<b>Current Net Surplus/Deficit within MTFP (+/-)</b>	<b>101</b>	<b>- 378</b>	<b>- 642</b>	<b>- 959</b>	<b>- 922</b>	<b>- 893</b>	<b>- 836</b>	<b>- 761</b>	<b>- 716</b>	<b>- 648</b>	

CAPITAL BUDGET	Base	← Medium Term Financial Plan →				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	2011/12	2012/13	2013/14	2014/15	£000's						
<b>Capital Receipts</b>											
Useable Receipts Brought Forward	-	- 1,592	- 2,852	- 2,739	- 2,626	- 2,513	- 2,400	- 2,287	- 2,174	- 2,061	
New Receipts Received in Year											
- Land at Riccall	- 700										
- Civic Centre site, Portholme Road	- 2,500										
- School site, Portholme Road		- 1,300									
- Barlby Depot		- 155									
- Loan repayment re Community House	- 10	- 10	- 10	- 10	- 10	- 10	- 10	- 10	- 10	- 10	- 10
- Council House Sales etc	- 37	- 37	- 37	- 37	- 37	- 37	- 37	- 37	- 37	- 37	- 37
Less: Financing Capital Programme	1,655	242	160	160	160	160	160	160	160	160	160
Capital Resources Available	- 1,592	- 2,852	- 2,739	- 2,626	- 2,513	- 2,400	- 2,287	- 2,174	- 2,061	- 1,948	
<b>Capital Programme</b>											
Heritage Grants	10	10									
Leisure Centres/Other Buildings (subject to 10 year pla	3	147	25	599	25	29	25	33	61	25	
Selby Community Project	1,593	82									
Computer Hardware and Systems	118	265	125	219	85	313	60	66	150	150	
Disabled Facilities Grants	300	300	300	300	300	300	300	300	300	300	
Stay Put	38										
Tadcaster Central Area Project	483										
Telephone Mast Relocation	155										
All Weather Pitch	250										
Vehicle Purchase	-	19	-	-	-	-	-	18	-	-	
	2,950	823	450	1,118	410	642	385	417	511	475	
<b>Capital Financing</b>											
Useable Capital Receipts	- 1,655	- 242	- 160	- 160	- 160	- 160	- 160	- 160	- 160	- 160	- 160
Direct Revenue Financing	- 10	- 10									
Prudential Borrowing	- 386										
Grants & Contributions											
- DFGs	- 140	- 140	- 140	- 140	- 140	- 140	- 140	- 140	- 140	- 140	- 140
- S106											
Reserves											
- Computer Development	- 118	- 265	- 125	- 219	- 85	- 313	- 60	- 66	- 150	- 150	- 150
- Buildings	- 3	- 147	- 25	- 599	- 25	- 29	- 25	- 33	- 61	- 25	- 25
- Special Projects	- 155	-	-	-	-	-	-	-	-	-	-
- Tadcaster Central Area Reserve	- 483	-	-	-	-	-	-	-	-	-	-
- Vehicles	-	- 19	-	-	-	-	-	- 18	-	-	-
	- 2,950	- 823	- 450	- 1,118	- 410	- 642	- 385	- 417	- 511	- 475	

	Base 2011/12 £000's	← Medium Term Financial Plan → 2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
<b>REVENUE RESERVES</b>										
<b>General Balances</b>										
Opening Balance	2,835	2,290	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845
Add: Contribution to reserve										
Less: Amount utilised	- 545	- 445								
Closing Balance	2,290	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845
<b>Note minimum working balance of £1,500,000 required</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
	-	-	-	-	-	-	-	-	-	-
<b>Contingency</b>										
Opening Balance	150	150	150	150	150	150	150	150	150	150
Add: Contribution to reserve										
Less: Amount utilised										
Closing Balance	150	150	150	150	150	150	150	150	150	150
<b>Building Repairs/Replacements (all buildings)</b>										
Opening Balance	345	472	455	560	91	196	297	402	499	568
Add: Contribution to reserve	130	130	130	130	130	130	130	130	130	130
Less: Amount utilised	- 3	- 147	- 25	- 599	- 25	- 29	- 25	- 33	- 61	- 25
Closing Balance	472	455	560	91	196	297	402	499	568	673
<b>ICT Replacement</b>										
Opening Balance	415	467	372	417	368	453	310	420	524	544
Add: Contribution to reserve	150	150	150	150	150	150	150	150	150	150
Add: Contribution from HRA (updated January 2010)	20	20	20	20	20	20	20	20	20	20
Less: Amount utilised	- 118	- 265	- 125	- 219	- 85	- 313	- 60	- 66	- 150	- 150
Closing Balance	467	372	417	368	453	310	420	524	544	564
<b>Planning Inquiry</b>										
Opening Balance	100	100	100	100	100	100	100	100	100	100
Add: Contribution to reserve										
Less: Amount utilised										
Closing Balance	100	100	100	100	100	100	100	100	100	100

	Base 2011/12	← Medium Term Financial Plan →				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		2012/13	2013/14	2014/15							
<b>Vehicle Replacement</b>											
Opening Balance	158	161	145	148	151	154	157	160	145	148	
Add: Contribution to reserve	3	3	3	3	3	3	3	3	3	3	
Less: Amount transferred											
Less: Amount utilised		- 19						- 18			
Closing Balance	161	145	148	151	154	157	160	145	148	151	
<b>District Election</b>											
Opening Balance	70	-	30	60	90	-	34	68	102	-	
Add: Contribution to reserve	36	30	30	30	30	34	34	34	34	38	
Less: Amount utilised	- 106				- 120				- 136		
Closing Balance	-	30	60	90	-	34	68	102	-	38	
<b>Pension Equalisation</b>											
Opening Balance	-	200	400	600	800	1,000	1,200	1,400	1,600	1,800	
Add: Contribution to reserve	200	200	200	200	200	200	200	200	200	200	
Less: Amount utilised											
Closing Balance	200	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	
<b>Industrial Units</b>											
Opening Balance	42	42	42	42	42	42	42	42	42	42	
Add: Contribution to reserve											
Less: Amount utilised											
Closing Balance	42	42	42	42	42	42	42	42	42	42	
<b>Carry Forward</b>											
Opening Balance	947	-	-	-	-	-	-	-	-	-	
Add: Contribution to reserve											
Less: Amount utilised	- 947										
Closing Balance	-	-	-	-	-	-	-	-	-	-	

	Base 2011/12	← Medium Term Financial Plan →				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		2012/13	2013/14	2014/15							
<b>PFI</b>											
Opening Balance	2,427	2,419	2,417	2,417	2,426	2,438	2,464	2,479	2,485	2,480	
Add: Contribution to reserve	342	362	375	395	409	435	437	440	442	443	
Less: Amount utilised	- 350	- 364	- 375	- 386	- 397	- 409	- 422	- 434	- 447	- 461	
Closing Balance	2,419	2,417	2,417	2,426	2,438	2,464	2,479	2,485	2,480	2,462	
<b>PROJECT RESERVES</b>											
<b>Spend to Save</b>											
Opening Balance	553	519	638	757	876	995	995	995	995	995	
Add: Contribution to reserve		119	119	119	119						
Less: Amount utilised	- 34										
Closing Balance	519	638	757	876	995	995	995	995	995	995	
<b>Special Projects</b>											
Opening Balance	967	412	870	1,328	1,786	1,786	1,786	1,786	1,786	1,786	
Add: Contribution to reserve	445	458	458	458							
Less: Amount utilised	- 1,000										
Closing Balance	412	870	1,328	1,786	1,786	1,786	1,786	1,786	1,786	1,786	
<b>Tadcaster Central Area Project</b>											
Opening Balance	483	-	-	-	-	-	-	-	-	-	
Add: Contribution to reserve											
Less: Amount utilised	- 483										
Closing Balance	-	-	-	-	-	-	-	-	-	-	
<b>OTHER EARMARKED RESERVES</b>											
<b>Open Spaces</b>											
Opening Balance	11	11	11	11	11	11	11	11	11	11	
Add: Contribution to reserve											
Less: Amount utilised											
Closing Balance	11	11	11	11	11	11	11	11	11	11	

	Base 2011/12	← Medium Term Financial Plan → 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Sherburn Amenity Land</b>										
Opening Balance	10	10	10	10	10	10	10	10	10	10
Add: Contribution to reserve										
Less: Amount utilised										
Closing Balance	10	10	10	10	10	10	10	10	10	10
<b>Wheeled Bins</b>										
Opening Balance	18	18	18	18	18	18	18	18	18	18
Add: Contribution to reserve										
Less: Amount utilised										
Closing Balance	18	18	18	18	18	18	18	18	18	18
<b>TOTAL REVENUE BALANCES AND RESERVES</b>	<b>7,271</b>	<b>5,033</b>	<b>5,993</b>	<b>6,285</b>	<b>6,707</b>	<b>6,902</b>	<b>7,354</b>	<b>7,774</b>	<b>7,964</b>	<b>8,330</b>
<b>NOTE: TOTAL EARMARKED REVENUE RESERVES</b>	<b>4,981</b>	<b>3,188</b>	<b>4,148</b>	<b>4,440</b>	<b>4,862</b>	<b>5,057</b>	<b>5,509</b>	<b>5,929</b>	<b>6,119</b>	<b>6,485</b>



Appendix F

Key:

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

**GENERAL FUND BASE BUDGET**  
**SAVINGS/EFFICIENCIES ACTION PLAN**  
**2011/12 - 2013/14 (V50)**  
**Updated September 2011**

Dept	Proposed Savings	Status	Latest 2011/12 £	2012/13 £	2013/14 £	2014/15 £	Progress
	<b>Inflation factor</b>		-	0.020	0.020	0.020	
<b>Procurement Workstream</b>							
Access Selby	Change provider for telephone calls and rationalisation of telephone accounts	Green	13,000	13,000	13,000	10,800	Completed
Access Selby	Partnering Back Office Support	Green	77,500	93,000	93,000	93,000	Completed
Core	Election software	Green	4,700	4,700	4,700	4,700	Completed - Implementation underway
Access Selby	CCTV	Amber	21,000	42,000	42,000	42,000	Benchmarking with other councils in North Yorkshire shows saving is achievable
Access Selby	Recycling	Amber	159,000	159,000	159,000	159,000	Proposals to change the way that recycling is handled approved and changes implemented through a variation to the existing contract with Enterprise.
Access Selby	Collaborative corporate contracts through shared procurement service Note: The balance of this target will reduce as individual procurement projects are identified	Amber	11,300	20,300	45,300	92,500	A refreshed spend analysis has identified a first phase of projects for 2011/12 but further work will be needed to identify projects to meet this remaining savings target for 2012/13 and beyond.
Access Selby	Expanded Building Control Partnership	Red	-	5,000	5,000	5,000	Savings in 11/12 unlikely to be achieved due to continued downturn in fee earning work
Core	Audit Partnership	Amber	5,000	10,000	15,000	15,000	Completed for 11/12. Planned reduction in Audit days and exploring options for future service delivery in North Yorkshire to coincide with partnership agreement renewal from April 2012
Customers & Business	Access Selby Electricity	Green	10,000	10,000	10,000	10,000	Completed
Customers & Business	ICT - Server Virtualisation	Green	10,000	10,000	10,000	10,000	Completed
<b>Total Procurement</b>			<b>311,500</b>	<b>367,000</b>	<b>397,000</b>	<b>442,000</b>	

Dept	Proposed Savings	Status	Latest				Progress
			2011/12 £	2012/13 £	2013/14 £	2014/15 £	
<b>Transformation Workstream</b>							
Access Selby	WTT - Review of remaining cash collection	Amber	0	4,500	4,500	4,500	Arrangements for WLCT to take on this function are being finalised
Access Selby	WTT - Transformation (SDV)	Green	1,059,890	1,380,890	1,380,890	1,380,890	Completed
Core	WTT - Transformation (Core)	Green	50,000	50,000	50,000	50,000	Completed
<b>Total Transformation</b>			<b>1,109,890</b>	<b>1,435,390</b>	<b>1,435,390</b>	<b>1,435,390</b>	
<b>Asset Management Workstream</b>							
Access Selby	Vacation of Portholme Road Depot	Green	13,497	13,497	13,497	13,497	Completed. In addition, there is a saving to the HRA of £26,833
Access Selby	Running costs of new Civic Centre	Amber	20,000	40,000	40,000	40,000	Staff occupied new building from 1 August
Access Selby	Closure of Tadcaster office	Green	30,000	30,000	30,000	30,000	Completed
Access Selby	Barlby Depot	Red	-	20,000	20,000	20,000	To be included in new Asset Management Plan. Option for short term lease is currently being considered
<b>Total Asset Management</b>			<b>63,497</b>	<b>103,497</b>	<b>103,497</b>	<b>103,497</b>	
<b>Value for Money Workstream</b>							
Core	Telecommunications Mast	Red	-	13,000	13,000	13,000	Budget bid approved as part of 2011/12 budget round
Core	Internal Drainage Boards	Green	40,000	40,000	40,000	40,000	Saving of £40k achieved in 11/12 - future targets adjusted accordingly
Communities Selby	Community Safety	Green	15,000	15,000	15,000	15,000	Completed
Access Selby	Decentralisation of Planning Fees	Red	-	250,000	250,000	250,000	Awaiting final details although indication that legislation may not now come into force until April 2012. Income will be linked to cost recovery in the future. Workshop on charging attended and savings targets have been reduced to reflect reducing cost base under new SDV
Access Selby	Car Park Income	Amber	20,000	60,000	60,000	60,000	Review of fees agreed at Executive early July 2011 & implementation October 2011 subject to consultation and potentially will be implemented by Nov/Dec 2011.
<b>Total Value for Money</b>			<b>75,000</b>	<b>378,000</b>	<b>378,000</b>	<b>378,000</b>	

Dept	Proposed Savings	Status	Latest				Progress
			2011/12 £	2012/13 £	2013/14 £	2014/15 £	
<b>Base Budget Review Workstream</b>							
Core	External Audit Fee	Green	5,000	5,000	5,000	5,000	Completed
Core	Corporate and Democratic Core	Green	7,000	7,000	7,000	7,000	Completed
<b>Total Base Budget Review</b>			<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	
<b>Discretionary Service Review Workstream</b>							
Access Selby	HR - Budget review	Green	5,000	5,000	5,000	5,000	Completed
Access Selby	New charge for planning advice	Green	30,000	30,000	30,000	30,000	Completed - Income budgets will continue to be monitored closely
Access Selby	Reduce opening hours at Access Selby	Green	35,000	35,000	35,000	35,000	Completed
Access Selby	Barlow Nature Reserve	Amber	26,500	53,000	53,000	53,000	An initial review has undertaken and revised service delivery model has been approved - a revised countryside management strategy is due in the Autumn of 2011.
Core	External Grants	Green	12,000	12,000	12,000	12,000	Completed
<b>Total Discretionary Service Review</b>			<b>108,500</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	
<b>Inflation adjustment</b>			<b>-</b>	<b>48,618</b>	<b>99,420</b>	<b>153,380</b>	
<b>Total General Fund Savings</b>			<b>1,680,387</b>	<b>2,479,505</b>	<b>2,560,307</b>	<b>2,659,267</b>	
<b>Target (Per 2011/12 - 2013/14 MTFP)</b>			<b>1,592,000</b>	<b>2,594,000</b>	<b>3,006,000</b>	<b>3,006,000</b>	
<b>New savings per MTFS</b>				<b>264,000</b>	<b>264,000</b>	<b>500,000</b>	
<b>New Target</b>			<b>1,592,000</b>	<b>2,858,000</b>	<b>3,270,000</b>	<b>3,506,000</b>	
<b>Headroom/Deficit (+/-)</b>			<b>** 88,387 -</b>	<b>378,495 -</b>	<b>709,693 -</b>	<b>846,733</b>	
<b>Green Savings</b>			1,417,587	1,789,169	1,824,952	1,859,116	
<b>Amber Savings</b>			262,800	396,576	435,720	494,523	
<b>Red Savings</b>			-	293,760	299,635	<b>305,628</b>	
<b>Still to identify**</b>			-	378,495	709,693	846,733	
<b>Total</b>			<b>1,680,387</b>	<b>2,858,000</b>	<b>3,270,000</b>	<b>3,506,000</b>	

Dept	Proposed Savings	Status	Latest				Progress
			2011/12	2012/13	2013/14	2014/15	
			£	£	£	£	

**Summary by Workstream**

Procurement	311,500	374,340	413,039	469,054
Transformation	1,109,890	1,464,098	1,493,380	1,523,247
Asset Management	63,497	105,567	107,678	109,832
Value for Money	75,000	385,560	393,271	401,137
Base Budget Review	12,000	12,240	12,485	12,734
Discretionary Service Review	108,500	137,700	140,454	143,263

<b>Total</b>	<b>1,680,387</b>	<b>2,479,505</b>	<b>2,560,307</b>	<b>2,659,267</b>
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**Achievable Savings**

Best Case (All savings achieved)	1,680,387	2,858,000	3,270,000	3,506,000
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Worst Case (Only Green savings achieved)	1,417,587	1,789,169	1,824,952	1,859,116
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**Mid Case (Calculation using sliding scale)**

Green Savings - 100%	1,417,587	1,789,169	1,824,952	1,859,116
Amber Savings - 90%	236,520	356,918	392,148	445,071
Red Savings - 75%	-	220,320	224,726	229,221

	1,654,107	2,366,407	2,441,826	2,533,408
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**Shortfall/Surplus (-/+) assuming mid case level of savings**

	<b>62,107</b>	<b>- 491,593</b>	<b>- 828,174</b>	<b>- 972,592</b>
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# Selby District Council

## REPORT

Reference: E/11/27

Public – Item 5



**To:** Executive  
**Date:** 6 October 2011  
**Status:** Non Key Decision  
**Report Published:** 28 September 2011  
**Author:** James Ingham CPFA;  
Head of North Yorkshire Audit Partnership  
**Executive Member:** Cllr Cliff Lunn – Finance  
**Lead Officer:** Karen Iveson

**Title:** Future Provision of Internal Audit.

### Summary:

Currently Internal Audit (a statutory requirement) at Selby DC is provided by the North Yorkshire Audit Partnership using, what was then an innovative arrangement, a Partnership or shared service. The present Partnership Agreement expires 31/3/2012.

This report proposes a successor arrangement of merging with Veritau Ltd. (a company created by North Yorkshire CC and the City of York Council) creating a subsidiary company; Veritau (North Yorkshire) Ltd. specifically to provide internal audit for the District Councils.

This will contribute to developing the concept of Selby DC as an enabling Council, working with a variety of associate organisation to deliver its services.

### Recommendations:

- i. That the Council enters into formal contractual arrangements with Veritau Ltd to provide Internal Audit to the Council.
- ii. That the Council Solicitor is granted delegated authority to enter into such contractual arrangements, and
- iii. That the Executive Director (s151 Officer) is appointed as the Selby DC nominated Director of Veritau (North Yorkshire) Ltd.

## **Reasons for recommendation**

The Executive is asked to agree the recommendation to enter into formal contractual arrangements with Veritau Ltd in line with the preferred option in the attached Business Case to provide Internal Audit to the Council. This will provide the optimum certainty over performance, quality, and provide financial savings for the Council. The proposed appointment of the Executive Director (s151 Officer) as a Director of the company representing the Selby DC component of the company provides continuity of representation, with the requisite financial expertise.

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

- 1.1. The Local Government Act 1972, and the Accounts and Audit Regulations 2011 require all Councils to provide an adequate and effective Internal Audit function.
- 1.2. The current Internal Audit service is provided by the North Yorkshire Audit Partnership, established as a joint committee of member Councils under provisions in the Local Government Act 1972.
- 1.3. The present Partnership Agreement runs to 31<sup>st</sup> March 2012. The Council must determine its future method of providing Internal Audit as required under the 1972 Local Government Act and the Accounts & Audit regulations.
- 1.4. The purpose of this report is to present Members with the business case for a merger of the North Yorkshire Audit Partnership with Veritau (a company set up by North Yorkshire County Council and the City of York to provide their Internal Audit service).

### **2. The Report**

- 2.1. The current Internal Audit service is provided by the North Yorkshire Audit Partnership. The host Council is Ryedale District Council which employs the staff and provides all the administrative arrangements to support the Partnership.
- 2.2. The Partnership operates in accordance with a Partnership Agreement which terminates on 31 March 2012.
- 2.3. The Partnership officers (s151 Officers of the partner Councils) have been considering the various options and the Partnership Board has agreed in principle (subject to a business case) that a merger with Veritau offers the best opportunities for both financial savings whilst at the same time improving the quality of the service.
- 2.4. The core of the proposal is that Veritau will create a subsidiary company; Veritau (North Yorkshire) Ltd to provide Internal Audit to the present NYAP Partner Councils. This will enable Selby DC to retain a high level of control and influence over the provider of its Internal Audit.
- 2.5. The company structure and shareholding is set out in the business case in section 5. The District Councils will have an equal shareholding with the parent company Veritau Ltd in the subsidiary; Veritau (North Yorkshire) Ltd. Each District Council will appoint an

officer to be a director of that company and it is proposed that this would be each council's s151 officer.

- 2.6. Entering into a company arrangement will create a larger entity, which is beneficial not just to the Council, but importantly, to the staff too. The larger body will be better placed to develop and hone specialist audit techniques which will be required for future internal audit work.
- 2.7. The larger entity will give staff the opportunity to develop their skills, and acquire qualifications that will give them greater chance of promotion within a larger group.
- 2.8. It also, significantly, addresses one of the key issues facing NYAP; the potential loss of key staff; the Head of the Partnership being now eligible to retire, and with neither Audit Manager professionally [CCAB] qualified restricting their ability to step up into that role, together with an ageing profile of staff, resulting in stultification of the workforce.
- 2.9. It also provides greater resilience to absorb the anticipated reductions in demand and budget for Internal Audit services over the forthcoming years. In a small team this would be more difficult to achieve without compulsory redundancies.
- 2.10. Attached as Annex A is the business case; which identifies the merger with Veritau as the preferred option.
- 2.11. Based upon the business case and the current volume of audit provided the savings to Selby DC will be £4,350. Over the next few years, with the changes in the way Selby DC provides services it is anticipated that the amount of Internal Audit work required will reduce, so increasing the amount of savings that will be achieved. However it is not feasible at the moment to accurately define what that amount will be.

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

#### **3.1. Legal Issues**

- a.) Ryedale DC's Solicitor, as principal legal officer for NYAP, is taking the lead, and legal officers from all the Partner Councils will be kept informed of actions required etc.
- b.) The legal form, setting up a company is lawful within Local Government legislation, and meets all EU procurement requirements (Teckal, et al).
- c.) The Districts have equal representation on the proposed subsidiary company.

#### **3.2. Financial Issues**

- a.) The proposed merger will deliver financial savings to the Council.

#### **3.3. Other Issues**

- a.) Service improvement will be achieved (Business case: s. 6)
- b.) Sustainability: -

- Moving to a software based working system will reduce paper and ink consumption.
  - Working as part of larger team will reduce inter-site travelling by staff from both companies, reducing CO2 emission, reducing costs, and increasing safety of staff by reducing travel requirements.
- c.) Procurement
- The proposals are fully compliant with EU Procurement regulations.
- d.) Human resources
- All staff are aware of the proposed merger, are being full consulted, and there are scheduled joint working days to develop integration, and to 'skill up' NYAP staff to operate the audit software immediately from 1<sup>st</sup> April 2012.

#### **4. Conclusion**

- 4.1. The present Partnership Agreement runs to 31<sup>st</sup> March 2012. The Council must determine its future method of providing Internal Audit as required under the 1972 Local Government Act and the Accounts & Audit regulations.
- 4.2. The attached Business Case provides an assessment of the main alternatives for the Council. It has been considered, in principle, by the Partnership Board, and discussed in detail by the s151 officers of the Partner Councils.
- 4.3. It is considered that merging with Veritau, and forming a subsidiary; Veritau (North Yorkshire) Ltd. to provide Internal Audit to the District Council is the best, and preferred option.
- 4.4. The merger would also deliver cost savings as set out in the Business Case, and whilst these are not massive, they contribute to the overall need to find savings for the current and future Budgets.

#### **5. Background Documents**

*1972 Local Government Act  
Accounts & Audit (England) Regulations 2011 (SI 2011/817)*

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#### **Appendices:**

*Appendix A; NYAP ~ Veritau merger Business case v5.1 (2011.9.7)*





# Internal Audit Provision from 1<sup>st</sup> April 2012

## The Business Case

**Version No: 5.2**  
**Author: J Ingham**  
**Date: September 2011**

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File Ref ~ F\ NYAP\ NYAP~Veritau~ business case v5 (2011.09.07)

## **Background: - the present arrangements for Internal Audit (NYAP)**

- 1.1 It is a statutory requirement that Councils have a system of Internal Audit (IA). It is essential that all the Partner Councils have a robust effective IA service.
- 1.2 Three Councils, Scarborough Borough Council, Ryedale District Council and Selby District Council, joined together to form the North Yorkshire Audit Partnership (NYAP) using the joint committee provisions of the 1972 Local Government Act in 1999. Subsequent to the first agreement Hambleton District Council and Richmondshire district Council joined so that there are now 5 District Councils in the partnership.
- 1.3 The first Partnership Agreement ran for seven years and the current four year agreement ends on the 31 March 2012.
- 1.4 The operating environment of the Partner Councils is changing especially with the current and forecast economic cuts that are anticipated. This is leading to a change in demand for IA services. In addition the nature of the portfolio of work is starting to change with an increasing emphasis on identifying the 'added value' of Internal Audit.
- 1.5 The Partnership has a specific issue with succession planning for the post of Head of Partnership, and this is allied to a secondary, more general issue, around the age profile of its staff.

## **2. Executive Summary of the preferred option**

- 2.1 The Partnership Board has discussed the options in outline and is of the opinion that for the Partner Councils, the merger of NYAP with Veritau, is the preferred option for the reasons set out below. Veritau is an established company jointly owned by City of York Council and North Yorkshire county Council for the provision of internal audit and fraud work to those two partners. Each Partner Council must secure approval to enter into the proposed company arrangements for the delivery of Internal Audit.
- 2.2 Linking with Veritau will bring a number of benefits: -
  - (i) Cost reduction that will flow from a merger of two organisations, as a result of the reduction in management costs and other economies of scale;
  - (ii) Eliminates the issue of succession planning of the Head of Partnership. The core issue here is that none of the second tier NYAP Audit Managers has full professional qualifications. They are AAT qualified, part IIA qualified, but not full CCAB qualified. The current CIPFA Code of Practice for Internal Audit recommends that the Head of Internal Audit should be professionally qualified. Therefore in addition there is a real risk of adverse external auditors comment if the Head of the Partnership was not so qualified;
  - (iii) Greater security and resilience in audit provision (including ICT Audit);
  - (iv) The ability to manage the increasing complexity of internal audit work due to increasing complexity of the business environment, software and systems that are in use. This also extends to the increasing use of joint service provision including Councils working together to provide services jointly;
  - (v) The need to secure flexible response capability;
  - (vi) Certainty of service delivery through greater resilience and size of team;
  - (vii) The opportunity to access audit management and working systems software that currently is uneconomic to purchase and install for NYAP.

2.3 From Veritau's perspective the merger has the potential to unlock capacity closer to the sites being audited, reducing overhead travelling time from Northallerton/York where Veritau staff are currently based. This could be achieved by structuring the combined Veritau/NYAP around three or four discrete areas, or regionally based offices providing IA services across all Councils in their vicinity. These additional savings would lead through to a reduced daily rate for all the councils and hence the annual fee for internal audit services.

### **3. Why the merger of NYAP with Veritau makes good sense.**

3.1 All the Partner Councils are actively involved in looking for financial savings, and this is an opportunity to realise some and combined with the very real potential for an increased level and quality of service.

3.2 The Councils are looking to work collaboratively, whether that is with private organisations, the formation of partnerships, or closer working arrangements with other Councils. This is leading to the Councils moving towards 'commissioning' rather than 'direct provision' of services.

3.3 As this process accelerates it is likely that the Councils, once into shared service solutions will have much fewer in-house managed services and so may require a different and more flexible approach to internal audit.. Therefore to merge with Veritau offers longer term security of service, as the bigger consortium will have greater turnover of staff and so will be better placed to provide the essential flexibility of supply that will be demanded. This is evidenced through the requirement by all of the NYAP Partner Councils for reduced audit days from 2010/2011 and annually thereafter. Without the flexibility that the merger will bring this could lead to redundancies, and those costs would fall to the Partnership, ultimately the Partner Councils.

3.4 It will also provide greater security to staff as their opportunities are extended, and they are able to progress their careers in a larger organisation.

3.5 Also as outlined above it is a real opportunity for the Partnership to embrace modern Audit management software with all its associated benefits, e.g. easier to create a recommendations database, that as a smaller organisation it may find difficult to build a solid business case for.

3.6 The economies of scale and associated reduction in management layers will result in a reduced IA fee for partners. Initial estimates suggest that this reduction would be in the order of around 5% with no detriment to, or loss of, the service, and in the longer term an improved service.

3.7 The key benefit is that it provides a secure longer term means of providing internal audit, which is at lower cost, provides greater resilience, and is beneficial to the staff.

3.8 Annex A sets out in tabular form an evaluation of the competing options.

## 4. Options

4.1 The various options that have been considered in detail are: -.

### **NYAP to continue to the end of the current Partnership Agreement (31/3/2012) and each partner procures their own Internal Audit service.**

4.2 The Partnership will be wound up, in accordance with the provisions of the agreement. Each of the Partner Councils will then need to make their own decision on the form of Internal Audit they require, and procure it. The key issues would be:

- a) The Head of Partnership may have retired (eligible to retire from July 2011) and if so could leave a void if the post is unfilled.
- b) Each Council will need to secure IA services. The existing staff will transfer to the partner Councils from NYAP. The Partnership Agreement refers to staff transferring back to original Councils upon termination; best efforts to avoid redundancy and associated costs. Only three staff remain from the original cohort; and as all were at Scarborough BC that could lead to some difficulties with the transfer of other staff to the Partner Councils.
- c) None of the individual Councils (possibly except SBC) would have the critical mass, or the funds to have an effective in-house team so service performance will gradually decline. It would almost certainly lead to those smaller Councils needing to outsource their IA function.

### **Outsource completely as a group of 5 Councils to private sector**

4.3 The key issues would be:

- a) Councils gain access to some alternative and additional services that a large private sector organisation could offer.
- b) Councils lose a certain amount of control of the management of the audit service.
- c) Councils lose direct control of costs, and these may rise to generate profit for contractor.
- d) Councils lose direct control of the quality and experience of staff performing their audit work.
- e) Significant risk of increased costs arising from any imposition in the contract for qualified and experienced staff.
- f) Costs of the tendering process on a periodical basis.
- g) With the implications of TUPE, the tendering process will be significant complicated exercise with an associated cost.

### **Continue with NYAP; all 5 partners; and new agreement from 1/4/2012**

4.4 The key issues would be:

- a) Well established, professional service with proven governance arrangements.
- b) Councils retain overall control of the Partnership
- c) There may be difficulty in recruiting new head of partnership, if required, that is professionally qualified.
- d) The partnership may have to further review its structure for the changed audit environment.
- e) The reducing demand for IA may result in cuts to staff numbers with associated morale issues; such reductions could also result in a structure that is expensive (a highly geared ratio of managers to auditors)
- f) Limited financial savings would be available other than through reduced audit days and a revised structure.
- g) The Partnership in a 'reducing service' environment will not have the funds to modernise.

### **NYAP merge with Veritau**

- 4.5 The key issues would be:
- a) Well established, professional service with proven governance arrangements.
  - b) The service provision model of a local authority owned company is now well established and working effectively with the two Councils.
  - c) Resolves a number of issues with minimal inconvenience and cost.
  - d) Relatively seamless transition.
  - e) Provides opportunities for staff to develop their careers, and thereby minimise the risk of the loss of qualified, experienced, key staff.
  - f) Provides access to modern audit management software with all the benefits at minimal cost.
  - g) IA quality will, in the short term, be maintained, and over the longer term will improve.
  - h) Provides greater long-term resilience for the NYAP partner Councils and the NYAP staff.
  - i) Control is maintained through joint 'ownership' of the company. [see section 5. below for additional detail on the company structure and shareholding)

## **5. Legal implications**

- 5.1 The Councils have the necessary legal powers to create a shared service company however; any such arrangement must comply with the EU public procurement regime and the Public Contract Regulations 2006. Specific case law (including Teckal and Carbotermo SpA) has established that if a local authority wishes to award a contract to supply services, to a company set up by that local authority, then the authority does not need to carry out a competitive tender exercise before awarding such a contract provided that the following principles apply:
- the authority must exercise a similar degree of control over the company to that which it exercises over its own departments;
  - the exercise must be 'a power of decisive influence over both the strategic objects and significant decisions of the company';
  - the essential part of the company's activities must be carried out on behalf of the controlling authority. Any activities undertaken for bodies other than the controlling authority can be of no more than marginal significance.
- 5.2 The exemption also applies to companies controlled by more than one authority, providing the principles set out above are complied with.
- 5.3 With a view to demonstrating compliance with the Teckal principles, the provision of services to external customers by Veritau is currently limited to no more than 10% of the shared service company's total activities. This will continue to be the case with the expanded group.
- 5.4 In the event that the company did want to provide services to other bodies then it would be up to those organisations to consider, in accordance with their own procurement rules, whether to award a contract to the company.
- 5.5 There are also restrictions on the ability of local authorities to undertake trading activities through such a company. A local authority can make a decision to carry out an activity or provide a service which it considers is likely to improve the economic, social or environmental well being of its area (Local Government Act 2000). The well being function is an "ordinary function" for the purpose of Section 95 of the Local Government Act 2003. Section 95 provides a general power to local authorities to

undertake trading activities. The general power is further regulated through the Local Government Power to Trade Order. This business case is considered to satisfy the requirements of the Local Government Power to Trade Order.

- 5.6 Section 95 also defines the type of company that an authority can use for trading activities. The Section states that the company must be a company regulated by Part V of the Local Government and Housing Act 1989, which limits the proposed structure to:
- companies limited by share;
  - companies limited by guarantee with or without share capital;
  - unlimited companies;
  - societies registered under the Industrial and Provident Societies Act.
- 5.7 The company would be funded from the public sector so its own procurement activities would be bound by the Public Contract Regulations.
- 5.8 Veritau will form a subsidiary company; Veritau (North Yorkshire) Ltd to deliver the additional services. The subsidiary company will be limited by shares, with Veritau holding 50% of the share capital and each District Council holding 10% (50% in total; an equal share).
- 5.9 The parent company (Veritau Ltd) will continue to provide services to its existing customers, including NYCC and CYC. Staff currently employed by Veritau would also remain as employees of the parent company. The subsidiary company; Veritau (North Yorkshire) Ltd, would provide services to the NY district councils and would employ the staff who were transferred. In practical terms the Veritau 'group' would operate as a single entity with common systems, working practices and one overall management structure.
- 5.10 The subsidiary company will have a board of directors comprising an officer from each District Council and two directors appointed by Veritau;
- 5.11 The creation and future operating arrangements of the subsidiary company would be governed by a formal Shareholders' Agreement. The Agreement will set out the rights and obligations of the shareholders and the continuing relationship between each Council and Veritau as participants in the venture;
- 5.12 The services to be provided to each District Council will be specified in separate Service Agreements, identical or similar to the existing Service Agreements which Veritau currently has with NYCC and CYC;
- 5.13 The length of the new Service Agreements would be coterminous with Veritau's existing Service Agreements. Each District Council would retain the right to terminate its Service Agreement by providing written notice;
- 5.14 The proposed transfer of staff will be regulated by the Transfer of Undertakings (Protection of Employment) Regulations 2006 which guarantee that there will be equivalence of terms and conditions of employment. NYAP staff will be given the option of transferring from their existing terms and conditions to those of Veritau.
- 5.15 In addition, Veritau (North Yorkshire) Ltd will seek "admitted body" status to the North Yorkshire Pension Fund, and will therefore become a full member of that body. All current and future staff will then be entitled to be members of the Local Government Pension Scheme (administered by NYCC).

## 6. Benefits

The preferred option of NYAP merging with Veritau will bring benefits in terms of: -

### 6.1 Tangible and realisable cost savings:

- Reduced daily rate, of around 5% which combined with reductions in volume of internal audit required will give a material saving on the IA budget to partner Councils.
- Change to 'fee for audit' with lower annual fees.

	<b>2011/12 IA plan days (incl Risk Mgt)</b>	<b>Annual Fee NYAP @ £235/day</b>	<b>Annual fee Veritau @ £225/day</b>	<b>Saving</b>
Hambleton	365	£85,775	£82,125	£3,650
Richmondshire	240	£56,400	£54,000	£2,400
Ryedale	260	£61,100	£58,500	£2,600
Scarborough	655	£153,925	£147,375	£6,550
Selby	435	£102,225	£97,875	£4,350
			<b>Total saving</b>	<b>£19,550</b>

### 6.2 Efficiency gains:

- larger staffing base with wide and varied expertise;
- a reduction in group costs and lost time arising from the potential to locate operational staff nearer to their workplaces (principally a benefit to Veritau, with spin offs through enhancing NYAP staff's roles in their offices);
- use of audit management software to speed up the review and reporting process;
- use of audit management software to effectively monitor the implementation of agreed recommendations (something that audit committees are starting to look for).

### 6.3 Improved quality:

- resilience of service;
- access to wider knowledge base. The District Councils also gain knowledge of new and emerging issues with the City and County Councils that may affect the District Councils;
- access to external ICT audit expertise;
- opportunity to develop ICT audit skills with a larger client base to service.

### 6.4 Process improvement through the use of electronic audit management software and working papers.

### 6.5 Potentially enhanced controls and the benefit of a wider experience base to allow innovative solutions to control issues to evolve.

### 6.6 Ease of project operation and thereby likelihood of success:

- Seamless transition
- Overcomes issue of succession for the current Head of Partnership (NYAP)

### 6.7 Benefits to staff of NYAP (and Veritau):

- Part of a larger team with greater personal career development opportunities;
- Greater job security as part of the larger team with opportunities across the whole service;
- Reduces the risk of redundancy from revised IA service requirements by Partner Councils as a result of the changing Council environment and from budget cuts.

- 6.8 The move from a 'wholly owned' Partnership to being part of a wider one fits with the emerging ethos of commissioning, as future IA services will, in effect, be commissioned from Veritau.
- 6.9 Some of the benefits outlined above are tangible and can be easily measured, whilst others are less so. However that does not diminish the value of those benefits. Clearly the cash benefits from reduced internal audit volumes will be realised by the partner Council in the relevant year, but the reduction in daily fee rate of the merged service are continuous. Certain other benefits will only be discernable through the annual review of the effectiveness of the system of internal audit.

## 7. Costs and timescales

- 7.1 There will be some costs associated with merging NYAP with Veritau, currently estimated at £14,000, and the proposal is that these costs are shared equally between NYAP and Veritau. The existing reserves of the Partnership can meet the share for NYAP Councils.
- 7.2 It is expected that the following will be the principal cost items: -
- ICT preparation to accommodate the use of audit management software. As this is not the full package and is predominantly licence fees they will not be significant.
  - Legal costs incurred in ensuring the Councils are properly represented and have proper and fair representation in the legal agreement that governs Veritau.
- 7.3 A draft budget has been prepared with Veritau. A copy of the proposed budget is attached as annex B for reference purposes and features the following:
- This budget suggest that the daily rate for NYAP partners will be £225; a reduction of around 5%, compared to the current NYAP rate of £235.
  - This reduction combined with the anticipated, and now requested, reductions in audit volumes will give overall savings to each Council. The actual percentage saving for each Partner varies due to the varying volume changes, but they contribute to making the whole project viable.
- 7.4 There are costs associated with the winding up of NYAP. There are sufficient reserves, combined with any surplus for 2011/2012, in the Partnership to meet all anticipated costs.

## 8. Summary of Key Risks associated with the preferred option

- 8.1 The significant risks associated with the preferred option of merging NYAP with Veritau are:

**The Councils will be tied in for a 7 year period, to 31/3/2019.**

This period is not significantly different to the period that any future NYAP agreement would have been agreed to run. Each Council has the right to termination their membership with appropriate notice.

**There is a risk that Councils will lose a certain amount of management and financial control.**

This mitigated by the fact that the District Councils will have parity on the board of the company, so there will be minimal difference in levels of managerial and financial control. The Council's will continue to set their own audit planning work programmes.



**There is a risk of some short term loss of service quality in the transition period.**  
This will and continues to be mitigated by starting the transition process early with shared workshops, joint team days, establishing ICT linkages in good time, and training on the audit management software to allow a quick and seamless transition.

Each of the possible long term options are assessed against a series of key criteria linked to the vision and objectives of the shared service. The results of this analysis are given below:

### **Options**

Option A – NYAP ~ continue (Joint Committee)

Option B – Veritau ~ NYAP merger

Option C – Fully Outsourced Service

<b>Criteria</b>	<b>Options</b>		
	<b>A</b>	<b>B</b>	<b>C</b>
<b><i>OWNERSHIP AND VISION</i></b>			
Will this option be able to deliver the vision for the shared service and are there clear links to Corporate Objectives at each Council?	✓	✓	✓
Will the service be perceived as a genuine equal 'partnership' between the Partners (and Councils)?	✓	✓	
Will all Councils have sufficient control and influence over the strategic direction and future development of the service?	✓	✓	
Would this option avoid the need for Councils to establish a separate 'client' structure to monitor the contract?	✓	✓	
<b><i>IDENTITY</i></b>			
Will this option allow the service to develop its own identity?	✓	✓	✓
<b><i>AFFORDABILITY</i></b>			
Are the set up costs / required investment for this option likely to be affordable?	✓	✓	
<b><i>COST EFFECTIVENESS</i></b>			
Is this option likely to be affordable on an ongoing basis, and does it represent value for money?	✓	✓	
Will this option achieve economies of scale and deliver the expected efficiencies in service delivery?		✓	✓
<b><i>IMPLEMENTATION</i></b>			
Are the skills and resources readily available to implement the proposed option?	✓	✓	
Is there general support from within the Councils to implement this option?	✓	✓	
Would the Councils be able to support the change management needs associated with this option?	✓	✓	

<b>Criteria</b>	<b>Options</b>		
	<b>A</b>	<b>B</b>	<b>C</b>
<b>SERVICE AND CAPACITY IMPROVEMENTS</b>			
Is this option able to provide continuity of service in the long-term, irrespective of short-term problems and/or changes in key personnel?	✓	✓	✓
Is this option likely to deliver the required improvements in operational capacity?		✓	✓
Is this option likely to achieve the required focus on quality and enhance the professionalism of the service?	✓	✓	✓
<b>FINANCIAL / BUSINESS OPPORTUNITIES</b>			
Does this option allow external income to be generated by selling services to other public sector bodies?		✓	✓
Does this option offer the capability and capacity to identify and develop other business opportunities?		✓	✓
<b>LEGAL CONSIDERATIONS</b>			
Do the Councils have the legal powers to implement the proposed option?	✓	✓	✓
Does this option avoid the need to undertake an EU compliant tender exercise?	✓	✓	
<b>RISKS</b>			
Are the financial risks associated with this option considered to be acceptable to the Councils?	✓	✓	
Are the risks to future service delivery associated with this option considered to be acceptable to the Councils?	✓	✓	
Do all Councils have an equal or proportionate share of risk and reward?	✓	✓	
<b>INNOVATION / SERVICE TRANSFORMATION</b>			
Is this option innovative and does it offer the opportunity to address the government's transformational policy agenda?		✓	✓
Is this option suitable for helping to develop new methods of partnership working and service delivery in the future?	✓	✓	✓
Can this option allow the service to be expanded to provide other back office functions to the Councils?	✓	✓	✓
Would this option be attractive to other potential partners in the future?	✓	✓	✓

## Annex B

	Veritau		NYAP		TOTAL
	2011/12 £	2012/13 £	2011/12 £	2012/13 £	2012/13 £
Payroll, incl. NI, Pension etc	1,112,500	1,101,500	426,900	335,387	1,436,887
Travel costs	34,100	32,100	17,500	15,000	47,100
Other Staff costs, incl. training etc.	23,000	31,000	7,500	7,700	38,700
Supplies & Services	76,500	79,900	22,525	18,225	98,125
	<u>1,246,100</u>	<u>1,244,500</u>	<u>474,425</u>	<u>376,312</u>	<u>1,620,812</u>
Proposed Fee 2012/13		225.00		225.00	225.00
Existing Fee 2011/12		229.50		235.00	
Reduction		1.96%		4.26%	

# Selby District Council

## REPORT

Reference: E/11/28

Public – Item 6



**To:** Executive  
**Date:** 6 October 2011  
**Status:** Key Decision  
**Report Published:** 28 September 2011  
**Author:** Sarah Smith, Business Manager  
**Executive Member:** Cllr Cliff Lunn - Finance  
**Lead Officer:** Karen Iveson, Executive Director

**Title:** Leisure Planned Maintenance Programme

### Summary:

In the contract with WLCT the Council holds landlord responsibility for Abbey Leisure and Tadcaster Leisure Centres and Selby Park. An indicative 10 year planned maintenance programme was agreed during the tender period, which is reviewed each year when the Council refreshes its Medium Term Financial Plan and rolling Capital Programme.

The proposal for the year 3 maintenance programme does bring forward some items from year 5, thus bringing forward the spend in these areas. It is felt that these works are essential in maintaining the health and safety of the facilities and its users, particularly with regard to renewal/refurbishment of the Calorifier at Abbey Leisure which is required to manage the threat of Legionella.

### Recommendations:

- i. To agree that the Year Three Landlord Planned Maintenance Programme for Abbey and Tadcaster Leisure Centres and Selby Park
- ii. To include £136,725 from the Building Repairs Reserve within the budget proposals for 2012/13.
- iii. To include the indicative maintenance programme for 2013/14 and 2014/15 within the Medium Term Financial Plan and Capital Programme as appropriate

## **Reason for Recommendation**

To ensure essential maintenance work required at the Council's leisure facilities is included in the Council's capital programme to enable the Council to discharge its duties as a landlord and ensure the facilities are maintained to an appropriate standard.

### **1.0 Introduction and Background**

In September 2009, the Council entered into a contract with Wigan Leisure Culture Trust (WLCT) for the provision of the Council's leisure services over a ten year period. A part of the contract, a number of leases have been entered into with the Council as landlord and WLCT as tenant for Abbey and Tadcaster leisure centres and Selby Park.

An indicative 10 year maintenance programme was developed for each site and set out both 'landlord' and 'tenant' responsibilities with the Year One programme having now been delivered. A proposed Year Three Planned Maintenance Programme has been drawn up which now needs to be considered by the Executive for inclusion in the 2012/13 capital programme.

### **2.0 The Report**

2.1. The indicative Ten Year Planned Maintenance Programme was drafted during the tender period for the contract in July 2009 and therefore costs highlighted were an estimated cost at that time as formal tenders would need to be required when the actual work is procured. This programme is attached for information at Appendix 1.

2.2. All Year 1 essential work has now been carried out. The only essential 'landlord' item for Year 2 was concerning the renewal of the crazy golf surface which was not carried out and this has now been rolled-over to Year 3. The purpose of this report is to consider the proposals for the Year Three Landlord Maintenance Programme, which does recommend bringing forward some critical items from Year 5.

2.3 The proposed Year 3 Maintenance Programme is attached at Appendix 2. The costs included are a 'best known' at this stage and will be confirmed following a formal tender exercise. There will be no loss of income associated with any of the works proposed.

2.4. **Abbey Leisure Centre** -The Year 3 Programme for Abbey Leisure Centre includes the renewal of the roof covering which was originally scheduled for year 3. Recent inspections confirm the need to carryout this work due to the condition of the roof being past its operational lifespan.

2.5 The programme identifies the renewal or refurbishment of the Calorifier at Abbey Leisure. This was due to be carried out in Year 5 however, concerns have been raised about the Calorifier's current ability to store water at the correct temperature required to combat the threat of Legionella. In order to

prevent this risk, it is proposed that the replacement/refurbishment be brought forward to the year 3 programme.

**2.6 Tadcaster Leisure Centre** - the year 3 programme proposes to carry out some drainage repairs and maintenance of the car park. These items were identified as 'desirable' work for Year 5, however, it is recommended to bring these works forward to year 3 as the bad weather over the last few winters has accelerated the deterioration of the car parks in terms of line markings and surfacing. A drainage survey carried out last year identified a significant amount of root ingress and damage to the drainage infrastructure. This has led to the internal system backing up on occasion thus causing operational issues at the site. These will only deteriorate further and potentially increase the repair costs if left until year 5.

**2.7 Selby Park** - requires the crazy golf holes to be resurfaced which was scheduled for year 2 of the 10 year programme and is now overdue. This is also included in the proposal for year 3.

2.8 A revised 10 year indicative programme incorporating these proposed changes is attached at Appendix 3

### **3.0 Legal/Financial Controls & other Policy Matters**

#### **3.1 Legal Issues**

The Council, as Landlord, is required under the terms of the contract to ensure that essential maintenance work is carried out at the facilities leased by WLCT. Also, we have a duty under Health and Safety legislation to ensure all risks of Legionella are mitigated.

#### **3.2 Financial Issues**

A detailed breakdown of indicative costs are contained in the Year 3 Maintenance Programme at Appendix 2. In summary, they include;

##### **Abbey Leisure Centre**

Renewal/Refurbishment of the Calorifier = £28,500

Renewal of the roof = £99,450

##### **Tadcaster Leisure Centre**

Drainage repairs = £2,925\*

Car Park repairs & relining = £2,925\*

##### **Selby Park**

Renew crazy golf surface = £2,925\*

\* Although these are not capital works they still need to be factored into the budget for the works to be carried out

**Total = £136,725**

Funding for the Council's landlord responsibilities within the terms of the contract with WLCT is contained within the buildings repairs reserve.

Whilst the timing of some of the proposed works is earlier than originally planned, there are sufficient monies within the reserve to accommodate the proposals.

A forecast of contributions and spend against the reserve over the life of the WLCT contract is provided at Appendix 4.

#### **4.0 Conclusion**

In the contract with WLCT the Council holds landlord responsibility for Abbey Leisure and Tadcaster Leisure Centres and Selby Park. An indicative 10 year planned maintenance programme was agreed during the tender period, which is reviewed each year when the Council is required to submit bids as part of the capital programme.

The proposal for the year 3 maintenance programme does bring forward some items from year 5, thus bringing forward the spend in these areas. It is felt that these works are essential in maintaining the health and safety of the facilities and it's users, particularly with regard to renewal/refurbishment of the Calorifier at Abbey Leisure which is required to manage the threat of Legionella.

#### **5.0 Background Documents**

None

#### **Contact Details**

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#### **Appendices**

Appendix 1 – Indicative Ten Year Planned Maintenance Programme for Abbey Leisure and Tadcaster Leisure Centres and Selby Park

Appendix 2 – Proposed Year 3 Planned Maintenance Programme

Appendix 3 – Revised Ten Year Planned Maintenance Programme



<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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## Appendix 1a

### Abbey Leisure Centre Indicative Ten Year Planned Maintenance Programme : Version Three : November 2010

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Roof	Inspect, clean, seal joints Desirable £750		Roof replacement Essential £95,000							
Gutters / down pipes	Inspect and clean Desirable £3750		Replace Essential £5000				Inspect and clean Desirable £3750		Inspect and clean Desirable £3750	
Gutters/down pipes	Repair identified defects Desirable £1850				Repair identified defects Desirable £1500				Repair identified defects Desirable £1500	
Parapet walls			Clean and repoint Essential £2500							
External walls	Clean and repoint below curtain walling Essential £6500									
Steelwork	Clean and redecorate exposed steelwork Essential £1500				Clean and redecorate exposed steelwork Essential £2500					Clean and redecorate exposed steelwork Essential £2500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Curtain walling	Inspect and Repair as necessary Desirable £2500				Replace to modern standards Desirable £140,000					
External decorations	External decorations including windows and doors Essential £3250				External decoration including windows and doors Essential £5000					External decoration including windows and doors Essential £5000
Ceilings	Clean, and inspect ceiling throughout Desirable £5000				Clean and Inspect ceiling throughout Desirable £25,000					Clean and inspect ceiling throughout Desirable £5000
Internal Decorations (walls, doors, skitings and ceilings)	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Floor covering replacement	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £15000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Tiling (walls / floor)	Repair and replace damaged Pool side tiling including realigning movement joints Essential £32,000				RegROUT and clean Essential £5000					RegROUT and clean Essential £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Sanitary ware (WCs, urinals and sinks)										Replace to modern standards Desirable £30,000
Sports Hall flooring					Reseal the floor Essential £15000					
Changing Cubicles					Replace Desirable £60,000					
Lockers	Inspect and repair Desirable £2500		Inspect and repair Desirable £2500		Replace Desirable £40,000		Inspect and repair Desirable £2500		Inspect and repair Desirable £2500	
External surfaces	Inspect and repair Essential £7800		Inspect and Repair Desirable £4000		Resurface Essential £25,000		Inspect and repair Desirable £4000		Inspect and repair Essential £4000	
External fencing and columns	Redecorate Desirable £2500				Redecorate Essential £2500					Redecorate Essential £2500
Drainage	Clean and survey Desirable £2500				Clean and survey Desirable £2500					Clean and survey Desirable £2500
Drainage	Repair identified defects Desirable £5000				Repair identified defects Desirable £5000					Repair identified defects Desirable £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Pool filtration – jet cannon pumps					Replace pumps Essential £5000					
Pool filtration – filter media					Renew filter media Essential £10,000					
Air handling units	Refurbish on a rolling programme Essential £11,000				Refurbish on a rolling programme Essential £12,000					Refurbish on a rolling programme Essential £12,000
Boiler	Boiler study Essential £3750				Replace Essential £250,000					
Extractor, toilets and kitchen					Replace to modern standard Desirable £5000					
Calorifiers					Replace pumps Essential £15,000					
Control panel optimiser in boiler house					Replace to modern standard Essential £10,000					
Light fitting replacement	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £15000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Fire Alarm system	Replace to modern standard Essential £20,000									
PA system										Replace to modern standards Desirable £ 15000
Electrical fixed wire tests		Fixed wire tests and repairs Essential £5000			Fixed wire test and repairs Essential £5000					Fixed wire tests and repairs Essential £5000
Water Services	Install TMV throughout Essential £4600									
Sports Hall lighting					Replace fittings Desirable £20,000					
Sports Hall extractor					Renew to modern day standards Desirable					
Latest Cost Essential Landlord Works	£59,150	£0	£100,000	£0	£319,500	£0	£0	£0	£4000	£14,500
Latest Cost Essential Tenant Works	£41,250	£15,000	£12,500	£10,000	£62,500	£10,000	£10,000	£10,000	£10,000	£27,500
Latest Cost Desirable Landlord Works	£12,600	£0	£4000	£0	£151,500	£0	£4000	£0	£1,500	£5,000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Latest Cost Desirable Tenant Works	£18,750	£5,000	£7500	£5,000	£162,500	£5,000	£11,250	£5,000	£11,250	£57,500
<b>Total</b>	<b>£131,750</b>	<b>£20,000</b>	<b>£124,000</b>	<b>£15,000</b>	<b>£696,000</b>	<b>£15,000</b>	<b>£25,250</b>	<b>£15,000</b>	<b>£26,750</b>	<b>£104,500</b>

Key		Landlord Responsibility		Tenant Responsibility
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## Appendix 1b

### Tadcaster Leisure Centre Indicative Ten Year Planned Maintenance Programme: Version Three: November 2010

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Main roof and gutters					Replace roof with liquid plastic and reline gutters  Essential  £65,000					
Shallow pitched roof and gutters					Replace with liquid plastic and reline gutters  Essential  Inc in above					
Gutters and downpipes	Clean and survey  Desirable  £1500				Clean and survey  Desirable  £1500					Clean and survey  Desirable  £1500
Gutters and downpipes	Repair identified defects  Desirable  £2500				Repair identified defects  Essential  £5000					Repair identified defects  Desirable  £5000
Walls (cladding)	Clean and ivy removal  Desirable  £2000				Replace cladding to effected areas  Desirable  £9000					

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
External decoration	Decorate external doors and windows Essential £2500				Decorate external doors and windows Essential £2500					Decorate external doors and windows Essential £2500
Car Park	Repairs to planters, east boundary wall, boundary fence, surfacing kerbs Desirable £7500				Reinstate line marking Essential £1000					Reinstate line marking Essential £1000
Drainage	Clean and survey Desirable £1500				Clean and survey Desirable £1500					Clean and survey Desirable £1500
Drainage	Repair identified defects Desirable £2500				Repair identified defects Desirable £2500					Repair identified defects Desirable £2500
Internal decoration	Rolling programme Essential £4500	Rolling programme Essential £2500	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Floor finishes	Rolling programme Essential £2500	Rolling programme Essential £2500	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Sports Hall Walls	Rebuild sports hall wall including									



<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	allowance for movement joints  Essential £14800									
Sports Hall Floor					Recoat existing floor  Essential £7500					
Sports Hall steelwork decoration										Redecorate  Desirable £11,000
Changing Room ceilings					Renew ceiling tiles and clean grid  Desirable £2500					Renew ceiling tiles and clean grid  Desirable £2500
Shower			Replace fittings  Essential £3500							
Sanitary Ware					Replace WC pans, urinals washbasins and sinks  Desirable £12,000					
Tiling	RegROUT and clean  Essential £500				RegROUT and clean  Essential £500					RegROUT and clean  Essential £500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Car Park and building lighting	Replace controller Essential £2400									
Light fittings to public areas					Replace with energy efficient fittings Desirable £5000					
Fixed wire tests		Full fixed wire test Essential £1500			Full fixed wire test Essential £1500					Full fixed wiring test Essential £1500
Sports Hall radiant heating	Install grills / cage to existing heaters and replace faulty heaters Essential £2700									
Sports Hall emergency lighting					Replace to modern standards Desirable £3500					
Sport Hall extract	Replace to modern standard Desirable £8000									
High level lighting		Replace with modern			Retubing at		Retubing at		Retubing at	

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
to Sport Hall		energy efficient lighting Desirable £10000			high level Essential £1000		high level Essential £1000		high level Essential £1000	
Boiler Controls	Renew boiler and controls Essential £20,000									
Changing Room extractor					Replace roof units Essential £3000					
Install TMV to changing	Install TMV Essential £675									
Fire Alarm					Renew panel to modern standards Desirable £5000					
Latest Cost Essential Works Landlord	£40,575	£0	£0	£0	£74,000	£0	£0	£0	£0	£1,000
Latest Cost Essential Works Tenant	£10,000	£6,500	£13,500	£10,000	£23,000	£10,000	£11,000	£10,000	£11,000	£14,500
Latest Cost Desirable Works Landlord	£20,500	£0	£0	£0	£11,500	£0	£0	£0	£0	£7,500
Latest Cost	£5000	£10,000	£0	£0	£31,000	£0	£0	£0	£0	£16,500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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<b>Element</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Desirable Works Tenant										
<b>Total</b>	<b>£76,075</b>	<b>£16,500</b>	<b>£13,500</b>	<b>£10,000</b>	<b>£139,500</b>	<b>£10,000</b>	<b>£11,000</b>	<b>£10,000</b>	<b>£11,000</b>	<b>£39,500</b>

Key		Landlord Responsibility		Tenant Responsibility
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**Appendix 1c**  
**Selby Park**  
**Indicative Ten Year Planned Maintenance Programme : Version Two : April 2010**

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Pavilion Roof	Inspect and repair Desirable £2000				Inspect and repair Desirable £2000					Inspect and Repair Essential £2000
Gutters	Inspect and clean Desirable £100				Inspect and Clean Desirable £100					Inspect and Clean Desirable £100
External Decoration	Full external decoration Desirable £10,000				Full external Decoration Essential £10,000					Full external decoration Essential £10,000
Internal Decoration	Rolling Programme Essential £5000	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500
Floor Coverings	Rolling Programme Essential £5000	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500
Sanitary Ware					Replace WC pans, urinals, sinks Desirable £6000					
Toilet Cubicles					Replace Cubicles Desirable £2500					

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Internal Lighting	Renew light fittings Desirable £3000									Renew light fittings Desirable £3000
Fixed Wire Test	Full fixed wire test and repair Essential £150				Full fixed wire test and repair Essential £150					Full fixed wire test and repair Essential £150
Car Parking					Patch repair and line markings Essential £5000					Line Markings Essential £2000
Crazy Golf Course		Renew surfacing to individual holes Essential £2500								Renew surfacing to individual holes Essential £2500
Bandstand	Roof Repair and Inspection Desirable £1500				Roof Repair and Inspection Essential £3000					Roof Repair and Inspection Desirable £3750
Budget Cost Essential Landlord Works	£0	£2500	£0	£0	£8000	£0	£0	£0	£2500	£4000
Budget Cost Essential Tenant Works	£10,150	£0	£0	£0	£10,150	£0	£0	£0	£0	£10,150
Budget Cost Desirable Landlord Works	£3,500	£0	£0	£0	£2,000	£0	£0	£0	£0	£3,750
Budget Cost Desirable tenant Works	£13,100	£5000	£5000	£5000	£13,600	£5000	£5000	£5000	£5000	£8100

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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<b>Total Cost</b>	<b>£26,750</b>	<b>£7500</b>	<b>£5000</b>	<b>£5000</b>	<b>£33,750</b>	<b>£5000</b>	<b>£5000</b>	<b>£5000</b>	<b>£7500</b>	<b>£26,000</b>
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**Appendix 2**

Wigan Leisure and Culture Trust

Selby DC Year Two and Three Landlord Planned Maintenance

Cost Plan Version One: April 2011

Site	Element	Best Known Cost	Property Consultant Fee (12%)	WLCT Fee (2%)	Loss of Income	Total Costs	Comments
<b>Abbey LC</b>	Renew or significant refurbishment to the Calorifier	£25,000.00	£3,000.00	£500.00	£0.00	£28,500.00	Works initially programmed for Year Five, Issues identified during 2010/11 to suggest accelerating the completion of this item would be beneficial
	Overclad the roof ,reline gutters and replace rainwater goods	£85,000.00	£12,750.00	£1,700.00	£0.00	£99,450.00	Works scheduled for Year Three of the Programme. Survey completed during 2010/11 reinforces the requirement and confirms the roof as past its operational lifespan
<b>Tadcaster LC</b>	Drainage repairs	£2,500.00	£375.00	£50.00	£0.00	£2,925.00	Works idetrnified as desirable in Year Five. Survey completed durg 2010/11 that has identified essential drainage repairs
	Patch repair the Car park and reline markings	£2,500.00	£375.00	£50.00	£0.00	£2,925.00	Works initially scheduled for Year Five however significant deterioration has occurred during 2010/11
<b>Selby Park</b>	Renew playing surfaces to the Crazy Golf course	£2,500.00	£375.00	£50.00	£0.00	£2,925.00	Works scheduled for Year Two
<b>Total</b>		£117,500.00	£16,875.00	£2,350.00	£0.00	£136,725.00	



Key		Landlord Responsibility		Tenant Responsibility
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### Appendix 3a

## Abbey Leisure Centre Indicative Ten Year Planned Maintenance Programme : Updated September 2011

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Roof	Inspect, clean, seal joints Desirable £750		Roof replacement Essential £95,000							
Gutters / down pipes	Inspect and clean Desirable £3750		Replace Essential £5000				Inspect and clean Desirable £3750		Inspect and clean Desirable £3750	
Gutters/down pipes	Repair identified defects Desirable £1850				Repair identified defects Desirable £1500				Repair identified defects Desirable £1500	
Parapet walls			Clean and repoint Essential £2500							
External walls	Clean and repoint below curtain walling Essential £6500									
Steelwork	Clean and redecorate exposed steelwork Essential £1500				Clean and redecorate exposed steelwork Essential £2500					Clean and redecorate exposed steelwork Essential £2500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Curtain walling	Inspect and Repair as necessary Desirable £2500				Replace to modern standards Desirable £140,000					
External decorations	External decorations including windows and doors Essential £3250				External decoration including windows and doors Essential £5000					External decoration including windows and doors Essential £5000
Ceilings	Clean, and inspect ceiling throughout Desirable £5000				Clean and Inspect ceiling throughout Desirable £25,000					Clean and inspect ceiling throughout Desirable £5000
Internal Decorations (walls, doors, skitings and ceilings)	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Floor covering replacement	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £15000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Tiling (walls / floor)	Repair and replace damaged Pool side tiling including realigning movement joints Essential £32,000				RegROUT and clean Essential £5000					RegROUT and clean Essential £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Sanitary ware (WCs, urinals and sinks)										Replace to modern standards Desirable £30,000
Sports Hall flooring					Reseal the floor Essential £15000					
Changing Cubicles					Replace Desirable £60,000					
Lockers	Inspect and repair Desirable £2500		Inspect and repair Desirable £2500		Replace Desirable £40,000		Inspect and repair Desirable £2500		Inspect and repair Desirable £2500	
External surfaces	Inspect and repair Essential £7800		Inspect and Repair Desirable £4000		Resurface Essential £25,000		Inspect and repair Desirable £4000		Inspect and repair Essential £4000	
External fencing and columns	Redecorate Desirable £2500				Redecorate Essential £2500					Redecorate Essential £2500
Drainage	Clean and survey Desirable £2500				Clean and survey Desirable £2500					Clean and survey Desirable £2500
Drainage	Repair identified defects Desirable £5000				Repair identified defects Desirable £5000					Repair identified defects Desirable £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Pool filtration – jet cannon pumps					Replace pumps Essential £5000					
Pool filtration – filter media					Renew filter media Essential £10,000					
Air handling units	Refurbish on a rolling programme Essential £11,000				Refurbish on a rolling programme Essential £12,000					Refurbish on a rolling programme Essential £12,000
Boiler	Boiler study Essential £3750				Replace Essential £250,000					
Extractor, toilets and kitchen					Replace to modern standard Desirable £5000					
Calorifiers			Replace or refurbish pumps Essential £15,000							
Control panel optimiser in boiler house					Replace to modern standard Essential £10,000					
Light fitting replacement	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £15000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000	Rolling programme of lighting replacement Desirable £5000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Fire Alarm system	Replace to modern standard Essential £20,000									
PA system										Replace to modern standards Desirable £ 15000
Electrical fixed wire tests		Fixed wire tests and repairs Essential £5000			Fixed wire test and repairs Essential £5000					Fixed wire tests and repairs Essential £5000
Water Services	Install TMV throughout Essential £4600									
Sports Hall lighting					Replace fittings Desirable £20,000					
Sports Hall extractor					Renew to modern day standards Desirable					
Latest Cost Essential Landlord Works	£59,150	£0	£115,000	£0	£304,500	£0	£0	£0	£4000	£14,500
Latest Cost Essential Tenant Works	£41,250	£15,000	£12,500	£10,000	£62,500	£10,000	£10,000	£10,000	£10,000	£27,500
Latest Cost Desirable Landlord Works	£12,600	£0	£4000	£0	£173,500	£0	£4000	£0	£1,500	£5,000

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Latest Cost Desirable Tenant Works	£18,750	£5,000	£7500	£5,000	£162,500	£25,000	£11,250	£5,000	£8,750	£57,500
<b>Total</b>	<b>£131,750</b>	<b>£20,000</b>	<b>£139,000</b>	<b>£15,000</b>	<b>£703,000</b>	<b>£35,000</b>	<b>£25,250</b>	<b>£15,000</b>	<b>£24,250</b>	<b>£104,500</b>

Key		Landlord Responsibility		Tenant Responsibility
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### Appendix 3b

## Tadcaster Leisure Centre Indicative Ten Year Planned Maintenance Programme: Updated September 2011

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Main roof and gutters					Replace roof with liquid plastic and reline gutters  Essential  £65,000					
Shallow pitched roof and gutters					Replace with liquid plastic and reline gutters  Essential  Inc in above					
Gutters and downpipes	Clean and survey  Desirable  £1500				Clean and survey  Desirable  £1500					Clean and survey  Desirable  £1500
Gutters and downpipes	Repair identified defects  Desirable  £2500				Repair identified defects  Essential  £5000					Repair identified defects  Desirable  £5000
Walls (cladding)	Clean and ivy removal  Desirable  £2000				Replace cladding to effected areas  Desirable  £9000					

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
External decoration	Decorate external doors and windows Essential £2500				Decorate external doors and windows Essential £2500					Decorate external doors and windows Essential £2500
Car Park	Repairs to planters, east boundary wall, boundary fence, surfacing kerbs Desirable £7500		Reinstate line marking Essential £1000							Reinstate line marking Essential £1000
Drainage	Clean and survey Desirable £1500				Clean and survey Desirable £1500					Clean and survey Desirable £1500
Drainage	Repair identified defects Desirable £2500		Repair identified defects Desirable £2500							Repair identified defects Desirable £2500
Internal decoration	Rolling programme Essential £4500	Rolling programme Essential £2500	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Floor finishes	Rolling programme Essential £2500	Rolling programme Essential £2500	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000	Rolling programme Essential £5000
Sports Hall Walls	Rebuild sports hall wall including									



<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	allowance for movement joints Essential £14800									
Sports Hall Floor					Recoat existing floor Essential £7500					
Sports Hall steelwork decoration										Redecorate Desirable £11,000
Changing Room ceilings					Renew ceiling tiles and clean grid Desirable £2500					Renew ceiling tiles and clean grid Desirable £2500
Shower			Replace fittings Essential £3500							
Sanitary Ware					Replace WC pans, urinals washbasins and sinks Desirable £12,000					
Tiling	RegROUT and clean Essential £500				RegROUT and clean Essential £500					RegROUT and clean Essential £500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Car Park and building lighting	Replace controller Essential £2400									
Light fittings to public areas					Replace with energy efficient fittings Desirable £5000					
Fixed wire tests		Full fixed wire test Essential £1500			Full fixed wire test Essential £1500					Full fixed wiring test Essential £1500
Sports Hall radiant heating	Install grills / cage to existing heaters and replace faulty heaters Essential £2700									
Sports Hall emergency lighting					Replace to modern standards Desirable £3500					
Sport Hall extract	Replace to modern standard Desirable £8000									
High level lighting		Replace with modern			Retubing at		Retubing at		Retubing at	

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
to Sport Hall		energy efficient lighting Desirable £10000			high level Essential £1000		high level Essential £1000		high level Essential £1000	
Boiler Controls	Renew boiler and controls Essential £20,000									
Changing Room extractor					Replace roof units Essential £3000					
Install TMV to changing	Install TMV Essential £675									
Fire Alarm					Renew panel to modern standards Desirable £5000					
Latest Cost Essential Works Landlord	£40,575	£0	£1,000	£0	£73,000	£0	£0	£0	£0	£1,000
Latest Cost Essential Works Tenant	£10,000	£6,500	£13,500	£10,000	£23,000	£10,000	£11,000	£10,000	£11,000	£14,500
Latest Cost Desirable Works Landlord	£20,500	£0	£2,500	£0	£9,000	£0	£0	£0	£0	£7,500
Latest Cost	£5,000	£10,000	£0	£0	£31,000	£0	£0	£0	£0	£16,500

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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<b>Element</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Desirable Works Tenant										
<b>Total</b>	<b>£76,075</b>	<b>£16,500</b>	<b>£17,000</b>	<b>£10,000</b>	<b>£136,500</b>	<b>£10,000</b>	<b>£11,000</b>	<b>£10,000</b>	<b>£11,000</b>	<b>£39,500</b>

Key		Landlord Responsibility		Tenant Responsibility
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**Appendix 3c**  
**Selby Park**  
**Indicative Ten Year Planned Maintenance Programme : Updated September 2011**

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Pavilion Roof	Inspect and repair Desirable £2000				Inspect and repair Desirable £2000					Inspect and Repair Essential £2000
Gutters	Inspect and clean Desirable £100				Inspect and Clean Desirable £100					Inspect and Clean Desirable £100
External Decoration	Full external decoration Desirable £10,000				Full external Decoration Essential £10,000					Full external decoration Essential £10,000
Internal Decoration	Rolling Programme Essential £5000	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500
Floor Coverings	Rolling Programme Essential £5000	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500	Rolling Programme Desirable £2500
Sanitary Ware					Replace WC pans, urinals, sinks Desirable £6000					
Toilet Cubicles					Replace Cubicles Desirable £2500					

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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Internal Lighting	Renew light fittings Desirable £3000									Renew light fittings Desirable £3000
Fixed Wire Test	Full fixed wire test and repair Essential £150				Full fixed wire test and repair Essential £150					Full fixed wire test and repair Essential £150
Car Parking					Patch repair and line markings Essential £5000					Line Markings Essential £2000
Crazy Golf Course			Renew surfacing to individual holes Essential £2500						Renew surfacing to individual holes Essential £2,500	
Bandstand	Roof Repair and Inspection Desirable £1500				Roof Repair and Inspection Essential £3000					Roof Repair and Inspection Desirable £3,750
Budget Cost Essential Landlord Works	£0	£0	£2,500	£0	£8000	£0	£0	£0	£2500	£4000
Budget Cost Essential Tenant Works	£10,150	£0	£0	£0	£10,150	£0	£0	£0	£0	£10,150
Budget Cost Desirable Landlord Works	£3,500	£0	£0	£0	£2,000	£0	£0	£0	£0	£3,750
Budget Cost Desirable tenant Works	£13,100	£5000	£5000	£5000	£13,600	£5000	£5000	£5000	£5000	£8100

<b>Key</b>		Landlord Responsibility		Tenant Responsibility
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<b>Total Cost</b>	<b>£26,750</b>	<b>£5000</b>	<b>£7,500</b>	<b>£5000</b>	<b>£33,750</b>	<b>£5000</b>	<b>£5000</b>	<b>£5000</b>	<b>£7500</b>	<b>£26,000</b>
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# Selby District Council

## REPORT

Reference: E/11/29

Public – Item 7



**To:** Executive  
**Date:** 6 October 2011  
**Status:** Non Key Decision  
**Report Published:** 28 September 2011  
**Author:** Business Manager – Eileen Scothern  
**Executive Member:** Cllr Chris Metcalfe - Communities  
**Lead Officer:** Director – Rose Norris

**Title:** Review of Car Parking Fees

### Summary:

The document outlines the consultation responses the Council received on the 6 week consultation on the proposed increase in Car Park tariffs.

### Recommendations:

- i. To receive the comments from the consultation
- ii. Fees are increased as outlined in the table in paragraph 2.6
- iii. Supplementary estimate of £6,000 for the one-off costs of implemented the tariff charges.

### Reasons for recommendation

- i. To review fees and charges in line with the Car Park Strategy whilst minimising increases in charges for short stay to optimise turnover of cars and meet the needs of shoppers visiting the Town.
- ii. To comply with the Local Authorities Traffic Orders (Procedure) Regulations 1996.



## 1. Introduction and background

1.1 A review of fees in respect to the District Council's off street pay and display was presented to Environment Board on 15<sup>th</sup> April 2010 in line with the Council's previous commitment to review car park fees every two years. Policy and Resources Committee resolved to accept the Environment Board recommendation that fees be frozen for 12 months and a further review to take place in 2011.

1.2 Executive reviewed the fee structure on 7<sup>th</sup> July and resolved to:

**Increase Car Park Fees in line with Option 1A in the report, subject to the statutory minimum 21 days' objection period, with proposals being on public deposit for a total of 6 weeks; and**

Ask that the appropriate Overview and Scrutiny Committee be offered the opportunity to consider the report as part of the consultation.

## 2. The Report

2.1 This report considers the responses received as part of the consultation process and the recommendations from Policy Review Committee of 26<sup>th</sup> July 2011.

2.2 As Councillors will recall the tariff structure was introduced in September 2006, creating a greater differential between short and long stay prices in order to encourage the appropriate use of car parks with a view of providing adequate long stay car park facilities, whilst ensuring short stay car parking facilities are available close to the town centre to encourage visitors to Selby and supports the use of town centre shops

2.2.1 Fees were last increased in October 2008 by approximately 5%. Expenditure on maintaining and managing the car park service from 2007/08 to 2009/10 has increased by 15%, however and prices were frozen for an additional 12 months in 2010.

### Long Stay

2.5.1 Council owned and managed car parks are covered by CCTV and have obtained the Park Mark secure parking award, the Railway Station car park is covered by CCTV but none of the private sector car parks have achieved the Park Mark standard. The private sector tariff for long stay is between 20 – 36% higher than Council run car parks. There are no private sector comparisons for short term parking tariffs, apart from the supermarkets allowing free car parking for customers.

2.6 The Executive considered the following options:

- 1) Increasing car park tariffs by 20%;
- 2) Increasing car park tariffs by 36%; or
- 3) Freezing tariffs for another 12 months (Current Charge)

And resolved to increase charges for short and long stay by 20% (as below)

<b>Short Stay</b>	Current	Increase
Up to 1 hour	0.40p	0.50p *
Up to 2 hour	0.80p	£1.00 *
Over 2 hours	£4.50	£5.40
Traders pay – per space per day	£14.30	£17.20 *
<b>Long Stay</b>		
Up to 3 hours	£1.00	£1.20
Over 3 hours	£2.50	£3.00
Traders pay – per space per day	£8.80	£10.60
<b>Permits</b>		
<b>Short Stay</b>		
3 months	£215	£258
6 months	£429	£515
12 months	£780	£936
<b>Long Stay</b>		
3 months	£108	£130
6 months	£215	£258
12 months	£390	£468

\* Rounded up to nearest 0.10p

2.7 Consultation commenced on 21 July 2011 with the public deposit period finishing on 1 September 2011. We received six written responses; a summary and officers' observations are set out in Appendix B. The financial implications are included in Section 3 of this report.

North Yorkshire County Council was consulted but at the time of writing this report no comments were received.

2.8 As part of the consultation arrangements, Councillor Chris Metcalfe attended Policy Review Committee on 26 July 2011. Following a discussion of the proposals, the committee agreed to send the Executive two suggestions:

1. That the Council remove car park charges in the four weeks leading up to Christmas; and

2. That the central CEF be used as a way of engaging the community in the consultation relating to the Car Park Fees and Charges Review.

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

#### **3.1 Legal Issues**

3.1.1 Before any changes to the car park tariffs, the Council needs to consider and agree a proposal, undertake a consultation, including North Yorkshire County Council, place a notice in a local newspaper and ensure all the car parks to be affected by the proposals have notices put on public display. The proposals have to be placed on deposit for a period of six weeks.

#### **3.2 Financial Issues**

3.2.1 Total pay and display in 2010/11 (provisional figure) was £145,000 (Net) and £300,000 (Gross); the majority of the income is received from short stay tickets. The impact on gross income of the various options is shown below.

3.2.2 The majority of income generated from off-street parking charges is from short stay tickets, the rest is from long stay tickets/permits and enforcement. For the purpose of this exercise, an assumption has been made that 80% of the income is received via short stay tickets and there is no reduction in car park usage.

3.2.3 If Councillors were minded to increase short stay tariffs by 10p, the impact on gross income would be £48,000.

3.2.4 Any changes to the fee tariff will have one-off costs for revisions to the software and signage amendments. It is estimated this will be in the region of £6,000.

### **4. Conclusion**

4.1.1 A review of fees in respect to off-street pay and display parking has been undertaken in accordance with the Council's Car Park Strategy and legislative requirements. The aim of the Car Park Strategy is to encourage short stay car parking and increase the turnover of vehicles and patrons in the town centre thus contributing to the local economy, whilst optimising income from a Council asset.

4.1.2 The officer's recommendation is to increase tariffs by 20% (25% for up to 1 hour and 2 hour stays,) in line with the private sector as the best fit

to the Council's Budget and Policy Framework, whilst encouraging potential customers to the town centre.

**5. Background Documents**

Car Park Strategy (July 2006)

Local Authorities Traffic Orders (Procedure) Regulations 1996.

**Contact Details**

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**Appendix A: Off Street Pay and Display Car Parks.**  
**Appendix B: Schedule of Responses to Consultation on Car Park Tariffs (2011)**

## Appendix A. Off-Street Pay and Display Car Parks.

### Short Stay Car Parks

- Micklegate
- Church Hill
- Selby Park
- Market Cross
- South Parade
- Audus Street
- Abbey Leisure

### Long Stay Car Parks

- Portholme Road
- Back Micklegate

**Appendix B: Schedule of Responses to Consultation on Car Park Tariffs (2011)**

Number	Name	Summary	Officers response
1a	Policy Review Committee	That the Council remove car park charges in the four weeks leading up to Christmas.	The cost of removing car park charges for the four weeks leading up to Christmas would be in the region of £ 28,200.
1b	Policy Review Committee	That the central CEF be used as a way of engaging the community in the consultation relating to the Car Park Fees and Charges Review.	Unfortunately, the Central CEF meeting on 21 September 2011 was after the completion of the six week consultation period.
2	Carol Winn	I think it is absolutely disgraceful putting the charges up. I am trying to run a business here and would suggest to get people into the town then make it free parking	The cost of removing car park charges would be £300,000 per annum.
3a	Selby's conscience - A concerned local business person	Why not introduce free short term parking with an increase in medium stay parking.	Assuming medium = long stay, this would be 20% of annual income = £60,000, resulting in a loss of £240,000.
3b	Selby's conscience - A concerned local business person	How can the council justify increases in Selby and nothing else where? If Tadcaster can have free parking spaces in significant numbers why can't Selby	Due to the resilience of the town centres
3c	Selby's conscience - A concerned local business person	As for helping by not increasing parking charges for 3 years during the recession if you hadn't noticed the recession is still in full swing	Noted
4a	Selby Town Council	The proposed increase is seen as yet another step	Noted

		to discourage shoppers visiting the town.	
4b	Selby Town Council	There is no longer anywhere for the shopper to park free of charge for a short period of time	Free parking at supermarkets and still available on street (Gowthorpe)
4c	Selby Town Council	Whilst the charge is not significant in itself it sends out a negative message at this difficult time for all traders and businesses.	Noted
5	J Bloomfield	I wish to lodge my objection to the 20% increase in carparking charges at Portholme Road for long stay customers. I think an acceptable increase would have been 10p - but I assume this is not acceptable to the council.	Proposing a 10p increase for up to 1 hour parking. As we don't have the information to calculate, the implications are unknown
6	Selby Chamber of Trade and Commerce	Feedback from Cllr Metcalfe	
7a	Abbey Travel	Will discourage people from visiting the town centre.	Noted
7b	Abbey Travel	Use the old Civic Centre for parking	No longer in SDC ownership